

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2006

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.

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

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

At your request, we 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, 2006, 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, we 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. Our procedures and findings were as follows:

MINIMUM AGREED-UPON GENERAL PROCEDURES

1. We obtained written representation from management as to the fair presentation of the statement of revenues and expenses of the Intercollegiate Athletics Program, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, and other information as we considered necessary. We also verified the mathematical accuracy of amounts and agreed the Schedule of Revenues and Expenditures for the year ended June 30, 2006 to the University's general ledger. We noted no exceptions based on the procedures performed.
2. We 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. We noted no exceptions based on the procedures performed.

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

(CONTINUED)

MINIMUM AGREED-UPON GENERAL PROCEDURES , CONTINUED

3. We compared each operating revenue and expense category for June 30, 2005 and June 30, 2006, identifying variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. We obtained explanations for all variances that exceeded established thresholds, noting no exceptions.
4. We compared the budgeted revenues and expenses to actual revenues and expenses for each operating revenue and expense category for the year June 30, 2006, to identify any variances of 20% or greater between categories that are 5% or more of the total, and obtained an explanation for variance. We obtained explanations for all variances that exceeded established thresholds, noting no exceptions.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.) and comparing amounts to the general ledger. Based on procedures performed, we noted that four (4) home football games, amounts per the ticket master audit reports were not reconciled to amounts recorded in the general ledger.
2. We agreed the amounts reported as game guarantee revenue and Classic games for Football, and Men's & Women's basketball to the University's contractual agreements with other Universities and to amounts recorded in the general ledger. We also selected a sample and vouched the related cash receipts. Based on procedures performed, we noted a difference of \$10,549 between the settlement statement and amount recorded in the general ledger for the State Fair Classic. We also noted that proceeds from the Bayou Classic per the general ledger totaled \$1,082,446, whereas amounts per the settlement statement totaled \$805,932. The difference appears to represent contributions made to the Athletic Department from the Grambling State University National Alumni Association. We recommend that all receipts be properly reconciled to supporting documentation.
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, 2006.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

4. We agreed the amounts reported as direct institutional support through state appropriations by vouching cash receipts and reviewing appropriate documentation. We noted no exceptions as a result of the procedures performed.
5. Per discussion with **the University's** management they did not participate or receive revenues from NCAA/Conference tournaments for the year ended June 30, 2006.
6. We 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. We noted no exceptions as a result of the procedures performed.
7. We obtained and inspected sport-camp agreements between **the University** and the sponsor of the sport-camps, as well as reviewed supporting documentation for revenues and expenses, noting no exceptions.
8. We 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. We noted no exceptions as a result of this procedure.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We vouched a random sample of student-athletes from the listing of **the University** student aid recipients. We then compared the students' award letter to the detail of the student accounts, and noted no exceptions as a result of this procedure.
2. We obtained and inspected the largest contractual agreement pertaining to expenses recorded by **the University** from a guaranteed contest during the period. We reconciled the amounts recorded to the general ledger to the contractual agreement, and noted no exceptions.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED

3. We compared current payroll amounts to the prior year's amounts and reconciled all variances greater than a pre-determined amount. We also reviewed supporting personnel action forms, W-2's, and Contracts for fifteen (15) coaches and support personnel, noting appropriate approval for the related wages and fringe benefits increases and/or decreases. We noted no exceptions as a result of these procedures.
4. Per discussion with management and per payroll procedures performed above, the University did not have any severance payments to athletic department employees during the year ended June 30, 2006.
5. We 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. We 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 without exception.
7. We 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, we noted that the University elected not to report indirect facilities and administrative support in the statement for the period tested. No exceptions noted.
9. We vouched a random sample of operating expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions based on the procedures performed.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We requested from the University's management, a detail of contributions received by the athletic department.
2. We 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 addition 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.
2. We requested from management, a summary of revenue and expenses 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 expenses with a responsible official of the organization. Based on procedures performed, we were unable to obtain information for one of the affiliated organizations.
3. We 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. We tested the University's procedures on gathering information related to affiliated and outside organizational activity, and noted that management was unable to obtain financial statements from all affiliated outside organizations.

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

(CONTINUED)

4. We obtained and reviewed the independent audit report for the Athletic Foundation, noting no reportable conditions. However, we also noted that the University did not obtain financial statements for the other affiliated organization, The Quarterback Club.

We were 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, 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 the President, his designees and authorized representatives of the National Collegiate Athletics Association and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2007

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 440,745	\$ 591,494	\$ 1,032,239	\$ 1,430	\$ 1,430	\$ 4,701	\$ -	\$ 1,039,799
Guarantees	516,000	-	516,000	253,000	23,500	1,000	-	793,500
State appropriations (NOTE 3)	-	-	-	-	-	-	2,650,502	2,650,502
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	261,706	261,706
Sport Camps	23,900	-	23,900	-	-	-	-	23,900
SWAC revenue distribution	-	-	-	-	-	-	32,469	32,469
Royalties/Sponsorship	-	333,280	333,280	-	-	-	24,357	357,637
Other revenue	9,474	157,672	167,146	-	3	2,274	66,562	235,984
Total operating revenues	990,119	1,082,446	2,072,565	254,430	24,933	7,975	3,035,596	5,395,497
Operating Expenditures:								
Salaries & Wages	669,438	10,577	680,015	145,581	155,247	344,825	611,548	1,937,215
Related Benefits	148,398	168	148,566	44,349	39,272	73,810	131,194	437,193
Professional Services	14,250	-	14,250	390	240	-	50,591	65,471
Membership Dues	565	-	565	1,985	-	720	16,100	19,370
Recruiting	21,681	185	21,866	35,980	4,648	36,937	-	99,430
Medical Expense & Insurance	2,571	-	2,571	754	754	2,710	70,877	77,666
Operating Services	43,753	1,350	45,103	-	-	707	16,999	62,809
Travel	93,014	105,553	198,568	974	-	4,590	28,596	232,728
Major Repairs	-	-	-	2,400	-	-	-	2,400
Team Travel	336,405	42,100	378,506	114,787	78,718	278,879	1,967	852,857
Equipment & Uniforms	77,427	900	78,327	23,594	16,160	46,682	9,153	173,917
Game Expenses	18,667	7,056	25,723	15,700	18,338	21,018	-	80,779
Supplies	22,761	-	22,761	3,284	10,835	8,954	53,846	99,682
Facilities, Maintenance, & Rental	21,986	-	21,986	136	136	342	25,934	48,535
Guarantees	55,000	-	55,000	5,000	1,500	-	-	61,500
Other Charges	23,649	319	23,967	-	1,819	1,752	55,844	83,382
Sports Camp	31,967	-	31,967	-	-	-	-	31,967
Food for Persons	5,508	28,610	34,118	10,680	2,035	6,878	3,107	56,819
Scholarships	449,042	-	449,042	97,625	111,132	589,607	-	1,247,405
Total operating expenditures	2,036,083	196,820	2,232,902	503,219	440,833	1,418,412	1,075,757	5,671,124
Excess revenues over (expenditures)	\$ (1,045,964)	\$ 885,626	\$ (160,338)	\$ (248,789)	\$ (415,900)	\$ (1,410,438)	\$ 1,959,839	\$ (275,626)

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, 2006**

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, et cetera, 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 the **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.

The **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).

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006

(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 the Grambling State University (the University) Intercollegiate Athletics Program for the year ended June 30, 2006.

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, 2006**

(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 expenses 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
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

(CONTINUED)

NOTE 5 - Outside Organizations:

Grambling State University Intercollegiate Athletics Program is the recipient of contributions to or in behalf of the program established by the Grambling State University Athletic Foundation and the Grambling State University Quarterback Club.

NOTE 6 - Scholarship Expense:

The total scholarship expense per the statement of revenues and expenses represents all athletic scholarships disbursed during the Fall 2005, Spring and Summer 2006 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, Expenses, and Other Changes as auxiliary enterprises for intercollegiate athletic.

NOTE 8 - 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.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Grambling State University (the University), solely to assist the users in evaluating whether the University maintained an effective internal control over financial reporting for the Intercollegiate Athletics Program as of June 30, 2006. The management of the University is responsible for the University's Intercollegiate Athletics Program's internal control over financial reporting. 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 those parties specified in this report. 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:

- A. We reviewed the athletic department's organization and noted the following:
- The Office of Business Service (ticket office) is currently responsible for selling tickets for all athletic events, recording the revenue received from such events and reconciling all game income, which represents a lack of separation of duties.

**INDEPENDENT ACCOUNTANTS' REPORT ON
APPLYING AGREED-UPON PROCEDURES -
INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

(CONTINUED)

- The staffing of the Office of Business Service (ticket office) was inadequate to meet the following office requirements.
 - Planning and supervising athletic travel needs;
 - Processing medical bills for athletics;
 - Selling game tickets;
 - Monitoring departmental expenditures;
 - Coordinating certain athletic events; and
 - Recording athletic event income.

- B. We reviewed the flow of information through the accounting system for randomly selected revenue, cash receipts and cash disbursements transactions, noting no exceptions. We also noted that athletic ticket sales reports were not reconciled to amounts in the general ledger and that amounts recorded as Bayou Classic revenues were not reconciled to the Bayou Classic settlement statement.

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over financial reporting. 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 the President, his designees and authorized representatives of the NCAA and is not intended to be and should not be used by anyone other than these specified parties.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2007

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by the management of Grambling State University (the University), solely to assist the users in evaluating the effectiveness of the University's Intercollegiate Athletics Program's internal control over compliance with state laws and regulations as of June 30, 2006. The management of the University is responsible for the University's Intercollegiate Athletics Program's internal control over compliance with those requirements. 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 those parties specified in this report. 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 were as follows:

- A. We reviewed and tested representations made by management in the Louisiana Systems Survey and Compliance Questionnaire which related to the operations of the Intercollegiate Athletic Program. We noted no exceptions as a result of this procedure.
- B. We reviewed the Athletic Department's compliance with state travel regulations and competitive bid requirements by randomly testing expenditure transactions. We noted no exceptions as a result of this procedure.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES -
COMPLIANCE WITH STATE LAWS AND REGULATIONS**

(CONTINUED)

Dr. Horace A. Judson, President
Grambling State University

We were not engaged to, and did not, conduct an examination, the objective of which would be the expression of an opinion on the effectiveness of internal control over compliance with state laws and regulations. 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 the President, his designees and authorized representatives of the NCAA and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor for the State of Louisiana as a public document.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21, 2007



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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED - UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION**

Dr. Horace A. Judson, President
Grambling State University
Grambling, Louisiana 71245

At your request, we have performed the agreed - upon procedures, as enumerated below, which were agreed to by management of **Grambling State University (the University)**, solely to assist you with respect to activities of the Intercollegiate Athletics Program and the Grambling Athletic Foundation (an outside organization).

This engagement to apply agreed - upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures below either for the purpose for which this report has been requested or for any other purpose. Our procedures and findings were as follows:

- A. We obtained the statement of financial position and cash flow and the accompanying statement of activities of the **Grambling University Athletic Foundation (the Foundation)** for the year ended June 30, 2006, which had been audited by other independent auditors who expressed an unqualified opinion on those statements. The statement of activities accompanies this report at page 18.

INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED - UPON PROCEDURES -
TO THE FINANCIAL STATEMENTS OF AN OUTSIDE ORGANIZATION

(CONTINUED)

Dr. Horace A. Judson, President
Grambling State University

We were not engaged to, and did not performed an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. 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 the acting President, her designees and authorized representatives of the Nation Collegiate Athletic Association and is not intended to be and should not be used by anyone other than these specified users.

Bruno & Tervalon LLP
BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS

February 21 , 2007

GRAMBLING UNIVERSITY ATHLETIC FOUNDATION
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2006

	Unrestricted	Temporarily Restricted	Total
Support and revenue			
Contributions	\$ -	\$51,388	\$51,388
Fundraisers	-	12,350	12,350
Membership dues	21,985	-	21,985
Other revenue			
Interest income	362	2,468	2,830
Dividends	2,116	-	2,116
Gains (losses) on investments	48	-	48
Reclassifications of net assets			
Net assets released from restrictions:			
Restrictions satisfied by payments	164,697	(164,697)	-
Other reclassifications(Adm. Fees)	1,986	(1,986)	-
Total support, revenue, reclassifications, and releases from restrictions	191,194	(100,477)	90,717
Expenses			
General and administrative expenses	24,616	-	24,616
Fundraising expenses	2,963	-	2,963
Program expenses	190,813	-	190,813
Total expenses	218,392	-	218,392
Changes in net assets	(27,198.00)	(100,477.00)	(127,675.00)
Other changes in net assets			
Transfers in (out)	(2,865)	2,865	-
Total other changes in net assets	(2,865)	2,865	-
Total changes in net assets	(30,063)	(97,612)	(127,675)
Net assets at beginning of year	151,622	363,579	515,201
Net assets at end of year	\$121,559	\$265,967	\$387,526



May 24, 2007

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New Orleans, LA 70122

RE: Management's Responses to FY06 NCAA Procedures

The management of Grambling State University has reviewed the conditions noted in the NCAA agreed upon procedures engagement and prepared the following responses:

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.) and comparing amounts to the general ledger. Based on procedures performed, we noted that four (4) home football games, amounts per the ticket master audit reports were not reconciled to amounts recorded in the general ledger.

Management's Response

Management will review and strengthen the procedure to ensure that the Ticket Master audit reports are reconciled to the amounts recorded in the general ledger, within thirty days of the completion of the event.

2. We agreed the amounts reported as game guarantee revenue and Classic games for Football, and Men's & Women's basketball to the University's contractual agreements with other Universities and to amounts recorded in the general ledger. We also selected a sample and vouched the related cash receipts. Based on procedures performed, we noted a difference of \$10,549 between the settlement statement and amount recorded in the general ledger for the State Fair Classic. We also noted that proceeds from the Bayou Classic per the general ledger totaled \$1,082,446, whereas amounts per the settlement statement totaled \$805,932. The difference appears to represent contributions made to the Athletic Department from the Grambling State University National Alumni Association. We recommend that all receipts be properly reconciled to supporting documentation.

Management's Response

The Associate Vice President (AVP) for Finance/Controller, the Athletic Director (AD), the Director of Internal Auditor and the Ticket Manager have met and discussed procedures for handling games for which settlement statements are issued. The AD will have primary responsibility for ensuring that settlement statements are received in a timely manner and that copies are provided to the Ticket Manager. The Ticket Manager shall have secondary responsibility for obtaining settlement statements through follow-up with the AD. The Ticket Manager shall review settlement statements to ensure that the statements reconcile to the general ledger.

Management does not view GUNAA payments to the University as contributions, but as the remittance of pass-through funds to support the University and its' programs.

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

2. We requested from management, a summary of revenue and expenses 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 expenses with a responsible official of the organization. Based on procedures performed, we were unable to obtain information for one of the affiliated organizations.

Management's Response

The Athletic Director will implement a policy that requires affiliated and outside organizations to submit financial statements to the office of the Athletic Director on an annual basis. Repeated failure to comply shall result in the suspension of an organization's University representation and affiliation.

3. We 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. We tested the University's procedures on gathering information related to affiliated and outside organizational activity, and noted that management was unable to obtain financial statements from all affiliated outside organizations.

Management's Response

The Athletic Director will implement a policy that requires affiliated and outside organizations to submit financial statements to the office of the Athletic Director on an annual basis. Repeated failure to comply shall result in the suspension of an organization's University representation and affiliation.

4. We obtained and reviewed the independent audit report for the Athletic Foundation, noting no reportable conditions. However, we also noted that the University did not obtain financial statements for the other affiliated organization, The Quarterback Club.

Management's Response

The Athletic Director will implement a policy that requires affiliated and outside organizations to submit financial statements to the office of the Athletic Director on an annual basis. Repeated failure to comply shall result in the suspension of an organization's University representation and affiliation.

**INTERNAL CONTROL OVER FINANCIAL REPORTING
FOR THE INTERCOLLEGIATE ATHLETICS PROGRAM**

- A. We reviewed the athletic department's organization and noted the following:
- The Office of Business Service (ticket office) is currently responsible for selling tickets for all athletic events, recording the revenue received from such events and reconciling all game income, which represents a lack of separation of duties.
 - The staffing of the Office of Business Service (ticket office) was inadequate to meet the following office requirements.
 - Planning and supervising athletic travel needs;
 - Processing medical bills for athletics;
 - Selling game tickets;
 - Monitoring departmental expenditures;
 - Coordinating certain athletic events; and
 - Recording athletic event income.

Management's Response

The AVP for Finance/Controller, the Athletic Director, the Director of Internal Auditor and the Ticket Manager have begun a review of the process. A thorough review and update will be conducted to enhance the efficiency and effectiveness of the process. Reassignments and the utilization of staff independent of the selling and recording process will be used to resolve the lack of segregation of duties.

- B. We noted that athletic ticket sales reports were not reconciled to amounts in the general ledger and that amounts recorded as Bayou Classic revenues were not reconciled to the Bayou Classic settlement statement.

Management's Response

The AVP for Finance/Controller, the Athletic Director, the Director of Internal Auditor and the Ticket Manager have met and discussed procedures for handling games for which settlement statements are issued. The AD will have primary responsibility for ensuring that settlement statements are received in a timely manner and that copies are provided to the Ticket Manager. The Ticket Manager shall have secondary responsibility for obtaining settlement statements through follow-up with the AD. The Ticket Manager shall review settlement statements to ensure that the statements reconcile to the general ledger.

If additional information is needed, please contact me at (318) 274-6117 or Mr. Leon Sanders, Interim Vice President for Finance, at 274-6192.

Sincerely,



Horace A. Judson
President

HAI:jj