

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM**

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**AGREED-UPON PROCEDURES ENGAGEMENT  
FOR THE YEAR ENDED JUNE 30, 2014**

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**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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Dr. Willie D. Larkin, President  
**Grambling State University**  
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by management of **Grambling State University (the University)**, solely to assist **the University** in evaluating whether the accompanying Schedule of Revenues and Expenses for the Intercollegiate Athletics Program is in compliance with National Collegiate Athletic Association (NCAA) Constitution 3.2.4.16 for the year ended June 30, 2014. Management of **the University** is responsible for compliance with NCAA requirements and the preparation, completeness, accuracy and reliability of the Schedule of Revenues and Expenses. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of management of **the University**. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are as follows:

**AGREED-UPON GENERAL PROCEDURES**

1. We obtained from management the Intercollegiate Athletics Program's Schedule of Revenues and Expenses (the Schedule) for the year ended June 30, 2014. We recalculated amounts reported in the Schedule, traced those amounts to supporting documents and schedules, and agreed the amounts to **the University's** general ledger.

*As a result of performing these procedures, we determined that, although the Grambling State University Athletics Foundation (the Foundation) raises and directly contributes moneys, goods or services to **the University's** Intercollegiate Athletics Program, the Foundation's revenues and expenses were not reported in the Schedule.*

**Recommendation**

To ensure compliance with NCAA financial reporting requirements, we recommend that management include in the Schedule all revenues and expenses provided by individuals, corporations, associations, foundations, clubs or other organizations, to **the University's** Intercollegiate Athletics Program.

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**(CONTINUED)**

**AGREED-UPON GENERAL PROCEDURES, CONTINUED**

**Management's Response**

Management concurs with the finding and will follow the recommendation to include in the Schedule all revenues and expenses provided to **the University's** Intercollegiate Athletics Program in the future.

2. We compared and agreed each operating revenue and expense category reported in the Schedule during the reporting period to supporting schedules provided by **the University**.

*No exceptions were noted as a result of this procedure.*

3. We compared operating revenues and expenses for the year ended June 30, 2014 to operating revenues and expenses for the year ended June 30, 2013. We identified major revenue and expense categories that represented five (5) percent or more of the total amounts reported in the Schedule. We obtained and documented explanations from management for all major revenue and expense categories that varied by 20 percent or greater between the current year and prior year.

*These procedures were performed for all revenue and expense categories in the Schedule. No material exceptions were noted as a result of these procedures.*

4. We compared operating revenues and expenses in the Schedule to budget estimates for the year ended June 30, 2014. We obtained and documented explanations from management for all major revenue and expense categories that varied by 20 percent or greater between actual and budget estimates.

*These procedures were performed for all revenue and expense categories in the Schedule. No material exceptions were noted as a result of these procedures.*

**AGREED-UPON PROCEDURES FOR REVENUES**

5. **Ticket Sales.** We recalculated ticket sales revenue. We compared tickets sold during the reporting period to the related revenue reported in the Schedule and attendance reconciliations.

*No material exceptions were noted as a result of these procedures.*

6. **Student Fees.**

*There was no student fees revenue recorded by **the University** during the reporting period.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**(CONTINUED)**

**AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

7. **Guarantees.** We recalculated classic games and guaranteed contests revenues. We selected two (2) settlement reports for away games during the reporting period and agreed each selection to **the University's** general ledger. We also selected fifteen (15) contractual agreements pertaining to revenues derived from football, and men's and women's basketball guaranteed contests during the reporting period and agreed each selection to **the University's** general ledger.

*As a result of performing these procedures, we noted a difference of \$9,402 for the State Fair Classic.*

**Recommendation**

In accordance with the contract agreement, we recommend that management ensure amounts reported in the Schedule for the State Fair Classic reconcile to amounts recorded in **the University's** general ledger.

**Management's Response**

Management concurs with the finding and followed up with the State Fair Classic promoter, who has informed **the University's** management that the \$9,402 is still uncollected. The State Fair Classic promoter has filed a lawsuit against the outlet ticket sales vendors to recover the amount uncollected. Of the \$9,402 that was yet to be collected by the promoter, only \$3,479 is revenue for **the University**.

8. **Contributions.** We compared each major revenue account to prior period amounts and budget estimates. We also obtained and documented an understanding of any significant variations.

*No exceptions were noted as a result of these procedures. There were no contributions of moneys, goods or services received directly by **the University's** Intercollegiate Athletics Program from any affiliated or outside organization, agency or group of individuals that constituted ten (10) percent or more of all contributions received for intercollegiate athletics during the reporting period.*

9. **Compensation and Benefits Provided by a Third-Party.**

*There was no compensation or benefits provided by third parties during the reporting period.*

10. **Direct State or Other Governmental Support.**

*There was no direct state or other governmental support recorded by **the University** during the reporting period.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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**(CONTINUED)**

**AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

11. **Direct Institutional Support.** We recalculated direct institutional support. We compared the amounts recorded by **the University** during the reporting period with corroborative supporting documentation.

*No exceptions were noted as a result of these procedures.*

12. **Indirect Facilities and Administrative Support.**

*There was no indirect facility or administrative support recorded by **the University** during the reporting period.*

13. **NCAA/Conference Distributions including all Tournament Revenues.** We recalculated NCAA and conference distributions, including all tournament revenues. We obtained and inspected agreements related to **the University's** participation in revenues from tournaments during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed the related revenues to **the University's** general ledger and the Schedule.

*No exceptions were noted as a result of these procedures.*

14. **Broadcast, Television, Radio and Internet Rights.**

*There was no broadcast, television, radio, or internet rights revenue recorded by **the University** during the reporting period.*

15. **Program Sales, Concessions, Novelty Sales and Parking.** We recalculated program sales, concessions, novelty sales and parking revenue. We obtained and inspected supporting schedules for parking fee revenues derived from two (2) football games during the reporting period and agreed each selection to **the University's** general ledger.

*No exceptions were noted as a result of these procedures*

16. **Royalties, Licensing, Advertisements and Sponsorships.** We recalculated royalties, licensing, advertisements and sponsorships revenues. We obtained and inspected two (2) agreements related to **the University's** participation in revenues from licensing and sponsorships during the reporting period to gain an understanding of the relevant terms and conditions. We compared and agreed each selection to **the University's** general ledger and to the supporting schedules.

*No exceptions were noted as a result of these procedures.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

(CONTINUED)

**AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED**

**17. Sports Camp Revenues.**

*There was no sports camp revenue recorded by the University during the reporting period.*

**18. Endowment and Investment Income.**

*There was no endowment or investment income recorded by the University during the reporting period.*

**19. Other Operating Revenues.** We recalculated other operating revenues. We compared and agreed the amounts reported in the Schedule to the University's general ledger.

*No exceptions were noted as a result of these procedures.*

**AGREED-UPON PROCEDURES FOR EXPENSES**

**20. Athletic Student Aid.** We obtained from management a detailed listing of all athletic student aid/scholarships provided during the reporting period and agreed the amounts to the Schedule and the University's general ledger.

*As a result of performing these procedures, we noted the following differences:*

	<u>Football</u>	<u>Men's Basketball</u>	<u>Women's Basketball</u>	<u>Other Sports</u>
Athletic Student Aid per the Schedule	\$ 688,232	\$ 121,529	\$ 149,681	\$ 781,841
Amount per the aid/scholarship listing	<u>699,403</u>	<u>121,980</u>	<u>147,721</u>	<u>790,646</u>
Difference	<u>\$ (11,171)</u>	<u>\$ (451)</u>	<u>\$ 1,960</u>	<u>\$ (8,805)</u>

We judgmentally selected forty (40) students from the listing of student aid recipients and obtained individual student account details for each selection. We compared total aid allocated from the related aid award letter to the student account details.

*As a result of performing these procedures, we noted the following four (4) differences:*

	<u>G00309433</u>	<u>G00280825</u>	<u>G00299735</u>	<u>G00299731</u>
Amount per student account details	\$ 15,000	\$ 13,085	\$ 13,085	\$ 13,085
Amount per aid award letter	<u>1,690</u>	<u>12,117</u>	<u>12,117</u>	<u>12117</u>
Difference	<u>\$ 13,310</u>	<u>\$ 968</u>	<u>\$ 968</u>	<u>\$ 968</u>

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**(CONTINUED)**

**AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED**

21. **Guarantees.** We recalculated guaranteed contests expense. We obtained and inspected two (2) contractual agreements pertaining to expenses recorded by **the University** from guaranteed contests during the reporting period. We compared and agreed each selection to **the University's** general ledger and the Schedule.

*No exceptions were noted as a result of these procedures.*

22. **Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities.** We recalculated totals for coaching salaries, benefits, and bonuses paid by **the University**. We obtained and inspected a listing of coaches employed by **the University** during the reporting period. We selected eleven (11) coaches' contracts that included football, baseball, and men's and women's basketball for review. We compared and agreed the financial terms and conditions of each selection to the related coaching salaries, benefits, and bonuses recorded by **the University** in the Schedule during the reporting period. We obtained and inspected personnel documentation, which included 1099s, for each selection. We compared and agreed the personnel documentation to the related coaching salaries, benefits and bonuses recorded by **the University** in the Schedule during the reporting period.

*No exceptions were noted as a result of these procedures.*

23. **Coaching Other Compensation and Benefits Paid by a Third Party.**

*There were no coaches employed by third parties during the reporting period.*

24. **Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities.** We recalculated totals for support staff/administrative salaries, benefits, and bonuses paid by **the University**. We obtained and inspected a listing of intercollegiate athletics' support staff/administrative personnel employed by **the University** during the reporting period. We selected nine (9) support staff/administrative personnel for review. We obtained and inspected personnel documentation, which included 1099s, for each selection. We compared and agreed related personnel documentation to the related support staff/administrative personnel salaries, benefits and bonuses recorded by **the University** in the Schedule during the reporting period.

*No exceptions were noted as a result of these procedures.*

25. **Support Staff/Administrative Other Compensation and Benefits Paid by a Third Party.**

*There were no support staff/administrative personnel employed by third parties during the reporting period.*



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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**(CONTINUED)**

**AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED**

**26. Severance Payments.**

*There were no severance payments recorded by **the University** during the reporting period.*

- 27. Recruiting.** We obtained and documented an understanding of **the University's** recruiting expense policies. We compared and agreed **the University's** recruiting expense policies to existing institutional and NCAA-related policies.

*No exceptions were noted as a result of these procedures.*

- 28. Team Travel.** We obtained and documented an understanding of **the University's** team travel policies. We compared and agreed **the University's** team travel policies to existing institutional and NCAA-related policies.

Additionally, we selected forty (40) team travel expenses from **the University's** general ledger to test compliance with existing policies. We obtained and inspected supporting documentation for each selection. We compared and agreed the supporting

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

**(CONTINUED)**

**AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED**

30. **Game Expenses.** We recalculated game expenses. We selected four (4) transactions pertaining to officials/referees expenses recorded by **the University** during the reporting period. We compared and agreed each selection to **the University's** general ledger and the Schedule.

*No exceptions were noted as a result of these procedures.*

31. **Fund Raising, Marketing and Promotion.**

*There were no fund raising, marketing or promotion expenses recorded by **the University** during the reporting period.*

32. **Sports Camp Expenses.**

*There were no sports camp expenses recorded by **the University** during the reporting period.*

33. **Direct Facilities, Maintenance and Rental.**

*There were no direct facilities, maintenance and rental expenses recorded by **the University** during the reporting period.*

34. **Indirect Facilities and Administrative Support.**

*There were no indirect facilities and administrative support expenses recorded by **the University** during the reporting period.*

35. **Medical Expenses and Medical Insurance.** We recalculated medical expenses and medical insurance. We obtained and inspected a listing of medical related expenses recorded by **the University** during the reporting period. We selected seven (7) transactions for testing. We compared and agreed each selection to supporting documentation and to **the University's** general ledger and the Schedule.

*No exceptions were noted as a result of these procedures.*

36. **Memberships and Dues.** We recalculated memberships and dues. We selected two (2) transactions pertaining to NCAA and Southwestern Athletic Conference (SWAC) dues recorded by **the University** during the reporting period. We compared and agreed each selection to supporting documentation and to **the University's** general ledger and the Schedule.

*No exceptions were noted as a result of these procedures.*

**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

(CONTINUED)

**AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED**

37. **Other Operating Expenses and Transfers to University.** We recalculated other operating expenses. We selected four (4) transactions pertaining to expenses for legal judgments recorded by **the University** during the reporting period. We compared and agreed each selection to supporting documents and to **the University's** general ledger and the Schedule.

*As a result of performing these procedures, we noted that \$225,000 was paid to a former coach after terminating the coach's employment contract. Per NCAA guidance, any payments made to previous coaches to satisfy a contractual agreement for coaching should be reported in the severance payments category.*

**Recommendation**

We recommend that management report the settlement in accordance with NCAA guidance.

**Management's Response**

Management concurs with the finding and will follow up with NCAA to request the adjustment.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the compliance of the accompanying Schedule of Revenues and Expenses for **the University's** Intercollegiate Athletics Program. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of Management of **the University** and is not intended to be and should not be used by anyone other than those specified parties.

*Bruno & Tervalon LLP*  
**BRUNO & TERVALON LLP**  
**CERTIFIED PUBLIC ACCOUNTANTS**

January 5, 2016

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
SCHEDULE OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

	Football	Bayou Classic Activity	Subtotal Football	Men's Basketball	Women's Basketball	Other Sports	Non- Program Specific	Total
<b>Operating Revenues:</b>								
Ticket Sales	\$ 198,698	\$ -0-	\$ 198,698	\$ 11,677	\$ -0-	\$ 1,666	\$ -0-	\$ 212,041
Guarantees and Classics	872,688	274,502	1,147,190	580,000	137,000	1,500	-0-	1,865,690
State Appropriations	-0-	-0-	-0-	-0-	-0-	-0-	2,920,597	2,920,597
Contributions	-0-	-0-	-0-	-0-	-0-	-0-	100	100
NCAA/SWAC Distributions	-0-	-0-	-0-	-0-	-0-	-0-	221,575	221,575
Program Sales, Concessions, and Parking	-0-	-0-	-0-	-0-	-0-	-0-	77,078	77,078
Royalties, Licensing, and Sponsorships	-0-	-0-	-0-	-0-	-0-	-0-	90,468	90,468
Other Revenues	-0-	-0-	-0-	-0-	-0-	-0-	1,819	1,819
<b>Total Operating Revenues</b>	<u>1,071,386</u>	<u>274,502</u>	<u>1,345,888</u>	<u>591,677</u>	<u>137,000</u>	<u>3,166</u>	<u>3,311,637</u>	<u>5,389,368</u>
<b>Operating Expenses:</b>								
Scholarships	688,232	-0-	688,232	121,529	149,681	781,841	-0-	1,741,283
Guarantees	-0-	-0-	-0-	5,000	4,000	-0-	-0-	9,000
Salaries and Wages	647,514	-0-	647,514	228,081	272,716	390,233	848,575	2,387,119
Related Benefits	222,543	-0-	222,543	79,800	40,372	123,854	267,926	734,494
Officials and Referees	25,850	-0-	25,850	14,750	28,375	42,155	-0-	111,130
Recruiting	26,081	616	26,697	18,771	16,239	18,272	5,878	85,857
Travel	331,609	268,806	600,415	122,271	98,465	295,005	40,564	1,156,720
Equipment and Uniforms	70,191	69,853	140,044	20,426	20,971	52,559	18,397	252,397
Supplies	70,304	-0-	70,304	2,971	4,326	34,183	37,111	148,895
Educational Supplies	29,268	-0-	29,268	5,906	6,749	49,976	5,982	97,881
Medical Expenses and Medical Insurance	-0-	-0-	-0-	-0-	-0-	12,772	145,901	158,673
Membership and Dues	-0-	-0-	-0-	3,400	640	3,810	39,653	47,503
Other Operating Expenses	243,616	12,500	256,116	7,267	234	4,658	82,996	351,271
<b>Total Operating Expenses</b>	<u>2,355,208</u>	<u>351,775</u>	<u>2,706,983</u>	<u>630,173</u>	<u>642,768</u>	<u>1,809,318</u>	<u>1,492,983</u>	<u>7,282,224</u>
<b>Excess Revenues over (under) Expenses</b>	<u>\$ (1,283,822)</u>	<u>\$ (77,273)</u>	<u>\$ (1,361,095)</u>	<u>\$ (38,496)</u>	<u>\$ (505,768)</u>	<u>\$ (1,806,152)</u>	<u>\$ 1,818,654</u>	<u>\$ (1,892,856)</u>

The accompanying notes are an integral part of this Schedule.

**GRAMBLING STATE UNIVERSITY  
INTERCOLLEGIATE ATHLETICS PROGRAM  
AGREED-UPON PROCEDURES ENGAGEMENT  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2014**

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**NOTE 1 - ORGANIZATION:**

**Grambling State University (the University)** is a publicly supported institution of higher education. **The University** is a political subdivision of the State of Louisiana, within the Executive Branch of government, under the management and supervision of the Grambling State University Board of Supervisors. However, the annual budget of **the University** and proposed changes to the degree programs, departments of instruction, etc., require the approval of the Board of Regents. The Board of Supervisors is comprised of 15 members appointed for a six (6) year term by the Governor with the consent of the Senate, and one student member appointed for a one (1) year term by a council composed of the student body presidents of the universities within the University of Louisiana System. As a State agency, operations of **the University's** instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

**The University** operates the following Intercollegiate Athletics Programs:

- Football;
- Basketball (men and women);
- Baseball;
- Tennis (men and women);
- Golf (men and women);
- Track (men and women);
- Volleyball (women);
- Softball; and
- Bowling (women).

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**Basis of Reporting**

The accompanying Schedule of Revenues and Expenses for the Intercollegiate Athletics Program has been prepared in the format set forth in the NCAA Audit Guide. The purpose of the Schedule is to present a summary of those activities of **the University's** Intercollegiate Athletics Program for the year ended June 30, 2014.

The Schedule presents only selected financial activities of **the University** and it is not intended to and does not present either the financial position, changes in fund balances or the current fund's revenues, expenses and other changes of **the University**.

**GRAMBLING STATE UNIVERSITY**  
**INTERCOLLEGIATE ATHLETICS PROGRAM**  
**AGREED-UPON PROCEDURES ENGAGEMENT**  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED:

All activities of the Intercollegiate Athletics Program are reported among **the University's** unrestricted current funds. The unrestricted current funds of **the University** were audited by the State of Louisiana Legislative Auditor.

The accounting principles followed by **the University** in preparing the Schedule are as follows:

- Fund Accounting

The accounts of **the University** are maintained in accordance with the principles of fund accounting under which resources for various purposes are classified into funds according to specified activities or objectives. Financial transactions of funds having similar characteristics are combined and reported by fund group. As indicated above, the activities of the Intercollegiate Athletics Program are reported in the unrestricted current funds.

- Basis of Accounting

The accompanying Schedule of Revenues and Expenses for the Intercollegiate Athletics Program has been prepared on the accrual basis of accounting, except that (1) depreciation is not recognized, (2) annual and sick leave are recognized when paid, (3) summer school tuition and fees and faculty salaries and related benefits are not prorated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenses at the time of purchase.

The preparation of the Schedule in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Additionally, the excess of revenues over expenses that a specific intercollegiate athletic program generates is utilized to offset a deficit experienced by another program and are recorded as transfers.

NOTE 3 - CAPITAL OUTLAYS:

Capital outlays are recorded as expenses in the current fund and as an addition to fund balance in the Net Investment in the Plant Fund.

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**AGREED-UPON PROCEDURES ENGAGEMENT**  
NOTES TO THE SCHEDULE OF REVENUES AND EXPENSES, CONTINUED  
FOR THE YEAR ENDED JUNE 30, 2014

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NOTE 4 - NCAA REVENUE DISTRIBUTION:

The Intercollegiate Athletics Program received revenues during the year from the NCAA for certain intercollegiate athletic activities. The amount received was calculated by the NCAA in accordance with a distribution formula, which is utilized to determine the amount to be remitted to all participating institutions.

NOTE 5 - OUTSIDE ORGANIZATIONS:

**The University's** Intercollegiate Athletics Program is the recipient of contributions to or on behalf of the program established by the Grambling State University Athletic Foundation.

NOTE 6 - SCHOLARSHIP EXPENSE:

The total scholarship expense per the Schedule of Revenues and Expenses represents all athletic scholarships disbursed during the Fall 2013, Spring and Summer 2014 semesters.

NOTE 7 - BAYOU CLASSIC:

Ticket sales revenue included the net proceeds from the Bayou Classic. Revenues and direct expenses are recorded in **the University's** Schedule of Revenues and Expenses as auxiliary enterprises for intercollegiate athletic.