

STATE OF CONNECTICUT



***AUDITORS' REPORT
CENTRAL CONNECTICUT STATE UNIVERSITY
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2017***

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

January 10, 2019

**INDEPENDENT AUDITORS' REPORT ON
THE APPLICATION OF AGREED-UPON PROCEDURES**

Dr. Zulma R. Toro, President
Central Connecticut State University

The procedures enumerated below were performed and agreed upon by your office entirely to assist you in evaluating whether the accompanying Statement of Revenues and Expenses of Central Connecticut State University (CCSU) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 3.2.4.15 for the fiscal year ended June 30, 2017. CCSU management is responsible for the Statement of Revenues and Expenses and the statement's compliance with those requirements. The agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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.

Agreed-Upon Procedures Related to the Statement of Revenue and Expenses

The procedures performed and accompanying findings are as follows:

1. Through our work, we obtained the Statement of Revenues and Expenses and the university's capital expenditure documentation detailing capitalized assets, additions, and improvements to facilities for the fiscal year ended June 30, 2017. We recalculated the totals per the supporting documentation, verified the amounts on the statement to management's worksheets, and vouched the amounts on management's worksheets to the university's general ledger. We noted no material differences between the amounts in the general ledger and the amounts on the worksheets supporting the statement. The following revenue categories were less than 4% of total revenue, and the following expense categories were

less than 4% of total expenses; therefore, no procedures were performed for these categories:

Revenues:

- Ticket Sales
- Royalties and Licensing

Expenses:

- Marketing and Promotion
- Memberships and Dues
- Medical Expenses and Insurance
- Recruiting
- Direct Overhead and Administrative Expenses
- Other Operating Expenses
- Equipment, Uniforms, & Supplies

2. We inquired of the university management whether there were any of the following revenues, expenses, or other reporting items during the fiscal year ended June 30, 2017, and were told that there were none:

Revenues:

Compensation and benefits provided by a third party

Expenses:

Severance payments

Other Reporting Items:

- Transfer of surplus funds back to the university.
 - Excess transfers to institution
 - Conference realignment expenses
 - Athletics Related Debt
3. The university does not prepare budgets in the categories as reported in the statement, so we were unable to report comparisons between budgeted and actual amounts.

We compared each revenue and expense amount to prior year amounts. We noted that Foundation Gifts and Game Guarantees were both greater than 10% of total revenues and reflected a change of more than 10% from the previous year. We

noted that there were no expense accounts greater than 10% of total expenses that also reflected a change from the previous year by the lesser of \$1 million or 10%

Operating Revenues

4. NCAA Distributions – We selected 6 transactions, totaling \$1,137,188, for testing. We verified that each transaction was adequately supported and matched them to the revenues recorded in the statement. No exceptions were noted.
5. Contributions – Contributions represent disbursements of cash from athletic accounts administered by the CCSU Foundation, Inc. These totaled \$931,112 during the fiscal year ended June 30, 2017. We inquired of the Athletics Department management and were told that there were no individual contributions that constituted 10% or more of all contributions received during the fiscal year ended June 30, 2017.
6. Guarantees – We obtained a supporting schedule relating to guarantee contract revenues. The total guarantees in the schedule were \$642,000. We verified the totals per the supporting schedule to the revenues in the statement and agreed the schedule amounts to individual contract documentation. No exceptions were noted.
7. Direct Institutional Support – For the fiscal year ended June 30, 2017, the Athletics Department received \$11,913,164 in direct institutional support. This amount represents allocations by the university administration of general unrestricted funds for various athletic programs. The allocations were primarily used to fund the salaries of department administrators, coaches, and other athletic program staff.
8. Indirect Institutional Support – For the fiscal year ended June 30, 2017, the Athletics Department received \$2,754,176 in indirect institutional support. This amount represents overhead and depreciation not charged directly to the Athletics Department. The amount of indirect institutional support allocated to the Athletics Department is based on the percentage of direct institutional support charged to the department compared to the amount of such charges for the university as a whole.
9. Other Operating Revenues – We selected 6 transactions, totaling \$149,202, for testing. We verified that each transaction was adequately supported and agreed each transaction to the revenues recorded in the statement. No exceptions were noted.

Operating Expenses

10. Coaching Salaries and Benefits Paid by the University and Related Entities – We obtained a list of coaches employed by CCSU during the fiscal year ended June

30, 2017. We selected 6 coaches' employment contracts for testing purposes. The selected contracts were for the former men's basketball coach, who retired in August 2016, the current men's basketball coach, the football coach, the women's basketball coach, women's soccer coach, and the women's track & field coach. We agreed financial terms and conditions of each selection to the related coaching salaries, speaking fees, automobile allowances, and bonuses per the related contracts. The total of the aforementioned contract items totaled \$533,561, which agrees with the amount recorded in the statement.

11. Support Staff Salaries and Benefits Paid by the University and Related Entities – We selected 4 athletic support staff or administrative personnel employed by the university for testing. We obtained supporting salary information per Banner, the university's accounting system, for each selection and reconciled the information to the state's information system. We further agreed these amounts to the statement. No exceptions were noted. The total compensation included in the statement for these 4 selected personnel was \$439,305.
12. Athletic Student Aid – The university uses the NCAA compliance assistant (CA) software. We selected 27 students (10%) from the student listing in CA for testing purposes. We obtained student account information from Banner for each selection and compared total athletic aid allocated from the related award letters in the amount of \$434,238 to the students' accounts totaling \$453,573, noting a total difference of \$19,336. This difference is primarily attributable to the cost of books (estimates versus actual) and timing differences between semesters. We compared the equivalency value in the CA software for each student to supporting documentation. No exceptions were noted. For each student selected, we noted:
 - a. If a student participates in more than 1 sport, the award was included in only 1 sport.
 - b. The grant amount represented the full cost of tuition for an academic year, rather than for a semester.
 - c. The sport had not been discontinued.
 - d. None had exhausted their athletics eligibility.
 - e. Only athletic grants were awarded in sports in which the NCAA conducts championships, emerging sports for women, or football.
 - f. Pell Grant value is not included in the calculation of equivalencies or the total dollar amount of student athletic aid for the institution.
 - g. The student's grant was included in the total number and total value of Pell Grants reported for Revenue Distribution purposes in the NCAA Membership Financial Reporting System.

13. Team Travel – We reviewed the university’s travel policies. We obtained supporting documentation for team travel expenses, totaling \$9,556, and traced them to the statement. No exceptions were noted.
14. Indirect Institutional Support – For the fiscal year ended June 30, 2017, overhead and depreciation expenses incurred by the Athletics Department, but not charged to department accounts totaled \$2,754,176.
15. Other Operating Expenses – We selected 6 transactions, totaling \$31,056, for testing. We verified that each transaction was supported by the vendor’s invoice. We also agreed the transaction to the expense recorded in the statement. No exceptions were noted.

Additional Minimum Agreed-Upon Procedures Related to Pell Grants

16. We compared and agreed the sponsored sports that are reported in the NCAA Membership Financial Reporting System to the squad lists of the university. No exceptions were noted.
17. We confirmed that the countable sports reported on the university’s Sports Sponsorship and Demographics Forms Report for fiscal year ended June 30, 2017 meet the minimum requirements for the number of contests and the number of participants in each contest. We also ensured that countable sports were properly reported as countable for revenue distribution purposes within the NCAA Membership Financial Reporting System.
18. We agreed the total number of student-athletes Pell Grant recipients and the total value of these Pell Grants reported in the NCAA Membership Financial Reporting System to the university’s financial aid records of all student-athlete Pell Grants. We noted that the report appears to be complete and accurate. Furthermore, no material unreconciled differences were noted between amounts reported and NCAA-MFRS reporting.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

19. The university identified the CCSU Foundation, Inc. and the CCSU Alumni Association as athletics-related outside organizations. These organizations incur expenses on behalf of the Athletics Department, but are not under the university’s accounting control. We obtained the financial statements of these organizations and verified that expenses incurred by them for the benefit of the Athletics Department are reflected in the statement.
20. We obtained the audited financial statements and the internal controls letter of the CCSU Foundation, Inc. for the fiscal year ended June 30, 2017. We obtained the balance sheet and the profit & loss statement of the CCSU Alumni Association

for the fiscal year ended June 30, 2017. There were no matters in any of these documents that would significantly affect the statement.

Agreed-Upon Procedures Related to Internal Control over Compliance

21. We made inquiries of Business Office and Department of Athletics staff members relating to the procedures and internal controls unique to the Athletics Department. We reviewed departmental organization, staff capabilities, and control of records and assets. We noted no significant weaknesses and documented our understanding of these internal controls. Procedures and systems for the significant transaction cycles are as follows:

At the University Level

At the Athletics Department Level

Payroll

The payroll includes various collective bargaining unit employees, management, students, coaches and part-time coaches. The Department of Athletics is responsible for ensuring that the information entered electronically through the Core-CT Self Service time entry system is reported correctly and approved by the Director of Athletics.

Purchasing/Accounts Payable

Purchasing/Accounts Payable includes the initiation of the purchasing process via the university's online interactive requisition form. The form specifies the account allocation. All requisitions require the approval of the Director of Athletics or a designee.

Receipts/Revenues and Deposits

Receipts/Revenues and Deposits includes the initial receipt of all athletic funds, preparation of the Departmental Deposit Form and remittance of daily receipts to the university's Bursar.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the compliance of the accompanying Statement of Revenues and Expenses of the Intercollegiate Athletics Program of Central Connecticut State University. 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 of the university and designees, the Board of Regents for Higher Education, and authorized representatives of the NCAA, and is not intended for and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

We wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of Central Connecticut State University during the course of our examination.

Sincerely,



John C. Geragosian
State Auditor



Robert J. Kane
State Auditor

January 10, 2019
State Capitol
Hartford, Connecticut

**Central Connecticut State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Fiscal Year Ended June 30, 2017**

Revenues:	Football	Men's Basketball	Women's Basketball	All Other Men's Sports	All Other Women's Sports	Non-program Specific	2017 Total	2016 Total
NCAA Distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 795,052	\$ 795,052	\$ 388,933
Contributions	44,523	95,960	51,669	157,069	72,963	508,928	931,112	992,311
Guarantees	270,000	295,000	65,000	8,000	4,000	-	642,000	515,500
Ticket Sales	19,541	21,559	6,073	-	-	-	47,173	59,224
Royalties and Licensing	-	-	-	-	-	19,742	19,742	19,773
Direct Institutional Support	-	-	-	-	-	11,913,164	11,913,164	11,783,538
Indirect Institutional Support	-	-	-	-	-	2,754,176	2,754,176	2,814,394
Other Operating Revenues	3,305	-	720	6,720	20,320	234,554	265,619	284,634
Total Operating Revenues	\$ 337,369	\$ 412,519	\$ 123,462	\$ 171,789	\$ 97,283	\$ 16,225,616	\$ 17,368,038	\$ 16,858,307
Expenses:								
Coaching Salaries and Benefits								
Paid by the University and Related Entities	\$ 975,334	\$ 812,583	\$ 470,324	\$ 874,150	\$ 1,404,208	\$ -	\$ 4,536,599	\$ 4,596,457
Support Staff Salaries and Benefits								
Paid by the University and Related Entities	-	-	-	-	-	2,496,418	2,496,418	2,505,646
Athletic Student Aid	-	-	-	-	-	4,993,172	4,993,172	4,655,031
Recruiting	30,972	37,843	26,335	4,002	15,824	-	114,976	110,310
Team Travel	146,180	89,288	86,688	213,679	300,395	7,771	844,001	674,168
Marketing and Promotion	195	-	-	-	-	19,811	20,006	14,773
Memberships and Dues	450	450	160	1,390	3,017	58,897	64,364	58,183
Sports Equipment, Uniforms, and Supplies	86,855	25,096	20,550	29,603	38,540	45,876	246,520	355,426
Medical Expenses and Insurance	158	-	-	-	-	92,913	93,071	31,476
Direct Overhead and Adm. Expenses	86,672	80,074	51,764	34,464	62,930	192,905	508,809	548,435
Indirect Institutional Support	-	-	-	-	-	2,754,176	2,754,176	2,814,394
Other Operating Expenses	41,023	29,839	6,848	90,311	47,331	327,695	543,047	518,932
Total Operating Expenses	\$ 1,367,839	\$ 1,075,173	\$ 662,669	\$ 1,247,599	\$ 1,872,245	\$ 10,989,634	\$ 17,215,159	\$ 16,883,231
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (1,030,470)	\$ (662,654)	\$ (539,207)	\$ (1,075,810)	\$ (1,774,962)	\$ 5,235,982	\$ 152,879	\$ (24,924)

See accompanying notes to financial statement

Central Connecticut State University
Notes to the Statement of Revenues and Expenses
Intercollegiate Athletics Programs
For the Fiscal Year Ended June 30, 2017

Note 1. BASIS OF PRESENTATION

The accompanying Central Connecticut State University (CCSU) Intercollegiate Athletics Program Statement of Revenues and Expenses for the fiscal year ended June 30, 2017, has been prepared on the accrual basis of accounting with the exception that financial aid expenses have not been reduced for scholarship allowances. The purpose of the statement is to present a summary of revenues and expenses of the Intercollegiate Athletics Program of the university consistent with NCAA Agreed Upon Procedures Guidelines. The statement includes those intercollegiate athletics revenues and expenses made on behalf of the university's athletic programs by affiliated organizations. Because the statement presents only a selected portion of the activities of the university, it is not intended to, and does not, present either the financial position, changes in financial position, or cash flows for the year then ended. Revenues and expenses not directly identifiable to a specific sport are reported under the category Non-Program Specific.

Note 2. ALLOCATION AMONG SPORTS

The athletic programs reflected in the accompanying Statement of Revenues and Expenses under All Other Men's Sports include the following:

- Men's Track
- Men's Cross-Country
- Men's Golf
- Men's Soccer
- Men's Baseball

The athletic programs reflected in the accompanying Statement of Revenues and Expenses under All Other Women's Sports include the following:

- Women's Track
- Women's Cross-Country
- Women's Golf
- Women's Soccer
- Women's Lacrosse
- Women's Swimming
- Women's Softball
- Women's Volleyball
- Women's Cheerleading

The activities reflected as Non-Program Specific include revenues and expenses for non-allocated fees and costs, such as maintenance and general administration, publicity, etc.

Note 3. CONTRIBUTIONS

Contributions received by the Athletics Department during the fiscal years ended June 30, 2016 and 2017, totaled \$992,311 and \$931,112 respectively. Included in these amounts are disbursements of cash and expenses totaling \$352,359, incurred on behalf of the Athletics Department from athletics accounts administered by the CCSU Foundation, Inc.

Note 4. OTHER OPERATING EXPENSES

Other Operating Expenses reported for fiscal years ended June 30, 2016 and 2017, totaled \$518,932 and \$543,047, respectively. Included in these amounts are expenses incurred on behalf of the Athletics Department from athletics accounts administered by the CCSU Foundation, Inc. For fiscal year ended June 30, 2017, we reported expenditures of \$352,359 incurred by the Foundation.

Note 5. CAPITAL ASSETS

The estimated book value of the university's athletic-related property, plant, and equipment, net of depreciation, as of June 30, 2017, amounted to \$15,616,997 according to the university's capital expenditures documentation. Total capital assets related to athletics facilities decreased by \$692,938 during the fiscal year ended June 30, 2017. Capital assets are those valued at more than \$5,000 based on historical cost; assets are tagged upon acquisition. The university uses the straight-line method of depreciation; land, capitalized collections, library books, and construction in progress are not depreciated. Disposal of capital items is approved by the university's Property Control Unit.

Note 6. INSTITUTIONAL DEBT

The total outstanding institutional debt of the university's as of June 30, 2017, amounted to \$90,389,943. The debt is related to the construction of two parking garages and a residential hall.

Note 7. RESTATEMENT OF PRIOR PERIOD

The comparative Statement of Revenues and Expenses have been restated. In fiscal year ended June 30, 2016, revenues were understated by \$1,046,247 for tuition waivers and board waivers that were omitted from total Direct Institutional Support. Likewise, expenses were understated by \$1,034,079

which includes Athletic Student Aid of \$779,145 and Other Operating Expenses of \$254,934 that were omitted. The restatement resulted in a 9.7% increase in total revenue to \$16,858,307 and an increase of 6.5% in total expenses to \$16,883,231. The net effect of these prior period adjustments is a \$12,168 reduction in the deficiency of revenues under expenses to (\$24,924).