

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM**

**AGREED-UPON PROCEDURES ENGAGEMENT
FOR THE YEAR ENDED JUNE 30, 2010**

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 MAY 09 2012

Sean M. Bruno
Certified Public Accountants

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Sean M. Bruno
Certified Public Accountants

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

**INDEPENDENT ACCOUNTANTS' 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, 2010, 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, 2010 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 ACCOUNTANTS' 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, 2010, 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, 2010, 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. Management failed to reconcile the payout per the settlement statements to amounts received, resulting in \$27,000 of sponsorship revenues not being collected by the University. Per review of agreement with the promoter, there was no language that addressed the manner in which sponsorship revenues will be shared.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

Bayou Classic

Based on procedures performed, I noted that proceeds from the Bayou Classic per the general ledger totaled \$493,044 and \$46,839 for game and Battle of the Band ticket sales, respectively; whereas, amounts per the settlement statement totaled \$624,409 for game ticket sales and \$137,672 for the Battle of the Bands. The difference was transferred to the Foundation as the promoter of the event. I also noted that there was not a current signed contract between the University and the promoters (The Grambling Black and Gold Foundation and the Southern University System Foundation).

Recommendation

State Fair Classic

I recommend that the game settlement statement for the classic be properly reconciled to amounts recorded in the general ledger. 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.

Bayou Classic

I recommend that settlement statements for the Bayou Classic game and the Battle of the Bands event be properly reconciled to amounts recorded in the general ledger, with a receivable being recorded for amounts being due from the Foundation. I also recommend that management of the University enter into a contract with the promoters of the Bayou Classic outlining the event arrangements.

Management's Response

The contract between the University and the promoter of the State Fair Classic has been modified to address all concerns noted above. The University will collect all amounts due from the promoter. Procedures have been implemented that requires the business manager to reconcile Special event ticket sales to the general ledger within sixty days of the close of the event.

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

(CONTINUED)

MINIMUM AGREED-UPON PROCEDURES FOR REVENUES, CONTINUED

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, 2010.
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, 2010.
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. For those sport camps that were held at the University, I noted that the coaches are allowed to conduct the sport-camps as a part of their coach's contract. However, I also noted that the University did not enter into a contract with the coaches, which outlined the camp arrangements and responsibilities.

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.

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

(CONTINUED)

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 fifteen (15) coaches and 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, 2010.
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.

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

(CONTINUED)

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**

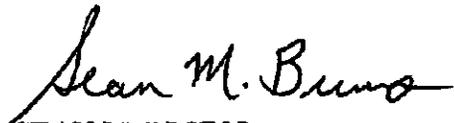
1. The University provided written representation that the listing of all known affiliated and outside organizations provided to us by the University are the only outside organizations created for or on behalf of the athletic department. No exceptions noted.
2. I requested from management a summary of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

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

(CONTINUED)

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**

June 24, 2011

GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAMS
SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010

	Football	Bayou Classic Activity	Sub-total Football	Men's Basketball	Women's Basketball	Other Sports	Non-Program Specific	Total
Operating Revenues:								
Ticket sales	\$ 387,928	\$ 539,883	\$ 927,811	\$ 5,421	\$ 3,840	\$ 4,184	\$ -	\$ 941,256
Guaranties/Classic games	716,000	-	716,000	310,000	3,552	1,800	5,600	1,036,952
State Appropriations (NOTE 3)	-	-	-	-	-	-	3,158,048	3,158,048
Program Sales, Concessions, Novelty Sales, and Parking	3,648	-	3,648	-	-	-	45,859	49,507
NCAA revenue distribution (NOTE 8)	-	-	-	-	-	-	267,662	267,662
SWAC revenue distribution (NOTE 8)	-	-	-	-	-	-	25,615	25,615
Royalties/Sponsorship	25,000	-	25,000	-	-	-	52,882	77,882
Other revenue	873	-	873	-	-	-	8,906	9,779
Total operating revenues	1,133,448	539,883	1,673,331	315,421	7,392	5,984	3,564,573	5,566,701
Operating Expenditures:								
Salaries & Wages	628,171	-	628,171	151,179	151,317	339,444	667,989	1,938,099
Related Benefits	154,291	-	154,291	38,405	39,025	89,295	186,858	507,873
Professional Services	10,000	-	10,000	-	-	-	52,499	62,499
Operating Services	24,812	-	24,812	1,252	1,141	1,860	172,667	201,732
Travel	206,145	48,611	254,756	84,157	94,405	285,457	74,271	793,046
Equipment Purchases	-	-	-	-	-	-	187	187
Supplies	53,743	19,353	73,096	7,449	5,201	41,660	139,191	266,596
Printing	-	-	-	-	-	900	-	900
Other Charges	81,426	13,402	94,828	25,438	28,650	21,800	1,999	172,715
Scholarships	533,524	-	533,524	90,959	127,315	785,506	13,236	1,550,539
Total operating expenditures	1,692,111	81,366	1,773,477	398,839	447,055	1,565,922	1,308,895	5,494,187
Excess revenues over (expenditures)	\$ (558,663)	\$ 458,517	\$ (100,146)	\$ (83,418)	\$ (439,663)	\$ (1,539,938)	\$ 2,255,678	\$ 72,514

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, 2010**

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).

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES ENGAGEMENT
NOTES TO THE SCHEDULE OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2010**

(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, 2010.

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, 2010**

(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 OVERLAYS:

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, 2010**

(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 2010 audit reported total revenues of \$151,459 and total expenses of \$126,060.

NOTE 6 - SCHOLARSHIP EXPENSE:

The total scholarship expense per the Statement of Revenues and Expenditures represents all athletic scholarships disbursed during the Fall 2009, Spring and Summer 2010 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.

**GRAMBLING STATE UNIVERSITY
INTERCOLLEGIATE ATHLETICS PROGRAM
AGREED-UPON PROCEDURES**

EXIT CONFERENCE

An exit conference was held to discuss the report. Those in attendance were as follows:

GRAMBLING STATE UNIVERSITY

Mr. Leon Sanders	--	Interim-Vice President for Finance and Administration
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BRUNO & TERVALON, LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Sean M. Bruno, CPA	--	Owner
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