

STATE OF CONNECTICUT



*AUDITORS' REPORT
SOUTHERN 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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Hartford, Connecticut 06106-1559

JOHN C. GERAGOSIAN

ROBERT J. KANE

July 25, 2019

INDEPENDENT ACCOUNTANT'S REPORT ON THE APPLICATION OF AGREED-UPON PROCEDURES

Dr. Joseph Bertolino, President
Southern Connecticut State University

We have performed the procedures enumerated below, which were agreed to by you, related to whether the accompanying Statement of Revenues and Expenses and related notes of Southern Connecticut State University (SCSU) for the fiscal year ended June 30, 2018 (the Statement) is in compliance with the National Collegiate Athletic Association (NCAA) Bylaw 6.2.3.1 for the fiscal year ended June 30, 2018. SCSU management is responsible for the Statement and the compliance with those 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 the parties specified in this report. Consequently, we make not representation regarding the sufficiency of the procedures enumerated below either for the purposes for which this report has been requested or for any other purpose.

As discussed in Appendix D to the "2018 Agreed-Upon Procedures" NCAA guidelines, if a specific reporting category is less than 4% of the total revenues or expenses, no procedures are required to be performed for that specific category, and no procedures were performed.

Agreed-Upon Procedures For Internal Control over Compliance

1. We obtained, through discussion with management, an understanding of internal controls in place at SCSU that applied to the athletic department. The controls identified were not unique to the athletic department and are tested as part of other engagements performed at the university. No further procedures were performed.

2. We obtained the university's procedures for gathering information on the nature and extent of affiliated and outside organizational activity for or on behalf of the university's intercollegiate athletics program and performed procedures to determine the university's adherence to these procedures.

No exceptions were noted as a result of performing these procedures.

Statement of Revenues and Expenses

General Procedures

1. We obtained from SCSU management the accompanying Statement of Revenues and Expenses for the fiscal year ended June 30, 2018. We obtained SCSU prepared worksheets for each operating revenue and expense category on the Statement, which management stated are generated from its general ledger.
 - a. We mathematically checked the totals included on the Statement.
 - b. We mathematically checked the totals and subtotals included in SCSU prepared worksheets.
 - c. We agreed the amounts for each operating revenue and expense category included on the Statement to those in SCSU prepared worksheets.
 - d. We agreed the unadjusted amounts for each operating revenue and expense category included in SCSU prepared worksheets to SCSU's general ledger.

As a result of these procedures, we identified 6 direct overhead expenses totaling \$21,653 and 3 student athlete meal expenses totaling \$2,546 that were incurred during the reporting period but not reported on the Statement.

2. 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.

Minimum Agreed-Upon Procedures For Operating Revenues

1. We selected 12 operating revenue receipts obtained from the revenue supporting worksheets obtained from SCSU management. We compared and agreed each selection to adequate supporting documentation.

No exceptions were noted as a result of performing these procedures.

2. We compared each major revenue over 10% of the total revenues for the fiscal year ended June 30, 2018 to prior report amounts. No variations greater than 10% were identified.

3. As the NCAA distributions revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
4. We obtained from SCSU management a detailed listing of all contributions received by the athletic department during the fiscal year ended June 30, 2018.
 - a. We mathematically checked the total dollar amount of the detailed listing.
 - b. We agreed the total dollar amount from the detailed listing to the total dollar amount in the “Contributions” line item of the Statement.
 - c. As there were no contributions greater than 10% of the total of all contributions received by the university’s athletic department during the fiscal year ended June 30, 2018, no further procedures over contributions were performed.

No exceptions were noted as a result of performing these procedures.

5. As the media rights revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
6. As the guarantees revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
7. As the ticket sales revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
8. As the program sales, concessions, novelty sales and parking revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
9. As the royalties, licensing, advertisements and sponsorships revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
10. As the sports camp revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.

11. We compared the direct institutional support recorded by the university during the reporting period with the general ledger and other corroborative supporting documentation and recalculated the total.

As a result of performing these procedures, we identified \$71,034 in direct institutional support received during the reporting period but not reported on the Statement. The amount of direct institutional support not reported was the direct result of the expense transactions noted above and in the “Minimum Agreed-Upon Procedures for Operating Expenses” section below.

12. We compared the indirect institutional support recorded by the university during the reporting period with expense payments, cost allocation detail and other corroborative supporting documentation and recalculated the total.

No exceptions were noted as a result of performing these procedures.

13. As the other operating revenues revenue category in the Statement is less than 4% of the total operating revenues, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.

Minimum Agreed-Upon Procedures For Operating Expenses

1. We selected 10 operating expenses from the operating expense supporting schedules obtained from SCSU management. We compared and agreed each selection to adequate supporting documentation.

No exceptions were noted as a result of performing these procedures.

2. We compared each major expense over 10% of total expenses for the fiscal year ended June 30, 2018 to prior report amounts. No variations greater than 10% were identified.
3. We obtained from SCSU management a detailed listing of all sports coaches employed by the university and their related salaries for the fiscal year ended June 30, 2018.
 - a. We mathematically checked the total of the detailed listing.
 - b. We agreed the total dollar amount of expenses for coaches’ salaries in the detailed listing to the corresponding amount in the line item “Coaching Salaries, Benefits, and Bonuses Paid by the University and Related Entities” included in the Statement.
 - c. From the listing of sports coaches employed by the university, we selected the head coaches for football, men’s basketball, women’s basketball, and men’s soccer. We obtained from university management the payroll summary registers for the reporting period for each of the coaches selected and agreed to the related expenses in the detailed listing.

- d. We obtained from SCSU management the related employment contracts for each of the coaches selected. We agreed the coaches' salaries per the contracts to the amounts included in the detailed listing. For any salaries that did not agree, we obtained explanations from management. We make no comment as to the appropriateness of the reconciling items or sufficiency of explanations obtained.

As a result of performing these procedures, we identified \$46,567 in expenses related to the salary of coaches paid during the reporting period but not reported on the Statement.

- 4. We obtained from SCSU management a detailed listing of all support staff for athletics and their salaries for the fiscal year ended June 30, 2018.
 - a. We mathematically checked the total of the detailed listing.
 - b. We agreed the total expenses for support staff salaries in the detailed listing to the amount in the line item, "Support Staff/Administrative Salaries, Benefits, and Bonuses Paid by the University and Related Entities" included in the Statement.
 - c. We selected 5 support staff paid by the university from the detailed listing. We obtained and agreed the payroll summary registers from the reporting period for each of the support staff selections to the related expenses in the detailed listing.

No exceptions were noted as a result of performing these procedures.

- 5. We obtained from SCSU management a detailed listing of all student athletes who received institutional financial aid and the related dollar amount of the financial aid received for the fiscal year ended June 30, 2018 for each sport.
 - a. We mathematically checked the total dollar amount for each sport and the grand total of the detailed listing.
 - b. We agreed the grand total dollar amount to the line item "Athletic Student Aid" included in the Statement.
 - c. We reviewed grants-in-aid to student athletes by vouching totals on the athletic department's grants-in-aid reconciliation to the appropriate supporting documentation to determine whether these reports were valid and complete. We selected 20 students and tested the validity of their reported aid, book awards, and adjustments. We verified that a signed award letter supporting the award of the athletic grant was on file.
 - d. We agreed the students' information to the information being reported to the NCAA Membership Financial Reporting System.

No exceptions were noted as a result of performing these procedures.

6. As the recruiting expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
7. As the conferences expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
8. We obtained from SCSU management a detailed listing of team travel expenses for the fiscal year ended June 30, 2018.
 - a. We mathematically checked the total of the detailed listing.
 - b. We agreed the total dollar amount of travel expenses to the corresponding amount in the line item “Team Travel” included in the Statement.
 - c. We obtained SCSU’s travel policy from university management. We compared the index of SCSU’s travel policies to the NCAA policies to observe that SCSU’s policies included each of the following topics included in the NCAA policies such as: mode of transportation, vehicle rentals, meal types/team meals, and lodging. We make no comment as to the appropriateness of the detailed policy.

As a result of these procedures, we noted one instance in which a team travel expense totaling \$268 was not reported on the Statement.

9. As the equipment, uniforms and supplies expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
10. As the game expenses expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
11. As the fundraising, marketing and promotion expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
12. As the direct overhead and administrative expenses expense category in the Statement is less than 4% of the total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
13. We obtained the cost allocation detail and other corroborative supporting documentation for total indirect institutional support and compared to the total expenses reported and recalculated totals.

No exceptions were noted as a result of performing these procedures.

14. As the medical expenses and medical insurance expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
15. As the memberships and dues expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
16. As the student-athlete meals (non-travel) expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.
17. As the other operating expenses expense category in the Statement is less than 4% of total operating expenses, no procedures were performed for this category, which is in accordance with Appendix D to the “2018 Agreed-Upon Procedures” NCAA guidelines.

**Minimum Agreed-Upon Procedures
For Affiliated and Outside Organizations**

1. We obtained from SCSU management a list of all university booster group activities, for both independent and affiliated organizations (including alumni organizations), that have a principal purpose of generating funds for SCSU’s athletic department, during the fiscal year ended June, 30, 2018.
 - a. We obtained the financial statements for affiliated organizations as of June 30, 2018 and agreed each of the revenue and expense amounts appearing in the financial statements of the affiliated organizations to the corresponding amounts included in the Statement.
 - b. We obtained a representation letter signed by SCSU management that booster organizations listed are the only booster organization that support the athletics department as defined in the National Collegiate Athletic Association Financial Audit Guidelines.

No exceptions were noted as a result of performing these procedures.

2. We obtained from SCSU 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. We obtained written representations from management as to the fair presentation of the summary schedule.

**Minimum Agreed-Upon Procedures
For Other Reporting Items**

1. We scanned SCSU's general ledger and made inquiry to university management about excess transfers to the university. No transfers were identified and we were informed by university management that no transfers had occurred. No further procedures were performed.
2. We scanned SCSU's general ledger and made inquiry to university management about outstanding intercollegiate athletics debt as of the end of the reporting period. No outstanding intercollegiate athletics debt was identified and we were informed by university management that there was none. No further procedures were performed.
3. We scanned SCSU's general ledger, reviewed the Connecticut State Universities' audited financial statements, and made inquiry to university management about outstanding debt of the university as of the end of the reporting period. No outstanding university debt was identified and we were informed that the Connecticut State University System Office holds all debt of the system, not each specific university, which is supported by the audited financial statements. No further procedures were performed.
4. We obtained from SCSU's management a schedule of all athletics dedicated endowments maintained by athletics, the university, and affiliated organizations.
 - a. We mathematically checked the total of the detailed listing.
 - b. We agreed the total fair market value to supporting documentation the SCSU Foundation Inc.'s general ledger, and the corresponding footnote of the SCSU Foundation, Inc.'s fiscal year 2018 audited financial statements.

No exceptions were noted as a result of performing these procedures.

5. We obtained from SCSU's management the total fair value of institutional endowments as of June 30, 2018 and agreed to supporting documentation and the Connecticut State Universities' audited financial statements.

No exceptions were noted as a result of performing these procedures.

6. We scanned SCSU's general ledger and made inquiry to university management about athletics related capital expenses made by athletics, the university, and affiliated organizations during the reporting period. No athletics related capital expenses were identified and we were informed by SCSU that there were none. No further procedures were performed.
7. We obtained representations from SCSU management that to the best of their knowledge and belief, all revenues and expenses related to the athletics department had been properly included in the Statement.

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 accompanying Statement of Revenues and Expenses of the university as of June 30, 2018 or on SCSU's compliance with the NCAA requirements. 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 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.

In conclusion, we wish to express our appreciation for the courtesies and cooperation extended to our representatives by the personnel of Southern Connecticut State University during the course of our engagement.

Approved:



John C. Geragosian
State Auditor


Michael Delaney
Principal Auditor

Robert J. Kane
State Auditor

Southern Connecticut State University
Intercollegiate Athletics Program
Statement of Revenues and Expenses (Unaudited)
For the Fiscal Year Ended June 30, 2018

Revenues:	Football	Men's Basketball	Women's Basketball	All Other Men's Sports	All Other Women's Sports	Non-program Specific	Total
NCAA Distributions	\$ -	\$ -	\$ 6,000	\$ 12,012	\$ 6,180	\$ -	\$ 24,192
Contributions	33,072	14,532	41,831	123,884	116,710	101,238	431,267
Media Rights	-	-	-	-	-	3,001	3,001
Guarantees	-	10,000	5,000	-	-	-	15,000
Ticket Sales	13,392	-	-	-	-	-	13,392
Program Sales, Concessions, Novelty Sales and Parking	127	-	-	-	-	-	127
Royalties, Licensing, Advertisement and Sponsorships	1,548	252	303	2,726	3,216	-	8,045
Sports Camp Revenues	-	-	-	-	4,046	-	4,046
Direct Institutional Support	721,546	497,495	547,748	1,433,616	2,174,082	2,091,297	7,465,784
Indirect Institutional Support	115,453	78,342	90,132	235,836	345,635	343,683	1,209,081
Other Operating Revenues	-	-	-	-	-	95,682	95,682
Total Operating Revenues	<u>885,138</u>	<u>600,621</u>	<u>691,014</u>	<u>1,808,074</u>	<u>2,649,869</u>	<u>2,634,901</u>	<u>9,269,617</u>
Expenses:							
Coaching Salaries, Benefits, and Bonuses							
Paid by the University and Related Entities	395,061	201,819	237,138	876,915	1,399,733	-	3,110,666
Support Staff/Administrative Salaries, Benefits and Bonuses Paid by the University and Related Entities	-	-	-	-	-	1,889,916	1,889,916
Athletic Student Aid	222,216	218,775	306,788	415,245	450,846	-	1,613,870
Recruiting	4,485	10,075	3,303	3,607	10,065	699	32,234
Team Travel	32,659	26,623	19,350	149,002	243,438	34,617	505,689
Equipment, Uniforms and Supplies	55,529	21,307	13,467	72,836	99,233	-	262,372
Game Expenses	15,975	13,201	14,669	16,515	42,654	8,960	111,974
Fundraising, Marketing and Promotion	-	698	698	7,937	9,165	66,358	84,856
Direct Overhead and Administrative Expenses	5,938	14,534	617	3,661	5,227	229,677	259,654
Indirect Institutional Support	115,453	78,342	90,132	235,836	345,635	343,683	1,209,081
Medical Expenses and Medical Insurance	-	10,188	-	177	-	19,123	29,488
Memberships and Dues	-	-	260	2,615	4,404	25,450	32,729
Student-Athlete Meals (Non-Travel)	36,294	3,215	3,504	18,950	27,986	380	90,329
Other Operating Expenses	1,528	1,844	1,088	4,778	11,483	16,038	36,759
Total Operating Expenses	<u>885,138</u>	<u>600,621</u>	<u>691,014</u>	<u>1,808,074</u>	<u>2,649,869</u>	<u>2,634,901</u>	<u>9,269,617</u>
Excess (Deficiency) of Revenues over Expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See Accompanying Notes to Statement

(Unaudited)
Southern Connecticut State University
Notes to the Statement of Revenues and Expenses of
Intercollegiate Athletics Programs
For the Fiscal Year Ended June 30, 2018

Note 1. BASIS OF PRESENTATION

The accompanying Statement of Revenues and Expenses of Southern Connecticut State University's Intercollegiate Athletics Department for the fiscal year ended June 30, 2018 (Statement) has been prepared on the accrual basis of accounting. The purpose of the Statement is to present a summary of revenues and expenses of the university's intercollegiate athletics programs for the fiscal year ended June 30, 2018. 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 linked 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 and Field
- Men's Swimming & Diving
- 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 and Field
- Women's Field Hockey
- Women's Gymnastics
- Women's Soccer
- Women's Lacrosse
- Women's Swimming & 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

No individual or outside organizations contributed monies, goods, or services for or on behalf of the athletic department that exceeded 10% of the total contributions included in the Statement.

Contributions received by the athletics department during the fiscal year ended June 30, 2018 totaled \$431,267. This amount consists entirely of cash disbursements from athletic accounts administered by the Southern Connecticut State University Foundation, Inc.

Note 4. DIRECT INSTITUTIONAL SUPPORT

Direct institutional support represents allocations by the university administration, of general unrestricted funds for various athletics programs. The allocations were primarily used to fund the salaries of athletics administration, coaches, and other athletics program personnel.

Note 5. INDIRECT FACILITIES AND ADMINISTRATIVE SUPPORT

Indirect facilities and administrative support includes overhead and depreciation not charged directly to the athletics department. These charges include an allocated amount, based on a percentage of direct costs associated with the athletics department, for utilities, and general and administrative functions of the university.

Note 6. CAPITAL ASSETS

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. Disposals of capital items are approved by the university's Property Control Unit.