

STATE OF CONNECTICUT



*AUDITORS' REPORT
CENTRAL CONNECTICUT STATE UNIVERSITY
NATIONAL COLLEGIATE ATHLETIC ASSOCIATION
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016*

AUDITORS OF PUBLIC ACCOUNTS

JOHN C. GERAGOSIAN ❖ ROBERT J. KANE

STATE OF CONNECTICUT



AUDITORS OF PUBLIC ACCOUNTS

State Capitol
210 Capitol Avenue
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JOHN C. GERAGOSIAN

ROBERT J. KANE

October 5, 2017

**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, 2016. 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 Revenue and Expenses

The procedures performed and accompanying findings are as follows:

1. 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, 2016. 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 0.5% of total revenue, and the following expense categories were

less than 0.5% of total expenses; therefore, no procedures were performed for these categories:

Revenues:

- a. Ticket Sales
- b. Royalties and Licensing

Expenses:

- a. Marketing and Promotion
 - b. Memberships and Dues
 - c. Medical Expenses and Insurance
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, 2016, and were told that there were none:

Revenues:

- a. Compensation and benefits provided by a third party

Expenses:

- a. Severance payments

Other Reporting Items:

- a. Transfer of surplus funds back to the university
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 there were no accounts greater than 10% of revenues or 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 4 transactions totaling \$388,933 for testing, verified that each transaction was adequately supported, and matched each transaction to the revenues recorded in the statement. No exceptions were noted.

5. Contributions – Contributions represent disbursements of cash and non-cash from athletics accounts administered by the CCSU Foundation, Inc. These totaled \$992,311 during the fiscal year ended June 30, 2016. We inquired of 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, 2016.
6. Guarantees – We obtained a supporting schedule relating to guarantee contracts revenues. The total guarantees in the schedule were \$515,500. We verified the totals per the supporting schedule to the revenues in the statement. We agreed the schedule amounts to individual contracts documentation. No exceptions were noted.
7. Direct Institutional Support – For the fiscal year ended June 30, 2016, the Athletics Department received \$10,737,291 in direct institutional support. This amount represents allocations by the university administration of general unrestricted funds for various athletics programs. The allocations were primarily used to fund the salaries of department administrators, coaches, and other athletics program staff.
8. Indirect Institutional Support – For the fiscal year ended June 30, 2016, the Athletics Department received \$2,814,394 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 \$175,493 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 listing of coaches employed by CCSU during the fiscal year ended June 30, 2016. We selected 5 coaches' employment contracts for testing purposes. The contracts we selected were for the former men's basketball coach, who retired in August 2016, the current men's basketball coach, who was hired in April 2016, the football coach, the women's basketball coach, and the men's golf 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 \$663,639, which agrees with the amount recorded in the statement.

11. Support Staff Salaries and Benefits Paid by the University and Related Entities – We selected 6 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 the statement. No exceptions were noted. The total compensation included in the statement for these 6 selected personnel was \$640,685.
12. Athletic Student Aid – The university uses the NCAA compliance assistant (CA) software, so we selected 10% (28 students) of the total students from the listing for testing purposes. We obtained Banner student account detail information for each selection and compared total athletic aid allocated from the related award letters (\$345,502) to the students’ accounts (\$368,713), noting a total difference of \$23,211. 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.
13. Recruiting – We obtained supporting documentation for recruiting expenses and traced them to the statement. No exceptions were noted.
14. Team Travel – We reviewed the university’s travel policies. We obtained supporting documentation for team travel expenses and traced them to the statement. No exceptions were noted.
15. Sports Equipment, Uniforms, and Supplies – We selected 4 transactions totaling \$23,080 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.
16. Direct Overhead and Administrative Expenses – We selected 4 transactions, totaling \$33,678, 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.

17. Indirect Institutional Support – For the fiscal year ended June 30, 2016, overhead and depreciation expenses incurred by the Athletics Department, but not charged to department accounts totaled \$2,814,394.
18. Other Operating Expenses – We selected 6 transactions totaling \$15,150 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.

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, 2016. We obtained the balance sheet and the profit & loss statement of the CCSU Alumni Association for the fiscal year ended June 30, 2016. 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

Payroll

At the Athletics Department Level

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 is approved by the Director of Athletics.

Purchasing/Accounts Payable 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 their designee.

Receipts/revenues and deposits Initial receipt of all Athletics funds. Preparation of the Departmental Deposit Form. Remittance of daily receipts to 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
Auditor of Public Accounts



Robert J. Kane
Auditor of Public Accounts

October 5, 2017
State Capitol
Hartford, Connecticut

**Central Connecticut State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses
For the Fiscal Year Ended June 30, 2016**

	Football	Men's Basketball	Women's Basketball	All Other Men's Sports	All Other Women's Sports	Non-program Specific	2016 Total	2015 Total
Revenues:								
NCAA Distributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 388,933	\$ 388,933	\$ 353,714
Contributions	76,474	33,964	35,812	135,612	149,192	561,257	992,311	672,205
Guarantees	170,000	295,000	35,000	5,500	10,000	-	515,500	356,500
Ticket Sales	23,567	22,916	7,134	-	80	5,527	59,224	62,705
Royalties and Licensing	-	-	-	-	-	19,773	19,773	15,471
Direct Institutional Support	-	-	-	-	-	10,737,291	10,737,291	10,549,773
Indirect Institutional Support	-	-	-	-	-	2,814,394	2,814,394	2,654,293
Other Operating Revenues	-	28	6	8,660	25,635	250,305	284,634	280,230
Total Operating Revenues	\$ 270,041	\$ 351,908	\$ 77,952	\$ 149,772	\$ 184,907	\$ 14,777,480	\$ 15,812,060	\$ 14,944,891
Expenses:								
Coaching Salaries and Benefits								
Paid by the University and Related Entities	\$ 1,004,732	\$ 840,519	\$ 435,063	\$ 862,485	\$ 1,453,658	\$ -	\$ 4,596,457	\$ 4,229,263
Support Staff Salaries and Benefits								
Paid by the University and Related Entities	-	-	-	-	-	2,505,646	2,505,646	2,308,538
Athletic Student Aid	-	-	-	-	-	3,875,886	3,875,886	3,947,677
Recruiting	36,425	31,211	24,958	1,804	15,912	-	110,310	121,428
Team Travel	70,471	71,635	70,203	161,884	217,698	82,277	674,168	606,916
Marketing and Promotion	240	-	-	-	35	14,498	14,773	14,168
Memberships and Dues	43	450	-	1,283	1,705	54,702	58,183	56,435
Sports Equipment, Uniforms, and Supplies	93,437	26,272	20,292	50,132	97,046	68,247	355,426	247,437
Medical Expenses and Insurance	-	-	-	-	-	31,476	31,476	22,121
Direct Overhead and Adm. Expenses	98,612	52,453	33,273	32,596	52,256	279,245	548,435	497,921
Indirect Institutional Support	-	-	-	-	-	2,814,394	2,814,394	2,654,293
Other Operating Expenses	61,081	8,472	7,234	14,360	13,623	159,228	263,998	193,610
Total Operating Expenses	\$ 1,365,041	\$ 1,031,012	\$ 591,023	\$ 1,124,544	\$ 1,851,933	\$ 9,885,599	\$ 15,849,152	\$ 14,899,807
Excess (Deficiency) of Revenues Over (Under) Expenses	\$ (1,095,000)	\$ (679,104)	\$ (513,071)	\$ (974,772)	\$ (1,667,026)	\$ 4,891,881	\$ (37,092)	\$ 45,084

See accompanying notes to financial statement

Central Connecticut State University
Notes to the Statement of Revenues and Expenditures
Intercollegiate Athletics Programs
For the Fiscal Year Ended June 30, 2016

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, 2016, 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 athletics 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 athletics 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 athletics 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. CAPITAL ASSETS

The estimated book value of the university's athletically-related property, plant, and equipment, net of depreciation, as of June 30, 2016, amounted to \$16,309,935 according to the university's capital expenditures documentation. Total capital assets related to athletics facilities decreased by \$906,880 during the fiscal year ended June 30, 2016. 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.