

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

AGREED-UPON PROCEDURES ENGAGEMENT

FOR THE YEAR ENDED JUNE 30, 2005

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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Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Michael B. Bruno, CPA
Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA

**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, 2005, 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 legislations, 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, 2005 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.

**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, 2004 and June 30, 2005, identifying variances of 20% or greater between categories that are 5% or more of the total. Based on procedures performed, we noted that there were no variances that exceeded 20% or greater between revenues and expenses of current and prior years.
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, 2005, to identify any variances of 20% or greater between categories that are 5% or more of the total. We noted that there were no variances of 20% or greater between budgeted revenues and expenses to actual revenues and expenses.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. We verified amounts reported as ticket sales by reviewing appropriate documentation (i.e. sales reports, receipts etc.). We noted no exceptions based on the procedures performed.
2. We agreed the amounts reported as game guarantee revenues for Football, Baseball, and Men's & Women's basketball to the University's contractual agreements with other Universities and vouched the related cash receipts. We noted no exceptions based on the procedures performed.
3. Per discussion with the University's management they did not receive any indirect institutional support for the year ended June 30, 2005.
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 based on 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, 2005.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

6. We agreed the amounts reported as revenues from royalties, advertisements, or sponsorships by vouching cash receipts and reviewing appropriate documentation. We noted no exceptions based on the procedures performed.
7. We noted the following issues in our testing of the University's sport camps:
 - There were no contracts for sport-camps between the University and persons conducting the University sport-camps or clinics during the period.
 - There were no records kept that listed each camp, amount of revenues generated for the camp, the charge per participant, and number of participants for the camp.
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 twenty-one (21) 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.
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 twelve (12) 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.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES, CONTINUED

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, 2005.
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 did not report indirect facilities and administrative support in the statement for the period tested.
9. We vouched a random sample of thirty (30) expenditure transactions and reviewed the related purchasing documents, invoices and cancelled checks. We noted no exceptions based on the procedures performed.

MINIMUM AGREED-UPON PROCEDURES FOR NOTES AND DISCLOSURES

1. We obtained from the University's management a list of contributions received by the athletic department. We reviewed the contributions listed and noted that no individual contributions listed and noted that no individual contribution constituted more than 10% of the total contributions.
2. We obtained and gained an understanding of the policies and procedures for acquiring, depreciating, and disposing of intercollegiate athletics related assets.
3. The University did not have any capitalized asset addition during the period.

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

(CONTINUED)

**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.
2. We obtained 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 confirmed reported revenues and expenses with a responsible official of the organization, no exception noted.
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 no exceptions.
4. We obtained the independent audit report for all outside organizations that were available. There were no noted reportable conditions relating to the outside organization's internal controls.

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

December 13, 2006

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2005**

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 694,769	\$ 891,472	\$ 1,586,241	\$ 1,246	\$ 1,246	\$ -	\$ -	\$ 1,588,733
Guarantees	185,000	-	185,000	190,034	31,000	3,000	-	409,034
State Appropriations (NOTE 3)	-	-	-	-	-	-	2,967,425	2,967,425
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	365,718	365,718
Royalties	-	-	-	-	-	-	31,855	31,855
Other revenue	4,884	1,180	6,064	-	12,000	-	60,131	78,195
Total operating revenues	884,653	892,652	1,777,305	191,280	44,246	3,000	3,425,129	5,440,961
Operating Expenditures:								
Salaries & Wages	660,878	56,244	717,122	171,440	178,008	333,800	673,611	2,073,982
Related Benefits	-	-	-	-	-	-	5,056	5,056
Professional Services	-	-	-	-	-	148	-	148
Membership Dues	540	-	540	2,595	-	1,106	17,125	21,366
Recruiting	31,975	-	31,975	23,620	11,351	28,101	-	95,046
Medical Expense & Insurance	105	-	105	480	-	-	401,348	401,933
Operating Services	2,430	5,464	7,894	4,581	4,665	2,437	44,944	59,856
Travel	30,896	69,008	99,904	4,747	4,665	16,879	29,059	155,254
Team Travel	91,727	21,244	112,971	57,039	70,225	300,934	-	541,170
Equipment & Uniforms	49,350	-	49,350	28,683	9,775	52,982	-	140,790
Game Expenses	15,565	-	15,565	17,250	17,900	29,361	-	80,076
Supplies	47,590	-	47,590	18,690	1,133	88,422	1,855	157,691
Facilities, Maintenance, & Rental	47,686	515	48,201	775	136	3,314	-	52,426
Guarantees	16,000	-	16,000	5,000	500	-	-	21,500
Other Charges	53,165	11,570	66,735	17,409	2,870	10,742	17,363	115,119
Prior Period Adj	86,387	-	86,387	-	-	-	-	86,387
Scholarships	429,554	-	429,554	95,085	90,021	518,290	-	1,132,950
Total operating expenditures	1,565,848	164,045	1,729,893	447,393	386,585	1,386,518	1,190,361	5,140,750
Excess revenues over (expenditures)	\$ (681,195)	\$ 728,608	\$ 47,413	\$ 256,113	\$ 342,339	\$ 1,383,518	\$ (2,234,768)	\$ 300,211

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, 2005**

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, 2005**

(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, 2005.

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, 2005

(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.

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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, 2005**

(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 Quarterback Club, Grambling, LA Area Chapter, Inc. (the 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 2004, Spring and Summer 2005 semesters.



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**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, 2005. 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 the use of internal auditors in the department to ensure adherence to established policies and procedures. We noted no exceptions as a result of this procedure.
- B. We reviewed the flow of information through the accounting system for selected revenue, cash receipt and cash disbursement transactions. We noted no exceptions as a result of this procedure.

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

(CONTINUED)

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

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

December 13, 2006

**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, 2005. 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.

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December 13, 2006