

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



AGREED-UPON PROCEDURES REPORT  
ISSUED JANUARY 29, 2020

**LOUISIANA LEGISLATIVE AUDITOR  
1600 NORTH THIRD STREET  
POST OFFICE BOX 94397  
BATON ROUGE, LOUISIANA 70804-9397**

**LEGISLATIVE AUDITOR**  
DARYL G. PURPERA, CPA, CFE

**ASSISTANT LEGISLATIVE AUDITOR**  
**FOR STATE AUDIT SERVICES**  
NICOLE B. EDMONSON, CIA, CGAP, MPA

**DIRECTOR OF FINANCIAL AUDIT**  
ERNEST F. SUMMERVILLE, JR., CPA

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LOUISIANA LEGISLATIVE AUDITOR  
DARYL G. PURPERA, CPA, CFE

January 15, 2020

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 3.2.4.15 for the year ended June 30, 2019. 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. 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.

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.

The University reported \$87,853 of expenses relating to the cost of fiscal year (FY) 2016 and FY 2017 Southwestern Athletic Conference football championship consignment tickets that were due on March 31, 2017, but not paid by the University until September 26, 2018, which was 537 days later. We found no other 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 fair presentation 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 year ended June 30, 2019.
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 in reporting categories and amounts; however, the University made the necessary adjustments to its Statement to correct those errors.

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 over 10% of total revenues or expenses for June 30, 2019, to June 30, 2018, 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. We were to use a schedule prepared by the University to compare the value of tickets sold, complimentary tickets provided, and unsold tickets for the reporting period per the schedule to the related revenue reported by the University in the general ledger and Statement and to the related attendance figures. Official attendance figures are not maintained by the University. We were also to agree the information on the schedule to the supporting game reconciliation for a random sample of one football, one basketball, and one baseball game. The schedule provided by the University reflected one total for all basketball game ticket sales and one total for all baseball games ticket sales, instead of by individual game.

We were provided ticket sales reconciliations generated by Ticketmaster for the games selected and we recalculated the reconciliation for the football game tested. We found no exceptions as a result of these procedures; however, the University adjusted its Statement to reclassify \$1,120 from football ticket sales revenues to men's basketball ticket sales totaling \$480 and contributions totaling \$640, reported in error.

2. 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 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%.

3. 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.

4. We selected a sample of one settlement report for an away game during the reporting period and agreed the settlement to the University's general ledger and the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

5. We selected a sample of one away game with a game guarantee contract. We compared and agreed the contractual agreement for the selection to the University's general ledger and/or the Statement. We recalculated the totals.

We found no exceptions as a result of these procedures.

6. 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 Athletics Department during the reporting period that constituted 10% or more of all contributions. The University adjusted its Statement to reclassify \$640 of contributions reported as football ticket sales revenues 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 Assistant software (CA). We performed a check of each student selected to ensure their information was reported accurately in the NCAA's CA software using NCAA-specified criteria. We recalculated the totals for each sport and overall.

We found no 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.

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 other operating expenses 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 totals.

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 an affiliated organization. We agreed the fair market value in the schedule to the supporting documentation and the audited financial statements.

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 were to obtain a schedule of athletics related capital expenditures made by athletics, the university, and affiliated organizations during the reporting period.

We found no athletics related capital expenditures were made during the reporting period.

#### **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 (e.g., contributions by corporate sponsors) 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).

#### **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 Grambling University Foundation, Inc.'s (GUF) and the Grambling University Athletic Foundation (GUAF) are the only outside organizations created for or on behalf of the athletic department.
2. We obtained from management of the University statements for 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:

	Grambling University Foundation, Inc.	Grambling University Athletic Foundation	Total
<b>Revenues</b>			
Contributions	\$822,731	\$43,355	\$866,086
Total revenues	<u>822,731</u>	<u>43,355</u>	<u>866,086</u>
<b>Expenses</b>			
Athletic student aid		10,437	10,437
Coaching salaries, benefits and bonuses paid by the University and related entities	284,744		284,744
Support staff/administrative compensation, benefits, bonuses paid by the University and related entities	43,135	3,000	46,135
Recruiting	2,552	7,346	9,898
Team travel	57,002		57,002
Sports equipment, uniforms, and supplies	2,068	1,155	3,223
Game expenses		825	825
Sports camp expenses		268	268
Athletic facilities debt service, leases, and rental fees	272,922		272,922
Student-athlete meals (non-travel)	19,758		19,758
Other operating expenses	140,550	20,324	160,874
Total expenses	<u>822,731</u>	<u>43,355</u>	<u>866,086</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENSES</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

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

4. For all outside organizations that had an independent audit, we obtained 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 financial statements of the foundations were audited by independent certified public accounting firms for the year ended June 30, 2019. The GUF audit report is dated December 13, 2019, and includes a report on internal controls with no deficiencies. The GUAF audit report is dated November 5, 2019, and includes no findings.

**ADDITIONAL MINIMUM AGREED-UPON PROCEDURES**

1. 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 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.

2. We compared current year Grants-in-Aid revenue distribution equivalencies to prior year reported equivalencies per the Membership Financial Report submission. We inquired and documented explanations for variances greater than +/- 4%.

We noted a total variance increase of 5.77%, which was mainly due to the University awarding more track scholarships during the reporting period after NCAA approved penalties ended.

3. We obtained the University's Sports Sponsorship and Demographics Forms Report for the reporting year and validated that the University's countable sports reported meet the minimum requirements set forth in Bylaw 20.9.6.3 for the number of contests and participants in each contest that is counted toward meeting the minimum contest requirement. We ensured the University has 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.

4. 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.

5. For Pell Grants, we agreed the total number of Division I student athletes who, during the academic year, received a Pell Grant award (e.g., Pell Grant recipients on Full Athletic Aid, Pell Grant recipients on Partial Athletic Aid and Pell Grant recipients with no Athletic Aid) 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.

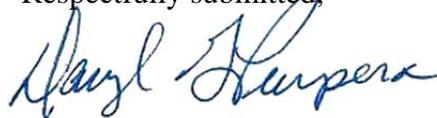
6. We compared current-year Pell Grants total to prior-year reported total per the Membership Financial Report submission. We inquired and documented an explanation for any variance greater than +/- 20 grants.

We found that grants decreased by 25 due to fewer athletes completing the necessary forms to apply for a Pell Grant, which varies year to year.

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 3.2.4.15 or on the effectiveness of the University Athletic Department's internal control over financial reporting for the year ended June 30, 2019. 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.

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 the President. By provisions of state law, this report is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,



Daryl G. Purpera, CPA, CFE  
Legislative Auditor

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GSUNCAA2019



**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, 2019**

	FOOTBALL	MEN'S BASKETBALL	WOMEN'S BASKETBALL	OTHER SPORTS	NON- PROGRAM SPECIFIC	TOTAL
<b>REVENUES</b>						
Operating revenues:						
Ticket sales	\$1,163,522	\$13,985	\$13,955	\$1,795		\$1,193,257
Student fees					\$1,105,900	1,105,900
Direct institutional support					4,136,404	4,136,404
Guarantees	250,000	425,000	116,500	44,000		835,500
Contributions	595,327	21,819	4,882	46,034	198,839	866,901
NCAA distributions					347,995	347,995
Conference distributions (non-media and non-bowl)	20,000					20,000
Program, novelty, parking, and concession sales					168,343	168,343
Royalties, licensing, advertisement, and sponsorships					57,208	57,208
Other operating revenue					17,042	17,042
Total operating revenues	<u>2,028,849</u>	<u>460,804</u>	<u>135,337</u>	<u>91,829</u>	<u>6,031,731</u>	<u>8,748,550</u>
<b>EXPENSES</b>						
Operating expenses:						
Athletic student aid	930,656	213,217	233,255	1,205,615		2,582,743
Guarantees	75,000	4,000				79,000
Coaching salaries, benefits, and bonuses paid by the University and related entities	1,127,449	337,802	330,639	580,939	39,300	2,416,129
Support staff/administrative compensation, benefits, and bonuses paid by the University and related entities	6,780	3,120		12,201	1,131,405	1,153,506
Recruiting	94,982	33,055	18,100	11,227		157,364
Team travel	425,749	240,660	132,104	373,970		1,172,483
Sports equipment, uniforms, and supplies	305,056	44,711	30,596	194,813	100,102	675,278
Game expenses	42,634	40,990	38,505	38,853		160,982
Sports camp expenses		268				268
Spirit groups	239,879					239,879
Athletic facilities debt service, leases, and rental fees	300,012				6,480	306,492
Direct overhead and administrative expenses					25,000	25,000
Medical expenses and insurance					192,460	192,460
Memberships and dues	6,500	3,333	625	4,600	129,857	144,915
Student-athlete meals (non-travel)	48,580	1,755	309	11,915	36,789	99,348
Other operating expenses	152,453	12,174	4,831	72,634	221,978	464,070
Total operating expenses	<u>3,755,730</u>	<u>935,085</u>	<u>788,964</u>	<u>2,506,767</u>	<u>1,883,371</u>	<u>9,869,917</u>
<b>EXCESS (Deficiency) OF REVENUES OVER (Under) EXPENSES</b>	<u><u>(\$1,726,881)</u></u>	<u><u>(\$474,281)</u></u>	<u><u>(\$653,627)</u></u>	<u><u>(\$2,414,938)</u></u>	<u><u>\$4,148,360</u></u>	<u><u>(\$1,121,367)</u></u>



# NOTES TO THE FINANCIAL STATEMENT

(UNAUDITED)

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## **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 was 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, and three 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. The University has no debt associated with its Athletic Department's capital assets.



# MAJOR REVENUE AND EXPENSE ANALYSIS

(UNAUDITED)

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## 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.



## UNAUDITED

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

**Major Revenue and Expense Analysis  
For the Year Ended June 30, 2019**

<b>Accounts Exceeding 10% Threshold and Variation Greater Than 10%</b>	<b>Fiscal Year 2019</b>	<b>Fiscal Year 2018</b>	<b>Increase/ (Decrease)</b>	<b>Percent Variance</b>	
<b>Operating Revenues per Statement A</b>					
Ticket sales	\$1,193,257	\$1,634,472	(\$441,215)	(27%)	1
<b>Operating Expenses per Statement A</b>					
Coaching salaries, benefits & bonuses paid by University and related entities	\$2,416,129	\$2,183,993	\$232,136	11%	2
Team travel	\$1,172,483	\$1,451,576	(\$279,093)	(19%)	3

**NOTES:**

1. Ticket sales decreased due a drop in attendance at the football games in fiscal year (FY) 2019 attributable in part to more game losses at the start of the season than last year and a less attractive home game schedule.
2. Coaches salaries, benefits, and bonuses increased in FY 2019 due to a \$197,510 increase in football coaches' salaries and benefits, the new head softball coach's salary increased by \$5,000, and a new assistant softball coach position was filled and paid \$30,000.
3. Team travel decreased in FY 2019 mainly due to no airfare costs for teams in FY 2019, where as in FY 2018 airfare costs were incurred for the football team for a game in Chicago, Illinois.

<b>Budget</b>	<b>Actual 2019</b>	<b>Budget 2019</b>	<b>Variance</b>	<b>Percent Variance</b>	
<b>Operating Revenues per Statement A</b>					
Ticket sales	\$1,193,257	\$1,797,500	(\$604,243)	(34%)	1
Direct institutional support	\$4,136,404	\$2,895,000	\$1,241,404	43%	2
<b>Operating Expenses per Statement A</b>					
Support staff/administrative compensation, benefits & bonuses paid by University and related entities	\$1,107,371	\$915,132	(\$192,239)	(21%)	3
Team travel	\$1,115,481	\$598,071	(\$517,410)	(87%)	4

## UNAUDITED

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

**Major Revenue and Expense Analysis  
For the Year Ended June 30, 2019**

**NOTES:**

1. The University budgeted ticket sales revenues for FY 2019 were projected based on an expected increase in FY 2018 actual ticket sales.
2. Direct institutional support was greater than amount budgeted for FY 2019 due to an increase in the University's enrollment and auxiliary revenues, which allowed the University to transfer additional funds to athletics.
3. Support/Administrative actual salaries were higher than the budgeted in FY 2019 due to hiring new administrative staff in the athletic department, including four staff employees in Academic Enhancement, and additional funds paid to tutors.
4. The amount budgeted for team travel expenses did not include travel costs for spirit groups, such as the band and the cheerleaders.

The budget analysis is presented on University data only.