

Connecticut State Colleges and Universities System
Schedule of CSCU 2020 Construction Expenditures -
Cash Basis
and Independent Auditor's Report
June 30, 2019

Connecticut State Colleges and Universities System
CSCU 2020 Construction Expenditures-Cash Basis
June 30, 2019

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Independent Auditor's Report

To the Board of Regents and Audit Committee
Connecticut State Colleges and Universities System
Hartford, Connecticut

We have audited the expenditures paid during the year ended June 30, 2019 as reported in the Schedule of CSCU 2020 Construction Expenditures - Cash Basis (the "Schedule") of the Connecticut State Colleges and Universities System (the "CSCU System"), and the related notes to the Schedules.

Management's Responsibility for the Schedules

Management is responsible for the preparation and fair presentation of this Schedule in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the schedule in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the Schedule that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the Schedule based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Schedule. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Schedule, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Schedule in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the Schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying Schedule referred to above presents fairly, in all material respects, the construction expenditures related to CSCU 2020 construction projects of the CSCU System specifically identified by management that were paid during the year ended June 30, 2019 in conformity with the cash basis of accounting.

Emphasis of Matter

We have not audited the expenditures paid during the period from July 1, 2008 through June 30, 2018, and, accordingly, we express no opinion or other assurance with respect to these amounts. Annual expenditures for prior years through June 30, 2018 were previously audited by other auditors dated October 16, 2018 with an unmodified opinion. Our opinion on cash paid for construction expenditures for the year ended June 30, 2019 is not modified with respect to this item.

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of American. Our opinion is not modified with respect to that matter.

Restriction on Use

Our report is intended solely for the information and use of the Board of Regents, the Audit Committee, and management of the Connecticut State Colleges and Universities System, and is not intended to be and should not be used by anyone other than these specified parties.

CohnReznick LLP

Hartford, Connecticut
January 16, 2020

**Connecticut State Colleges and Universities System
Schedule of CSCU 2020 Construction Expenditures - Cash Basis**

June 30, 2019

	Approved budget as of June 30, 2019	Expenditures paid in the year ended June 30, 2019	Recommended adjustments	Adjusted expenditures paid in the year ended June 30, 2019	Expenditures paid during the period from July 1, 2008 through June 30, 2018	Total adjusted expenditures through June 30, 2019
Eastern Connecticut State University						
Fine Arts Instructional Center (design and construction)	\$ 86,097,885	\$ 215,421	-	\$ 215,421	\$ 80,842,310	\$ 81,057,731
Goddard Hall Renovations	32,917,997	12,932,876	-	12,932,876	13,741,187	26,674,063
Code Compliance/Infrastructure	14,073,863	2,376,426	-	2,376,426	15,914,698	18,291,124
Athletic Support Building	1,921,000	-	-	-	1,918,873	1,918,873
Outdoor Track - Phase II	1,816,000	-	-	-	1,637,648	1,637,648
New Warehouse	2,269,000	-	-	-	1,860,007	1,860,007
Western Connecticut State University						
Fine Arts Instructional Center	64,321,000	270,454	-	270,454	83,178,467	83,448,921
Higgins Hall Renovations	34,544,406	20,422,712	-	20,422,712	2,199,128	22,621,840
Code Compliance/Infrastructure	17,631,612	2,540,780	-	2,540,780	14,160,124	16,700,904
University Police Department Building	6,445,000	8,589	-	8,589	5,917,041	5,925,630
Central Connecticut State University						
Willard & DiLoreto Hall	61,016,846	24,742,360	-	24,742,360	33,740,430	58,482,790
Kaiser Hall Bubble Renovations	25,367,125	11,720,350	-	11,720,350	4,395,711	16,116,061
Barnard Hall Additions and Renovations	21,981,660	620,572	-	620,572	1,364,061	1,984,633
New Engineering Building	9,900,000	405,649	-	405,649	3,313,863	3,719,512
Code Compliance/Infrastructure Improvements	24,650,041	2,140,565	-	2,140,565	25,771,596	27,912,181
New Classroom Office Building	29,478,000	-	-	-	29,109,582	29,109,582
New Maintenance/Salt Shed Facility	2,503,000	-	-	-	2,233,317	2,233,317
Burrill Library Design & Expansion/Renovation	14,285,700	-	-	-	-	-
Southern Connecticut State University						
New Academic Building	72,108,159	238,945	-	238,945	69,283,846	69,522,791
Health and Human Services Building	70,144,056	2,452,633	-	2,452,633	1,173,084	3,625,717
School of Business	3,766,237	347,664	-	347,664	-	347,664
Code Compliance/Infrastructure Improvements	25,884,701	1,033,199	-	1,033,199	28,765,832	29,799,031
Buley Library	17,436,817	-	-	-	17,436,816	17,436,816
Asnuntuck Community College						
New Manufacturing Center	25,476,500	1,369,608	-	1,369,608	20,809,260	22,178,868
Various Community Colleges						
Code Compliance/Infrastructure Improvement	48,557,000	3,721,636	-	3,721,636	19,369,023	23,090,659
Connecticut State University Systems Office						
System-wide Telecom Infrastructure Upgrades	16,410,000	1,096,411	-	1,096,411	16,289,396	17,385,807
Consolidation Updated	20,000,000	8,437	-	8,437	17,555,587	17,564,024
CSUS/CCC Master Plan	103,203,106	5,424,511	-	5,424,511	84,675,622	90,100,133
Program	10,246,190	-	-	-	3,755,088	3,755,088
Land and Property	400,907	-	-	-	226,890	226,890
Professional Fees	53,646,172	1,606,719	-	1,606,719	28,195,348	29,802,067
CSUS Auxiliary Funded Alterations/Improvements	943,500,000	95,704,265	-	95,704,265	632,051,418	727,755,663
	\$ 943,500,000	\$ 95,704,265	\$ -	\$ 95,704,265	\$ 632,051,418	\$ 727,755,663

The accompanying notes are an integral part of this Schedule

Connecticut State Colleges and Universities System

Notes to the Schedule of CSCU 2020 Construction Expenditures - Cash Basis June 30, 2019

Note 1 - Presentation

Presentation

The Connecticut State Colleges and Universities System (the "CSCU System") is a comprehensive institution of higher education and is a major enterprise fund of the State of Connecticut. The Connecticut State University System Infrastructure Act authorized the issuance of up to \$950,000,000 in general obligation bonds over a ten-year period beginning in the year ended June 30, 2009. Effective July 1, 2014, The Connecticut State University Infrastructure Act (CSUS 2020) was repealed and renamed as The Board of Regents for Higher Education Infrastructure Act (CSCU 2020). The act was amended to include the regional community-technical colleges and Charter Oak State College and authorized additional issuance of general obligation bonds in the amount of \$80,000,000 during the year ended June 30, 2015 and \$23,500,000 during the year ended June 30, 2016. The proceeds from the bonds fund capital improvements for all four universities (Eastern Connecticut State University, Central Connecticut State University, Western Connecticut State University and Southern Connecticut State University), regional community-technical colleges and Charter Oak State College along with improvements made to the Central Office of the System.

The Schedule has been prepared by System management to comply with Connecticut General Statutes Section 10a-91h requiring independent auditors to annually conduct an audit of any project of CSCU 2020 as defined in subdivision (4) of Section 10a-91c. The purpose of the legislation is to provide assurance that invoices, expenditures, cost allocations and other appropriate documentation reconcile to project costs and are in conformance with project budgets, cost allocations agreements and applicable contracts. The audit is required to be submitted to the Governor and the General Assembly in accordance with Section 11-4a.

The CSCU System has prepared the Schedule of CSCU 2020 Construction Expenditures (the "Schedule") on the cash basis of accounting rather than under the accrual basis method in accordance with accounting principles generally accepted in the United States of America. As such, expenditures are recognized when cash is disbursed rather than when the related obligation is incurred.

The Schedule does not include expenditures paid for or incurred by the Department of Public Safety ("DPS"). DPS directly pays for the costs associated with Building Code and Fire Code inspections of threshold buildings. Threshold buildings are defined by Connecticut State Statute §29-276b as, "(1) having four stories, (2) sixty feet in height, (3) with a clear span of one hundred fifty feet in width, (4) containing one hundred fifty thousand square feet of total gross floor area, or (5) with an occupancy of one thousand persons." The CSCU System provides funding through its operating funds for the necessary costs of the DPS for the inspection of nonthreshold buildings that are part of CSCU 2020. Because these expenditures paid by DPS are not paid with CSCU 2020 bond funds, the expenditures are not included in the Schedule.

Note 2 - Summary of significant accounting policies

Use of estimates

Management uses estimates and assumptions in preparing the Schedule in accordance with the cash basis of accounting. Those estimates and assumptions affect the reported amounts of project costs and disclosure of contingent project costs. Actual results could vary from the estimates used.

Connecticut State Colleges and Universities System

Notes to the Schedule of CSCU 2020 Construction Expenditures - Cash Basis June 30, 2019

Approved budget

The approved budget amounts are the revised budgeted amounts for the entire contract approved by the Department of Construction Services ("DCS") on CSCU 2020 projects. The breakdown by category is provided by CSCU System management and approved by the DCS.

Expenditures paid in the year ended June 30, 2019

Expenditures paid in the year ended June 30, 2019 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2019.

Recommended adjustments

Recommended adjustments represent the net value of costs reviewed that either lacked sufficient supporting documentation or represented errors.

Adjusted expenditures paid in the year ended June 30, 2019

Adjusted expenditures paid in the year ended June 30, 2019 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2019 plus (or minus) the recommended adjustments.

Expenditures paid during the period from July 1, 2008 through June 30, 2018

Expenditures paid during the period from July 1, 2008 through June 30, 2018 represent expenditures that were paid on CSCU 2020 projects from inception of the projects through June 30, 2018.

Total adjusted expenditures through June 30, 2019

Total adjusted expenditures through June 30, 2019 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2019.

Subsequent events

In preparing the Schedule, management has evaluated subsequent events through January 16, 2020, which represents the date the Schedule was available to be issued.

Note 3 - Construction expenditures

Construction expenditures include all general contractor and subcontractor costs, and certain indirect costs related to project performance that can be attributed to specific projects. Indirect costs not specifically allocable to contracts and general and administrative costs are not included in construction expenditures.