

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2011

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 05 2012

Sean M. Bruno
Certified Public Accountants

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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

Dr. Frank G. Pogue, President
Grambling State University
Grambling, Louisiana

At your request, I have performed the agreed-upon procedures, as enumerated below, which were agreed to by management of the **Grambling State University (the University)**, to the accounting records of the Intercollegiate Athletics Program as of the year ended June 30, 2011, solely to assist the **University** in complying with NCAA Bylaw 6.2.3.1. The **University** is responsible for the accounting records of the Intercollegiate Athletics Program. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, I make no representations regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. My procedures and findings were as follows:

MINIMUM AGREED-UPON GENERAL PROCEDURES

1. I obtained written representation from management as to the fair presentation of the statement of revenues and expenditures of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with National Collegiate Athletic Association (NCAA) rules and legislation, and other information as I considered necessary. I also verified the mathematical accuracy of amounts and agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2011 to the **University's** general ledger. I noted no exceptions based on the procedures performed.

2. I obtained an understanding of the control environment and accounting system used by the **University's** Intercollegiate Athletics Program, and performed test of the specific elements of the control environment and accounting system. I noted no exceptions based on the procedures performed.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON GENERAL PROCEDURES, CONTINUED

3. I compared each operating revenue and expense category for June 30, 2008 and June 30, 2011, identifying variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions.
4. I compared the budgeted revenues and expenditures to actual revenues and expenditures for each operating revenue and expense category for the year June 30, 2011, to identify any variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. I obtained explanations for all variances that exceeded established thresholds, noting no exceptions

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

- 1 I verified amounts reported as ticket sales by reviewing appropriate documentation (i e. sales reports, receipts, contracts, etc.) and comparing amounts to the general ledger. Based on procedures performed, I noted no exceptions.
2. I agreed the amounts reported as Classic games and game guarantee revenue for Football, and Men's & Women's basketball games to the University's contractual agreements with other Universities or promoters and to amounts recorded in the general ledger. I also selected a sample and vouched the related cash receipts and noted the following:

State Fair Classic

Based on procedures performed, I noted that the University's agreement with the promoter of the event called for the University to receive a percent of revenues generated from the event. Per review of agreement, the agreement has not been revised to include language that addressed the manner in which sponsorship revenues will be shared. As noted in prior year, management failed to reconcile the payout per the settlement statements to amounts received, resulting in \$15,000 of sponsorship revenues not being collected by the University. This amount remains outstanding

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

Recommendation

State Fair Classic

With respect to the State Fair Classic, management should enter into a revised contract with the promoter to include language regarding sponsorship revenue allocation. Management should also attempt to collect all remaining amounts due from the promoter for outstanding sponsorship revenues. In addition to the above, management should also consider requiring the promoter to have an audit of the State Fair Classic, at the conclusion of the event.

Management's Response

The contract between the University and the promoter of the State Fair Classic will be modified to address all concerns noted above. The University has contacted the promoter regarding outstanding balance and expects to collect all amounts due to the University.

3. Per discussion with the University's management and per review of the general ledger, the University did not receive any indirect institutional support for the year ended June 30, 2011.
4. I agreed the amounts reported as direct institutional support through state appropriations by vouching cash receipts and reviewing appropriate documentation. I noted no exceptions as a result of the procedures performed
5. Per discussion with the University's management, the University did not participate in or receive revenues from NCAA/Conference tournaments for the year ended June 30, 2011.
6. I obtained and inspected agreements related to the University's receipt of revenues from royalties, advertisements, and sponsorships. The revenues were vouched to the related agreements and to cash receipts, noting no exceptions.
7. I requested sport-camp agreements between the University and the sponsors of the sport-camps and noted that all sport camps were conducted by the coaches of their applicable sport. No exceptions noted

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

Recommendation

I recommend that the University enter into separate contracts with the coaches, which outlines the coaches' responsibilities with respect to the sport camp.

Management's Response

Management concurs with the finding and recommendation and will enter into separate contracts with the coaches regarding the conducting of sport camps.

8. I selected one operating revenue receipt from each category not previously mentioned above and agreed amounts to supporting documentation (i e. contracts, sales reports, cash receipts) and agreed amounts to the general ledger, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES

1. I vouched a random sample of student-athletes from the listing of the University student aid recipients. I then compared the students' award letter to the detail of the student accounts, noting no exceptions.
2. I obtained and inspected the largest contractual agreement pertaining to expenditures recorded by the University from a guaranteed contest during the period. I reconciled the amounts recorded to the general ledger to the contractual agreement, and receipts, noting no exceptions.
3. I compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. I also reviewed supporting personnel action forms, W-2's, and Contracts for head coaches and one select support personnel, noting appropriate approval for the related wages and fringe benefits increases and/or decreases. I noted no exceptions as a result of the procedures performed.
4. Per discussion with management and per payroll procedures performed above, the University did not make any severance payments to athletic department employees during the year ended June 30, 2011.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENDITURES, Continued

5. I obtained and documented an understanding of the University's recruiting expense policies. The University's policies were compared and agreed to existing institutional and NCAA related policies without exception.
6. I obtained and documented an understanding of the University's team travel policies. The University's policies were compared and agreed to existing institutional and NCAA related policies, noting no exceptions.
7. I obtained and documented an understanding of the institution's methodology for allocating indirect facilities support. Per discussion with management, the University did not allocate indirect facilities support during the year.
8. Per discussion with management, I noted that the University elected not to report indirect facilities and administrative support in the statement for the period tested.
9. I vouched a random sample of operating expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. I requested from the University's management, a detail of contributions received by the athletic department, noting that the University did not receive any contribution that exceeded 10% of total contributions
2. I obtained and gained an understanding of the policies and procedures for acquiring, depreciating, and disposing of intercollegiate athletics - related assets, noting no exception
3. The University did not have any capitalized asset additions during the period.

**MINIMUM AGREED-UPON PROCEDURES
FOR AFFILIATES AND OUTSIDE ORGANIZATIONS**

1. The University provided written representation that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department. No exceptions noted.

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES
TO THE ACCOUNTING RECORDS**

(CONTINUED)

**MINIMUM AGREED-UPON PROCEDURES
FOR AFFILIATES AND OUTSIDE ORGANIZATIONS, Continued**

2. I requested from management a summary of revenue and expenditures for or on behalf of the Intercollegiate Athletics Programs affiliated and outside organizations to be included with agreed upon procedures report, and to confirm reported revenues and expenditures with a responsible official of the organization. No exceptions noted

3. I obtained and gained an understanding of the procedures used by the University to gather information on the nature and extent of affiliated and outside organizational activity for or on behalf of the University's Intercollegiate Athletics Programs. I tested the University's procedures on gathering information related to affiliated and outside organizational activity, and noted no exceptions as a result of procedures performed

4. I obtained and reviewed the independent audit report for the Grambling State University Athletic Foundation, noting no reportable conditions.

I was not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on the specified elements, accounts or items. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

This report is intended solely for the information and use of the President, his designees and authorized representatives of the National Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified parties.



**SEAN M. BRUNO
CERTIFIED PUBLIC ACCOUNTANTS**

February 15, 2012

Sean M. Bruno
Certified Public Accountants

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues								
Ticket sales	\$ 966,252	\$ -	\$ 966,252	\$ 5,469	\$ 2,973	\$ 2,886	\$ 51,577	\$ 1,029,158
Guarantees/Classic games	142,635	-	142,635	553,786	68,000	4,500	219	769,140
State Appropriations (NOTE 3)	-	-	-	-	-	-	3,526,989	3,526,989
Program Sales, Concessions, Novelty Sales, and Parking	-	-	-	-	-	-	220,205	220,205
Gift Income	-	404,886	404,886	-	-	-	-	404,886
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	531,994	531,994
SWAC revenue distribution (NOTE 8)	-	-	-	-	-	-	46,574	46,574
Royalties/Sponsorship	-	-	-	-	-	-	93,615	93,615
Other revenue	-	-	-	-	-	-	12,859	12,859
Total operating revenues	<u>1,108,887</u>	<u>404,886</u>	<u>1,513,773</u>	<u>559,255</u>	<u>70,973</u>	<u>7,386</u>	<u>4,484,031</u>	<u>6,635,419</u>
Operating Expenditures								
Salaries & Wages	727,927	-	727,927	154,092	154,001	349,811	657,118	2,042,949
Related Benefits	95,567	-	95,567	32,966	46,566	69,942	212,933	457,974
Professional Services	-	-	-	-	-	-	96,871	96,871
Membership Dues	660	-	660	-	-	2,000	26,800	29,460
Medical Expense & Insurance	-	-	-	19,172	-	39,562	-	58,735
Operating Services	1,877	-	1,877	-	1,037	-	41,790	44,705
Travel	198,463	-	198,463	74,121	103,065	310,702	49,831	736,182
Equipment Purchases	2,773	-	2,773	1,209	-	14,977	30,143	49,102
Officials and Referees	25,350	-	25,350	20,690	20,195	11,358	12,741	90,334
Equipment & Uniforms	16,919	-	16,919	6,426	6,295	43,490	1,557	74,687
Educational Supplies	1,992	-	1,992	-	-	1,641	56,274	59,907
Supplies	9,783	-	9,783	29,868	460	13,506	24,118	77,735
Facility, Maintenance, & Rental	-	639	639	-	-	625	1,000	2,264
Printing	-	-	-	-	-	900	-	900
Insurance	-	-	-	-	-	148	8,074	8,222
Guarantees	61,456	-	61,456	-	-	-	110,317	171,773
Other Charges	15,008	-	15,008	-	-	7,193	783,091	805,293
Food for Persons	26,839	-	26,839	10,473	-	12,132	30,081	79,525
Scholarships	628,708	-	628,708	96,135	136,530	758,131	31,919	1,651,422
Total operating expenditures	<u>1,813,321</u>	<u>639</u>	<u>1,813,960</u>	<u>445,153</u>	<u>468,149</u>	<u>1,636,117</u>	<u>2,174,658</u>	<u>6,538,038</u>
Excess revenues over (expenditures)	<u>\$ (704,434)</u>	<u>\$ 404,247</u>	<u>\$ (300,187)</u>	<u>\$ 114,102</u>	<u>\$ (397,176)</u>	<u>\$ (1,628,731)</u>	<u>\$ 2,309,373</u>	<u>\$ 97,381</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 EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

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 17 members appointed for a six year term by the Governor with the consent of the Senate, and one student member appointed for a one year term by a council composed of the student body presidents of **Grambling State University**. As a State agency, operations of **the University's** instructional programs are funded through annual lapsing appropriations made by the Louisiana Legislature.

Grambling State 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 (women), and
- Bowling (women)

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INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Reporting

The accompanying Schedule of Revenues and Expenditures 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 **Grambling State University (the University)** Intercollegiate Athletics Program for the year ended June 30, 2011.

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

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 of Revenues and Expenditures 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.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

(CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

- Basis of Accounting

The Schedule of Revenues and Expenditures 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 pro rated, but are deferred to the succeeding year, and (4) inventory of the general fund are recorded as expenditures at the time of purchase

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

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

To the extent that current funds are used to finance plant assets, the amounts so provided are accounted for as expenditures.

NOTE 3 - CAPITAL OUTLAYS:

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

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.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
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NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2011**

(CONTINUED)

NOTE 5 - OUTSIDE ORGANIZATIONS.

Grambling State University Intercollegiate Athletics Program is the recipient of contributions to or on behalf of the program established by the Grambling State University Athletic Foundation. The Grambling State University Athletic Foundation has an audit conducted on an annual basis and provides a copy of the audit to the University, annually. The Grambling State University Athletic Foundation's 2011 audit reported total revenues of \$116,788 and total expenses of \$176,091.

NOTE 6 - SCHOLARSHIP EXPENSE.

The total scholarship expense per the Statement of Revenues and Expenditures represents all athletic scholarships disbursed during the Fall 2010, Spring and Summer 2011 semesters

NOTE 7 - BAYOU CLASSIC

Ticket sales revenue included the net proceeds from the Bayou Classic. Revenues and direct expenditures are recorded in the University's Statement of Revenues, Expenditures, and Other Changes as auxiliary enterprises for intercollegiate athletic