

STATE OF CONNECTICUT



*AUDITORS' REPORT
CENTRAL CONNECTICUT STATE UNIVERSITY
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2018*

AUDITORS OF PUBLIC ACCOUNTS
JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

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STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

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ROBERT J. KANE

November 7, 2019

INDEPENDENT ACCOUNTANTS' REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

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

We have performed the procedures enumerated below, which were agreed to by you, solely 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, 2018. 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. 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 Revenues 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, 2018. 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:

- NCAA Distributions
- Ticket Sales
- Royalties and Licensing

Expenses:

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

2. We inquired of university management whether there were any of the following revenues, expenses, or other reporting items during the fiscal year ended June 30, 2018, and were told that there was 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 reviewed the amount in each revenue category as a percentage of total revenues. Likewise, we reviewed the amount in each expense category as a percentage of total expenses. We also compared the amount in each revenue and expense category to the prior year amounts. We noted that Foundation Gifts and Game Guarantees were both greater than 10% of total revenues. Game Guarantees also reflected a change of more than 10% from the previous year. We

noted that the Salaries and Benefits expense category was greater than 10% of total expenses. One salary account also reflected a change of more than 10% from the previous year.

Operating Revenues

4. Contributions – Contributions represent disbursements of cash from athletic accounts administered by the CCSU Foundation, Inc. These totaled \$588,190 during the fiscal year ended June 30, 2018. We reviewed 7 Foundation gifts totaling \$239,593 and verified that each transaction was supported and agreed with the amount recorded by the University. 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, 2018.
5. Guarantees – The schedule of guarantees is comprised of twelve guarantee contracts with revenues totaling \$1,040,500. We selected 6 guarantee contracts, totaling \$763,500, and obtained a supporting schedule relating to each guarantee contract. We verified the totals per the supporting schedule to the revenues in the statement and agreed the schedule amounts to individual contract documentation. We noted no exceptions.
6. Direct Institutional Support – For the fiscal year ended June 30, 2018, the Athletics Department received \$11,705,526 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.
7. Indirect Institutional Support – For the fiscal year ended June 30, 2018, the Athletics Department received \$2,631,086 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.
8. Other Operating Revenues – Other Operating Revenues totaled \$270,586 during the fiscal year ended June 30, 2018. We selected 5 transactions, totaling \$191,581, for testing. We verified that each transaction was adequately supported and agreed each transaction to the revenues recorded in the statement. We noted no exceptions.

Operating Expenses

9. 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, 2018. We selected 5 coaches’ employment contracts for testing purposes. The selected contracts were for the men’s basketball coach, the football coach, the women’s basketball coach, the women’s volleyball coach and the men’s assistant soccer 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. We also obtained supporting salary information from Banner, the university’s accounting system, for each selected coach and reconciled the information to Core-CT, the state’s information system. The cost of the aforementioned contract items totaled \$683,067, which is included in the salaries and benefits expense amount recorded in the statement.

10. 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 from Banner for each selected staff member and reconciled the information to Core-CT. We further agreed these amounts to the statement. We noted no exceptions. The total compensation included in the statement for these 4 selected personnel was \$258,592.

11. Athletic Student Aid – The university uses the NCAA compliance assistant (CA) software. We selected 28 students (10%) from the student listing in the CA software for testing purposes. We obtained student account information from Banner for each selected student and compared total athletic aid allocated from the related award letters in the amount of \$369,622 to the students’ accounts totaling \$394,838, noting a difference of \$25,216. 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, and we recalculated totals for each sport. We noted no exceptions. For each student selected, we noted:
 - a. Only tuition, fees, room, board and course-related books were considered for grants-in-aid revenue distribution.
 - b. The grant amount represented the full cost of tuition for an academic year, rather than for a semester.
 - c. Student-athletes were counted once, and the revenue distribution equivalency was not greater than 1.00.
 - d. Athletics aid equivalency did not exceed maximum equivalency limits.

- e. Only athletic grants were awarded in sports in which the NCAA conducts championships, emerging sports for women, or football.
 - f. None had exhausted their athletics eligibility.
 - g. The sport continued during the award year.
 - h. Pell Grant value is not included in the calculation of equivalencies or the total amount of student athletic aid for the institution
 - i. 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.
12. Team Travel – We reviewed the university's travel policies. We obtained supporting documentation for team travel expenses, totaling \$12,317, and traced them to the statement. We noted no exceptions.
13. Indirect Institutional Support – For the fiscal year ended June 30, 2018, overhead and depreciation expenses incurred by the Athletics Department, but not charged to department accounts, totaled \$2,631,086. We recalculated the amount allocated to the Athletics Department and noted no exceptions.
14. Other Operating Expenses – We selected 6 transactions, totaling \$17,504, for testing. We verified that a vendor's invoice supported each transaction. We also agreed the transaction to the expense recorded in the statement. We noted no exceptions.

Additional Minimum Agreed-Upon Procedures Related to Pell Grants

15. We compared the sponsored sports reported in the NCAA Membership Financial Reporting System to the squad lists of the university. We noted no exceptions.
16. We confirmed that the countable sports reported on the university's Sports Sponsorship and Demographics Forms Report for fiscal year ended June 30, 2018 met the minimum requirements for the number of contests and the number of participants in each contest. We also ensured that the NCAA Membership Financial Reporting System properly reflected countable sports as countable for revenue distribution purposes.
17. We compared the total number of student-athlete 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 an overstatement of \$86,400 in the Pell Grant amount reported in the NCSS-MFRS report due to transposition and keypunch errors. Specifically, an understatement of \$9,000 in the Pell grant amount for Men's football was due to a transposition error. In another instant, an overstatement of

\$95,400 in the Pell grant amount reported for men's golf was due to a keypunch error. We noted no other material, unreconciled differences between supporting records, and amounts reported and NCAA-MFRS reporting.

Agreed-Upon Procedures Related to Affiliated and Outside Organizations

18. 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 statements. We noted no exceptions during the course of our testing that would significantly affect the statement.
19. We obtained the audited financial statements and the internal controls letter of the CCSU Foundation, Inc. for the fiscal year ended June 30, 2018. We obtained the balance sheet and the profit & loss statement of the CCSU Alumni Association for the fiscal year ended June 30, 2018. There were no deficiencies in any of these documents that would significantly affect the statement.

Agreed-Upon Procedures Related to Other Reporting Items

20. We obtained a schedule of Athletics Related Capital Expenditures and compared it to the supporting transaction detail in Banner. We also reviewed supporting documents for 4 facilities and 1 equipment transactions to validate their existence. We noted no exceptions.
21. We obtained and confirmed the Total Outstanding Institutional Debt to supporting documents noting no exceptions.
22. We obtained a schedule of Athletics Dedicated Endowments and compared it to the CCSU Foundation's general ledger. We noted that the value of Athletics Dedicated Endowments reported on the NCAA Membership Financial Reporting System for FY 17-18 was understated by \$32,070 because of the omission of one athletic fund.
23. We obtained and agreed the value of Institutional Endowments to supporting documents and the audited financial statement noting no exceptions.

Agreed-Upon Procedures Related to Internal Control over Compliance

24. 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 payments to 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

November 7, 2019
State Capitol
Hartford, Connecticut

**Central Connecticut State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Fiscal Year Ended June 30, 2018**

	Football	Men's Basketball	Women's Basketball	All Other Men's Sports	All Other Women's Sports	Non-program Specific	2018 Total	2017 Total
Revenues:								
NCAA Distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 54,400	\$ 54,400	\$ 795,052
Contributions	80,661	11,110	21,292	72,061	79,214	323,852	588,190	931,112
Guarantees	512,500	455,000	71,000	-	2,000	-	1,040,500	642,000
Ticket Sales	24,450	19,336	6,023	-	4,500	-	54,309	47,173
Royalties and Licensing	-	-	-	-	-	152,365	152,365	19,742
Direct Institutional Support	2,970,609	1,548,937	1,256,416	1,851,803	3,815,657	262,104	11,705,526	11,913,164
Indirect Institutional Support	-	-	-	-	-	2,631,086	2,631,086	2,754,176
Other Operating Revenues	49,507	13,147	26,741	54,473	54,040	380,804	578,712	265,619
Total Operating Revenues	<u>\$ 3,637,727</u>	<u>\$ 2,047,530</u>	<u>\$ 1,381,472</u>	<u>\$ 1,978,337</u>	<u>\$ 3,955,411</u>	<u>\$ 3,804,611</u>	<u>\$ 16,805,088</u>	<u>\$ 17,368,038</u>
Expenses:								
Coaching Salaries and Benefits								
Paid by the University and Related Entities	\$ 930,700	\$ 594,089	\$ 482,890	\$ 886,530	\$ 1,385,098	\$ -	\$ 4,279,307	\$ 4,536,599
Support Staff Salaries and Benefits								
Paid by the University and Related Entities	-	-	-	-	-	2,524,744	2,524,744	2,496,418
Athletic Student Aid	1,409,544	537,093	500,200	617,112	1,829,589	6,561	4,900,099	4,993,172
Recruiting	23,281	22,854	21,439	1,867	15,020	-	84,461	114,976
Team Travel	159,587	138,243	83,641	223,099	347,458	1,881	953,909	844,001
Marketing and Promotion	790	-	-	3,000	216	53,040	57,046	20,006
Memberships and Dues	3,100	940	-	995	1,555	51,347	57,937	64,364
Sports Equipment, Uniforms, and Supplies	70,008	19,121	13,881	31,905	57,116	24,037	216,068	246,520
Medical Expenses and Insurance	-	-	-	-	-	49,065	49,065	93,071
Direct Overhead and Adm. Expenses	128,797	82,617	60,807	40,706	56,969	217,029	586,925	508,809
Indirect Institutional Support	-	-	-	-	-	2,631,086	2,631,086	2,754,176
Other Operating Expenses	36,000	230	300	1,250	1,250	164,542	203,572	543,047
Total Operating Expenses	<u>\$ 2,761,807</u>	<u>\$ 1,395,187</u>	<u>\$ 1,163,158</u>	<u>\$ 1,806,464</u>	<u>\$ 3,694,271</u>	<u>\$ 5,723,332</u>	<u>\$ 16,544,219</u>	<u>\$ 17,215,159</u>
Excess (Deficiency) of Revenue Over (Under) Expenses	<u>\$ 875,920</u>	<u>\$ 652,343</u>	<u>\$ 218,314</u>	<u>\$ 171,873</u>	<u>\$ 261,140</u>	<u>\$ (1,918,721)</u>	<u>\$ 260,869</u>	<u>\$ 152,879</u>

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, 2018

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, 2018, 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 revenue 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 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 and Field
- 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 and Field
- Women's Cross-Country
- Women's Golf
- Women's Soccer
- Women's Lacrosse
- Women's Swimming and Diving
- Women's Softball
- Women's Volleyball

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 year ended June 30, 2018, totaled \$588,190 with the CCSU Foundation, Inc. being the sole contributor.

Note 4. CAPITAL ASSETS

The estimated book value of the university's athletic-related property, plant, and equipment, net of depreciation, as of June 30, 2018, amounted to \$14,390,331 according to the university's capital expenditure documentation. Total capital assets related to athletic facilities decreased by \$1,226,666 during the fiscal year ended June 30, 2018. This decrease is primarily due to the demolition of the Kaiser Annex structure. Capital assets are those valued at more than \$5,000 based upon historical cost; assets are tagged upon acquisition. The university uses the straight-line method of depreciation; land, capitalized collections, and construction in progress are not depreciated. Disposal of capital items is approved by the university's Property Control Unit.