

ATHLETIC DEPARTMENT
GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA



AGREED-UPON PROCEDURES REPORT
ISSUED JANUARY 26, 2022

**LOUISIANA LEGISLATIVE AUDITOR
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LOUISIANA LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

January 21, 2022

Independent Accountant's Report on the
Application of Agreed-Upon Procedures

**MR. RICHARD J. GALLOT, PRESIDENT
GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**
Grambling, Louisiana

We have performed the procedures enumerated below, which were agreed to by you, as President of Grambling State University (University), solely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses (Statement) of the University's athletic department is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.17 for the year ended June 30, 2021. University management is responsible for the accuracy of the Statement (unaudited) and the related notes (unaudited) and the compliance with NCAA 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 management of the University. Management of the University has acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

Procedures were not performed on specific reporting categories that were less than 4% of the total revenues or expenses.

The procedures that we performed and our findings are as follows:

MINIMUM COMPLIANCE AGREED-UPON PROCEDURES

INTERNAL CONTROL

1. We obtained, through discussion with management, the identity of those aspects of internal control that management considers unique to intercollegiate athletics.

2. We performed procedures to test specific elements of the control environment and accounting systems that are unique to intercollegiate athletics to determine adherence to established policies and procedures relating to revenues and expenses. The following procedures were performed:
 - (a) We randomly selected five cash receipt batch sheets of ticket sales and followed them through the University's cash control system to determine adherence to established policies and procedures.
 - (b) We selected the five largest athletic department cash disbursement transactions and followed them through the University's accounting system to determine adherence to established policies and procedures.
 - (c) We inquired of and observed athletic department personnel to determine their compliance with policies and procedures related to the control and safeguarding of unsold tickets.

We found no exceptions as a result of these procedures.

3. We obtained the University's procedures for gathering information on the nature and extent of affiliated and outside organization activity for or on behalf of the University's intercollegiate athletics program and performed procedures to determine the University's adherence to these procedures.

We found no exceptions as a result of these procedures.

STATEMENT OF REVENUES AND EXPENSES

GENERAL PROCEDURES

1. We obtained written representations from management as to the accuracy of the Statement, completeness of required schedules and related financial information, adequacy of controls, compliance with NCAA rules and legislation, completeness of the list of all known affiliated and outside organizations, and other information as we considered necessary for the fiscal year ended June 30, 2021.
2. We verified the mathematical accuracy of the amounts on the Statement and compared and agreed the amounts to supporting schedules provided by the University and/or the University's general ledger.

We identified errors and omissions in reporting categories and amounts; however, the University made the necessary adjustments to its Statement to correct those errors and omissions.

3. We compared and agreed a sample of five operating revenue receipts and a sample of five expense disbursements obtained from the supporting schedules to adequate supporting documentation.

We found no exceptions as a result of these procedures.

4. We compared each major revenue and expense account greater than 10% of total revenues or expenses for June 30, 2021, to June 30, 2020, amounts and budget estimates, to identify variations greater than 10%.

We reported the analysis in Appendix A to this report.

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES

1. Based on the University's methodology for allocating student fees to the intercollegiate athletics program, we compared and agreed student fees reported in the Statement to student enrollment. We were to obtain explanations from the University regarding any variances in excess of 5%. We also recalculated the totals. If the athletic department is reporting that an allocation of student fees should be countable as generated revenues, we were to recalculate the totals of its methodology for supporting that the athletic department is able to count each sport, and tie the calculation to the supporting documents. The University does not allocate the student fees to each sport.

We found no exceptions as a result of these procedures and identified no variances that exceeded 5%.

2. We compared the direct institutional support recorded by the University during the reporting period with institutional supporting budget transfers documentation and other corroborative supporting documentation. We recalculated the totals.

We found no exceptions as a result of these procedures.

3. We were to obtain and review supporting documentation for each contribution of monies, goods, or services received directly by an intercollegiate athletics program from any affiliated or outside organization, agency, or group of individuals (two or more) that constitute 10% or more in aggregate for the reporting year of all contributions received for intercollegiate athletics during the reporting period, and recalculate the totals.

There were no contributions received directly by the University's Athletic Department during the reporting period that constituted 10% or more of all contributions. The University adjusted its Statement to include \$438,533 of contributions from the Grambling University Foundation, Inc (Foundation) that were omitted in error.

MINIMUM AGREED-UPON PROCEDURES FOR EXPENSES

1. We selected a sample of 10% of the total student athletes from the listing of University student aid recipients, obtained individual student-account detail for each selection, and compared total aid in the University's student system to the student detail in the NCAA's Compliance Assistance (CA) software. We

performed a check of each student selected to ensure their information was reported accurately in the NCAA's CA software using criteria found in 2021 NCAA Agreed-Upon Procedures. We recalculated the totals for each sport and overall.

We noted the student aid per the NCAA's CA software was in excess of the amounts in the University's student system for two students by \$23 each. There were no other exceptions as a result of these procedures.

2. We obtained from management a list of coaches and support staff/administrative personnel paid by the University and related entities during the reporting period and selected a sample of three coaches' contracts for football and men's and women's basketball and a sample of three staff/administrative personnel. The following procedures were performed:
 - (a) We compared and agreed the financial terms and conditions of each selection to the related salaries, benefits, and bonuses recorded by the University and related entities in the Statement during the reporting period.
 - (b) We obtained and inspected payroll summary registers for the reporting year for each selection.
 - (c) We compared and agreed related payroll summary registers for each selection to the related salaries, benefits, and bonuses paid by the University and related entities' expenses recorded by the University in the Statement during the reporting period.
 - (d) We compared and agreed the totals recorded to the employment contracts executed for the sample selected.
 - (e) We recalculated the totals.

University adjusted its Statement to include \$22,307 of coaches' salaries and \$78,131 of staff/administrative compensation paid directly by the Foundation that were omitted in error; and \$1,900 of staff/administrative compensation paid by the University that were misclassified as capital expenditures. After the corrections, we found no exceptions as a result of these procedures.

3. We obtained and documented an understanding of the University's team travel policies and compared and agreed the University's team travel policies to existing University and NCAA-related policies. In addition, we obtained the general ledger detail and compared the detail to the total expenses reported. We recalculated the totals.

We found no exceptions as a result of these procedures.

4. We obtained general ledger detail for the purchase of equipment, uniforms, and supplies and compared the detail to the total expenses reported. We selected a sample of three transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We obtained the general ledger detail for medical expenses and insurance and compared the detail to the total expenses reported. We selected a sample of one transaction to validate the existence of the transaction and the accuracy of its recording. We recalculated the total.

We found no exceptions as a result of these procedures.

6. We obtained the general ledger detail for other operating expenses and compared the detail to the total expenses reported. We selected a sample of three transactions to validate the existence of the transaction and the accuracy of their recording. We recalculated the totals.

The University adjusted its Statement to include \$65,476 of other operating expenses paid directly by the Foundation that were omitted in error. After including the amounts, we found no exceptions as a result of these procedures.

MINIMUM AGREED-UPON PROCEDURES FOR OTHER REPORTING ITEMS

1. We agreed the total outstanding University debt to supporting documentation and the University's general ledger.

We found no exceptions as a result of these procedures.

2. We obtained the schedule of all athletics dedicated endowments maintained by the Foundation. We agreed the fair market value in the schedule to the supporting documentation.

We found no exceptions as a result of these procedures.

3. We agreed the fair market value of University endowments to supporting documentation and the University's general ledger.

We found no exceptions as a result of these procedures.

4. We obtained a schedule of athletic related capital expenditures made by athletics, the university, and affiliated organizations during the reporting period and compared the general ledger detail to the expenditures reported. We selected a sample of two transactions to validate the existence of the transactions and the accuracy of their recording. We recalculated the totals.

We found no exceptions as a result of these procedures.

**MINIMUM AGREED-UPON PROCEDURES
FOR NOTES AND DISCLOSURES**

1. We were to obtain from University management a list of contributions of monies, goods, or services received directly by the intercollegiate athletics program from an affiliated or outside organization, agency, or individuals (two or more) that constitute 10% or more of all contributions received during the reporting period. We were to ensure the source of the funds, goods, and services, as well as the value associated with these items, were properly disclosed in the notes to the Statement; and obtain and review supporting documentation for each such contribution.

There were no contributions received directly by the University's Athletic Department during the reporting period that constituted 10% or more of all contributions (see note 1 to the Statement).

2. We obtained a description of the University's policies and procedures for acquiring, approving, depreciating, and disposing of intercollegiate athletics-related assets. We ensured that the University's policies and procedures are properly disclosed in the notes to the Statement.

We found no exceptions as a result of these procedures (see note 2 to the Statement).

3. We determined that intercollegiate athletic debt exists and we ensured that the repayment schedule is properly disclosed within the notes to the Statement.

We found no exceptions as a result of these procedures (see note 3 to the Statement).

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

1. We obtained from University management a listing of all affiliated and outside organizations for the reporting period. We obtained written representations from management that the Foundation is the only outside organization created for or on behalf of the athletic department.

2. We obtained from management of the University a statement for the affiliated and outside organizations and we confirmed the revenues and expenses directly with a responsible official of the organization.

We found no exceptions as a result of these procedures.

3. We obtained from University management a summary schedule of revenues and expenses for or on behalf of intercollegiate athletics programs by affiliated and outside organizations not under the accounting control of the University to be included with the agreed-upon procedures report as follows:

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
Revenues						
Contributions	\$273,987	\$3,511	\$84	\$21,694	\$139,257	\$438,533
Total revenues	273,987	3,511	84	21,694	139,257	438,533
Expenses						
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,537			20,770		22,307
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities					78,131	78,131
Athletic facilities debt service, leases, and rental fees	272,279					272,279
Student-athlete meals (Non-Travel)				340		340
Other operating expenses	171	3,511	84	584	61,126	65,476
Total expenses	273,987	3,511	84	21,694	139,257	438,533
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES						
	None	None	None	None	None	None

We obtained written representation from management as to the accuracy of the summary schedule.

The University adjusted its Statement to include contributions revenues totaling \$438,533 received by the Foundation and the same of amount of expenses paid by the Foundation that were omitted. After including the amounts, we found no other exceptions as a result of these procedures.

4. For all outside organizations that had an independent audit, we were to obtain the independent auditor's report to identify any significant deficiencies related to the outside organization's internal control. We were to make inquiries of management to document any corrective action taken in response to the significant deficiencies.

The Foundation has not had an independent audit for the fiscal year ended June 30, 2021, as of January 21, 2022.

ADDITIONAL MINIMUM AGREED-UPON PROCEDURES

1. In order for the NCAA to place reliance on the Division I financial reporting to calculate the NCAA revenue distributions, we performed the following procedures:
 - (a) We compared and agreed the sports sponsored and reported in the NCAA Membership Financial Reporting System to the University's Calculation of Revenue Distribution Equivalencies Report from the NCAA's CA software. We were to inquire about any discrepancies and report the justification.

We found no discrepancies as a result of these procedures.

- (b) We compared current-year Grants-in-Aid revenue distribution equivalencies to prior-year reported equivalencies per the Membership Financial Report submission. We were to inquire and document an explanation for a variance greater than +/- 4%.

We noted that the variance did not meet the +/- 4% threshold.

- (c) We obtained the University's Sports Sponsorship and Demographics Form report submitted to the NCAA for the reporting year in order to validate whether the University's countable sports reported met the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and participants in each contest. We ensured the University properly reported these sports as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.

We found no exceptions as a result of these procedures. As a result of COVID-19 and its impact on institutional sports seasons, NCAA Division I Council Coordination Committee has approved a blanket waiver of the minimum sports sponsorship requirements for the 2020-2021 academic year for all sports.

- (d) We compared the current-year number of Sports Sponsored to the prior-year reported total per the Membership Financial Report submission. We were to inquire and document an explanation for any variance.

We found no variance as a result of this procedure.

- (e) We agreed the total number of student athletes who, during the academic year, received a Pell Grant award and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to a report, generated out of the University's financial aid records, of all student-athlete Pell Grants.

We found no exceptions as a result of these procedures.

- (f) We compared current-year Pell Grants total to prior-year reported total per the Membership Financial Report submission and obtained an explanation for any variance greater than +/- 20 grants.

Total Pell Grants increased by 49 in fiscal year 2021 mainly due to 36 more awards received by football student athletes during the current year than the prior year. The University stated that it began requiring all student athletes to apply for financial aid and more students were eligible for Pell Grants.

An agreed-upon procedures engagement involves the practitioner performing specific procedures that the engaging party has agreed to and acknowledged to be appropriate for the intended purpose of the engagement and reporting on findings based on the procedures performed. We were not engaged to, and did not, conduct an examination or review, the objective of which would be the

expression of an opinion or conclusion, respectively, on the compliance of the accompanying Statement and related notes of the University's Athletic Department or on its compliance with NCAA Bylaw 3.2.4.17 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2021. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the University and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely for the information and use of the President of the University and is not intended to be, and should not be, used by anyone other than this specified party. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Michael J. "Mike" Waguespack, CPA
Legislative Auditor

WMS:BAC:BH:EFS:aa

GSUNCAA2021

UNAUDITED

Statement A

**ATHLETIC DEPARTMENT
GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Statement of Revenues and Expenses
For the Year Ended June 30, 2021**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
REVENUES						
Operating revenues:						
Ticket sales	\$247,729	\$2,405	\$2,404	\$1,460		\$253,998
Student fees					\$1,160,500	1,160,500
Direct institutional support					7,444,730	7,444,730
Guarantees		162,500	8,000	13,000		183,500
Contributions	273,987	3,511	84	21,715	139,257	438,554
NCAA distributions					265,000	265,000
Conference distributions of football bowl generated revenue					58,000	58,000
Program, novelty, parking, and concession sales					30,961	30,961
Other operating revenue					15,909	15,909
Total operating revenues	<u>\$21,716</u>	<u>168,416</u>	<u>10,488</u>	<u>36,175</u>	<u>9,114,357</u>	<u>9,851,152</u>
EXPENSES						
Operating expenses:						
Athletic student aid	1,175,442	215,579	262,235	1,254,442		2,907,698
Coaching salaries, benefits, and bonuses paid by the University and related entities	937,280	345,138	314,961	591,206		2,188,585
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities					1,072,512	1,072,512
Recruiting	25,844	1,001	4,901	815		32,561
Team travel	103,189	108,150	93,927	391,874		697,140
Sports equipment, uniforms, and supplies	218,940	38,429	29,321	204,764	58,457	549,911
Game expenses	20,525	31,010	22,145	30,304		103,984
Athletic facilities debt service, leases, and rental fees	315,234					315,234
Medical expenses and insurance					397,897	397,897
Memberships and dues	5,200	13,939	10,250	10,070	6,382	45,841
Student-athlete meals (non-travel)	8,594	5,866	2,367	6,584	5,469	28,880
Other operating expenses	72,096	8,593	4,689	67,974	366,397	519,749
Total operating expenses	<u>2,882,344</u>	<u>767,705</u>	<u>744,796</u>	<u>2,558,033</u>	<u>1,907,114</u>	<u>8,859,992</u>
EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES	<u>(\$2,360,628)</u>	<u>(\$599,289)</u>	<u>(\$734,308)</u>	<u>(\$2,521,858)</u>	<u>\$7,207,243</u>	<u>\$991,160</u>

NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

1. CONTRIBUTIONS

No individual contributions were received directly by the University's Athletic Department that exceeded 10% of the total contributions included in Statement A.

2. CAPITAL ASSETS

Capital assets are reported at cost at the date of acquisition or their estimated fair value at the date of donation. For movable property, the University's capitalization policy includes all items with a unit cost of \$5,000 or more and an estimated useful life greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if they exceed \$100,000. Any infrastructure exceeding \$3 million must be capitalized, but the University does not have any infrastructure that meets that criterion. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful life of the assets, generally 40 years for buildings and infrastructure, 20 years for depreciable land improvements, 3 to 10 years for most movable property. All departments within the University follow standardized policies and procedures prescribed by state laws and regulations for acquiring, approving, depreciating, and disposing of capital assets.

3. LONG TERM LIABILITIES

The following is a detailed summary of a note payable for the athletic department for the year ended June 30, 2021:

Project	Date of Note Payable	Original Amount	Principal Outstanding at 6/30/2020	Payment	Principal Outstanding 6/30/2021	Maturity	Interest Rate	Interest Outstanding at 6/30/2021
Football Stadium	9/2/2017	\$2,100,250	\$1,636,020	(\$184,029)	\$1,451,991	2023	4.95%	\$201,389

On September 2, 2017, the Foundation obtained a construction permanent note payable with Origin Bank to finance renovation of the University's football stadium. The original amount was \$2,100,250, bearing interest at 4.95%, and maturing March 1, 2023, payable as interest only payments until March 1, 2019, then in annual installments of \$272,279 until maturity, with balloon payment at maturity of balance, secured by certificates of deposit.

The following is the amortization schedule for the outstanding note payable for the athletic department as of June 30, 2021:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$193,265	\$79,014	\$272,279
2023	1,258,726	122,375	1,381,101
Total	<u>\$1,451,991</u>	<u>\$201,389</u>	<u>\$1,653,380</u>

MAJOR REVENUE AND EXPENSE ANALYSIS

(UNAUDITED)

Appendix A

Appendix A includes an analysis of revenue and expense accounts that exceed 10% of total revenues and expenses. A comparison is presented of current-year amounts to prior-year amounts and of current-year amounts to budget estimates.

**ATHLETIC DEPARTMENT
GRAMBLING STATE UNIVERSITY
UNIVERSITY OF LOUISIANA SYSTEM
STATE OF LOUISIANA**

**Major Revenue and Expense Analysis
For the Year Ended June 30, 2021**

Accounts Exceeding 10% Threshold and Variation Greater Than 10%	Fiscal Year 2021	Fiscal Year 2020	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Direct Institutional Support	\$7,444,730	\$5,235,745	\$2,208,985	42%	¹
Operating Expenses per Statement A					
Support staff/administrative compensation, benefits, bonuses paid by University and related entities	\$1,072,512	\$925,924	\$146,588	16%	²

NOTES:

1. Direct institutional support increased because the University provided additional transfers of \$2.1 million from housing revenue resources in fiscal year (FY) 2021 due to the shortfall in other athletic revenue sources during the Fall 2020 sports season caused by COVID-19 pandemic conditions.
2. Support staff/administrative compensation, benefits & bonuses increased because the University increased the salaries for the assistant strength coach, the ticket coordinator, and the assistant to the football coach. Also, the portion of the business manager's salary charged to intercollegiate athletics was increased.

Budget¹	Fiscal Year 2021 - Actual	Fiscal Year 2021 - Budget	Increase/ (Decrease)	Percent Variance	
Operating Revenues per Statement A					
Student Fees	\$1,160,500	\$1,760,713	(\$600,213)	(34%)	²
Direct Institutional Support	\$7,444,730	\$4,239,642	\$3,205,088	76%	³
Operating Expenses per Statement A					
No variations met the 10% variance threshold in the NCAA guidelines, and no explanations are required.					

NOTES:

1. The budget information does not include affiliated outside organization amounts; therefore, the analysis is presented on University amounts only.
2. The University budgeted an increase in student athlete fees revenues for FY 2021 to pay for the new tennis courts; however the fee rate was not increased nor did enrollment increase.
3. Direct institutional support was greater than amount budgeted for FY 2021 due to additional transfers of housing revenue resources to intercollegiate athletics in FY 2021, because of the shortfall in athletic revenue sources caused by COVID-19 conditions, as previously mentioned above.