

GRAMBLING STATE UNIVERSITY  
UNIVERSITY OF LOUISIANA SYSTEM

STATE OF LOUISIANA



FINANCIAL AUDIT SERVICES  
MANAGEMENT LETTER  
ISSUED DECEMBER 4, 2019

**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

Grambling State University



December 2019

Audit Control # 80190062

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## Introduction

As a part of our audit of the University of Louisiana System (System) and the Single Audit Report of the State of Louisiana (Single Audit) for the fiscal year ended June 30, 2019, we performed procedures at Grambling State University (GSU) to provide assurances on financial information that is significant to the System's financial statements; evaluate the effectiveness of GSU's internal controls over financial reporting and compliance; and determine whether GSU complied with applicable laws and regulations.

## Results of Our Procedures

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### Financial Statements - University of Louisiana System

As a part of our audit of the System's financial statements for the year ended June 30, 2019, we considered GSU's internal control over financial reporting and examined evidence supporting certain account balances and classes of transactions, as follows:

#### Statement of Net Position

**Assets** - Due from State Treasury and Capital Assets

**Liabilities** - Bonds Payable

**Net Position** - Net Investment in Capital Assets, Restricted–Nonexpendable, Restricted–Expendable, and Unrestricted

#### Statement of Revenues, Expenses, and Changes in Net Position

**Revenues** - Student Tuition and Fees net of Scholarship Allowances, Auxiliary Revenues net of Scholarship Allowances, State Appropriations, and Federal Nonoperating Revenues

**Expenses** - Education and General, and Auxiliary Enterprises

The account balances and classes of transactions tested are materially correct.

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## **Federal Compliance - Single Audit of the State of Louisiana**

As a part of the Single Audit for the year ended June 30, 2019, we performed internal control and compliance testing as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) on GSU's major federal program, Higher Education Institutional Aid (CFDA 84.031).

Those tests included evaluating the effectiveness of GSU's internal controls designed to prevent or detect material noncompliance with program requirements and tests to determine whether GSU complied with applicable program requirements. In addition, we performed procedures on information submitted by GSU to the Division of Administration's Office of Statewide Reporting and Accounting Policy for the preparation of the state's Schedule of Expenditures of Federal Awards (SEFA).

GSU's information submitted for the preparation of the state's SEFA is materially correct.

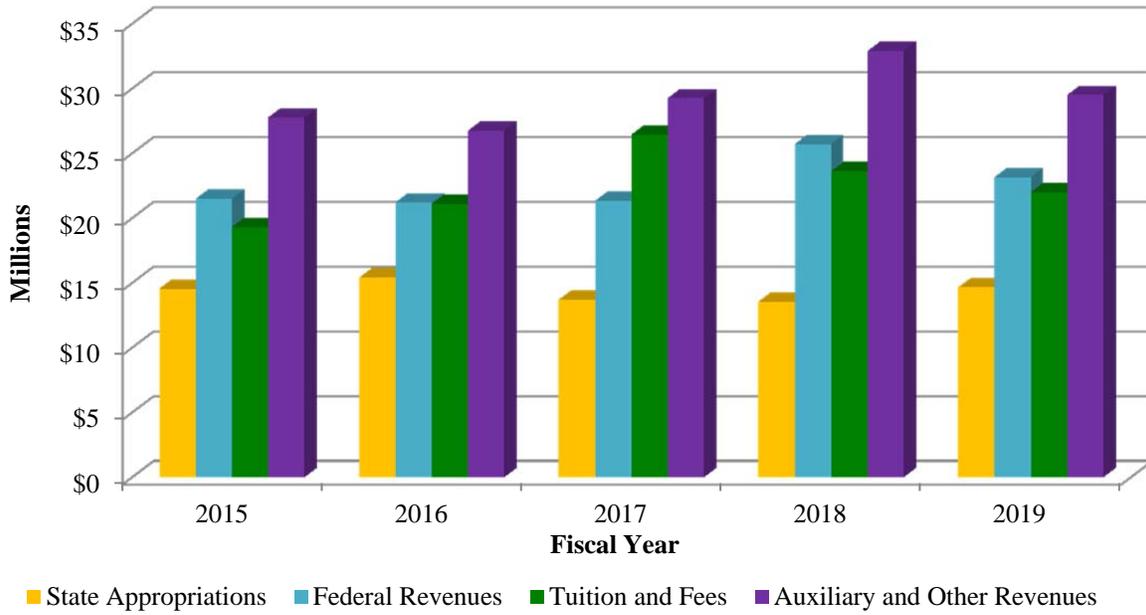
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## **Trend Analysis**

We compared the most current and prior-year financial activity using GSU's Annual Fiscal Reports and/or system-generated reports and obtained explanations from GSU's management for any significant variances. We also prepared an analysis of revenues, expenses, and enrollment over the past five fiscal years, as shown in Exhibits 1 and 2.

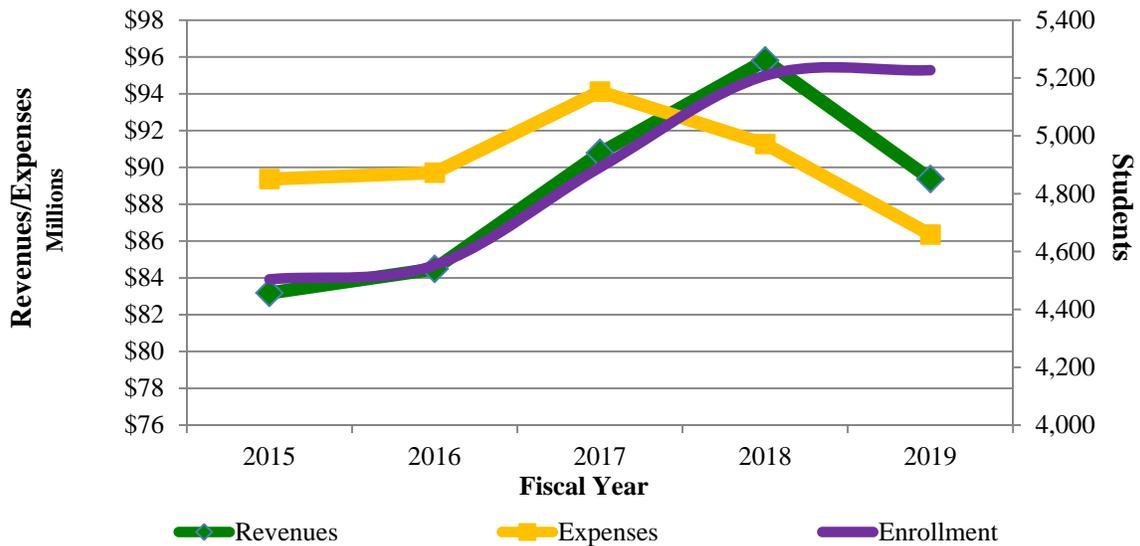
In analyzing financial trends of GSU over the past five fiscal years, expenses exceeded revenues until fiscal year (FY) 2018. In FY 2018, other revenues increased mainly due to a \$2.1 million donation from the Grambling University Foundation for capital improvements to the football stadium, and federal revenues increased by approximately \$4.3 million due in part to increases in Higher Education Institutional Aid and Pell Grant funds received by the university. Furthermore, in FY 2018, there was an approximately \$2.2 million savings in interest expenses and a \$1.2 million elimination of bond issuance costs after two outstanding bonds were defeased and refinanced in FY 2017. Enrollment has steadily increased; however, tuition and fees revenues decreased in FY 2018 and FY 2019 due to an increase in scholarship allowances, which is directly related to increases in Federal Direct student loans and refunds to students after payment of institutional charges. In FY 2019, there was an approximately \$6.4 million decrease in revenues as explained above and due in part to \$1.6 million less in Higher Education Institutional Aid carryover funds received in FY 2019 when certain state facilities renovation contracts were not approved during the year.

**Exhibit 1  
Five-Year Revenue Trend**



Source: Fiscal Year 2015-2019 GSU Annual Fiscal Reports, as adjusted

**Exhibit 2  
Fiscal/Enrollment Trends**



Source: Fiscal Year 2015-2019 GSU Annual Fiscal Reports, as adjusted, and Board of Regents website

Under Louisiana Revised Statute 24:513, this letter is a public document, and it has been distributed to appropriate public officials.

Respectfully submitted,

A handwritten signature in blue ink that reads "Thomas H. Cole". The signature is written in a cursive style with a large initial "T" and "C".

Thomas H. Cole, CPA  
First Assistant Legislative Auditor

KWB:BAC:BH:EFS:aa

GSU2019

## APPENDIX A: SCOPE AND METHODOLOGY

We performed certain procedures at Grambling State University (GSU) for the period from July 1, 2018, through June 30, 2019, to provide assurances on financial information significant to the University of Louisiana System (System), and to evaluate relevant systems of internal control in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States. Our procedures, summarized below, are a part of the audit of the System's financial statements and the Single Audit Report of the State of Louisiana (Single Audit) for the year ended June 30, 2019.

- We evaluated GSU's operations and system of internal controls through inquiry, observation, and review of its policies and procedures, including a review of the laws and regulations applicable to GSU.
- Based on the documentation of GSU's controls and our understanding of related laws and regulations, we performed procedures to provide assurances on certain account balances and classes of transactions to support our opinions on the System's financial statements.
- We performed procedures on the Higher Education Institutional Aid (CFDA 84.031) for the year ended June 30, 2019, as a part of the 2019 Single Audit.
- We performed procedures on information for the preparation of the state's Schedule of Expenditures of Federal Awards for the year ended June 30, 2019, as a part of the 2019 Single Audit.
- We compared the most current and prior-year financial activity using GSU's Annual Fiscal Reports and/or system-generated reports to identify trends and obtained explanations from GSU's management for significant variances.

The purpose of this report is solely to describe the scope of our work at GSU, and not to provide an opinion on the effectiveness of GSU's internal control over financial reporting or on compliance. Accordingly, this report is not intended to be, and should not be, used for any other purposes.

We did not audit or review GSU's Annual Fiscal Report, and accordingly, we do not express an opinion on that report. GSU's accounts are an integral part of the System's financial statements, upon which the Louisiana Legislative Auditor expresses opinions.