

CONNECTICUT STATE UNIVERSITY SYSTEM

SCHEDULE OF CSUS 2010 CONSTRUCTION
EXPENDITURES - CASH BASIS

JUNE 30, 2014

CONNECTICUT STATE UNIVERSITY SYSTEM

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Independent Auditors' Report

To the Board of Trustees and Audit Committee
Connecticut State University System

We have audited the expenditures paid in the year ended June 30, 2014 as reported in the accompanying schedule of CSUS 2020 construction expenditures - cash basis (the Schedule) of the Connecticut State University System, and the related notes to the Schedule.

Management's Responsibility for the Schedule

Management is responsible for the preparation and fair presentation of the Schedule in conformity with the cash basis of accounting; this includes 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.

Auditors' 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 of 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 auditors' 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 auditors consider 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.

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Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the construction expenditures related to identified CSUS 2020 projects of the System that were paid during the year ended June 30, 2014 in conformity with cash basis of accounting.

Emphasis of Matter

We have not audited the expenditures paid during the period from July 1, 2008 through June 30, 2013 or the adjusted expenditures paid through June 30, 2014, and, accordingly, we express no opinion or other assurance with respect to these amounts. Annual expenditures for prior years were previously audited by other auditors.

Restriction on Use

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

Blum, Shapiro & Company, P.C.

West Hartford, Connecticut
December 9, 2014

**CONNECTICUT STATE UNIVERSITY SYSTEM
SCHEDULE OF CSUS 2020 CONSTRUCTION EXPENDITURES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2014**

	Approved Budget as of June 30, 2014	Expenditures Paid in the Year Ended June 30, 2014	Recommended Adjustments	Adjusted Expenditures Paid in the Year Ended June 30, 2014	Expenditures Paid During the Period From July 1, 2008 Through June 30, 2013	Total Adjusted Expenditures Through June 30, 2014
Eastern Connecticut State University						
Code Compliance/Infrastructure Improvements	\$ 13,080,113	\$ 2,354,194	-	\$ 2,354,194	\$ 8,664,955	\$ 11,019,149
Fine Arts Instructional Center (design and construction)	83,556,000	15,436,363	-	15,436,363	6,156,867	21,593,230
Athletic Support Building	1,921,000	1,232,400	-	1,232,400	663,318	1,895,718
Goddard Hall Renovations	2,551,000	-	-	-	-	-
New Warehouse	2,269,000	976,321	-	976,321	870,950	1,847,271
Outdoor Track- Phase II	1,816,000	-	-	-	1,445,134	1,445,134
Western Connecticut State University						
Fine Arts Instructional Center	85,271,000	29,349,672	-	29,349,672	48,299,631	77,649,303
Higgins Hall Renovations	2,982,000	-	-	-	-	-
Code Compliance/Infrastructure Improvements	9,439,330	1,347,232	-	1,347,232	5,947,003	7,294,235
University Police Department Building (design and construction)	4,745,000	103,631	-	103,631	6,250	109,881
Central Connecticut State University						
Code Compliance/Infrastructure Improvements	23,850,445	1,673,005	-	1,673,005	13,760,729	15,433,734
New Classroom Office Building	33,978,000	4,543,172	-	4,543,172	23,244,818	27,787,990
East Campus Infrastructure Development	13,244,000	-	-	-	-	-
New Maintenance/Salt Shed Facility	2,503,000	64,989	-	64,989	2,168,328	2,233,317
Renovate/Expand Willard and DiLoreto Halls	5,892,000	12,672	-	12,672	-	12,672
Southern Connecticut State University						
Code Compliance/Infrastructure Improvements	18,664,683	3,336,932	-	3,336,932	11,600,581	14,937,513
New Laboratory Building/Parking Garage	66,642,000	21,154,505	-	21,154,505	8,146,661	29,301,166
Buley Library	17,436,817	15,447,479	-	15,447,479	1,019,919	16,467,398
Connecticut State University System Office						
New and Replacement Equipment	36,395,000	6,249,622	-	6,249,622	20,110,622	26,360,244
Land and Property	7,250,190	195,000	-	195,000	3,110,711	3,305,711
Telecommunications Infrastructure Upgrade	12,841,000	969,039	-	969,039	2,250,823	3,219,862
Alterations/Improvements: Auxiliary Service Facilities	28,672,422	1,977,668	-	1,977,668	9,729,608	11,707,276
	<u>\$ 475,000,000</u>	<u>\$ 106,423,896</u>	<u>-</u>	<u>\$ 106,423,896</u>	<u>\$ 167,196,908</u>	<u>\$ 273,620,804</u>

**CONNECTICUT STATE UNIVERSITY SYSTEM
NOTES TO SCHEDULE OF CSUS 2020
CONSTRUCTION EXPENDITURES - CASH BASIS**

NOTE 1 - PRESENTATION

The Connecticut State University System (the 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 (CSUS 2020) 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. CSUS 2020 funds capital improvements for all four universities (Eastern Connecticut State University, Central Connecticut State University, Western Connecticut State University and Southern Connecticut State University), along with improvements made to the Central Office of the System.

The System has prepared the schedule of CSUS 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, certain expenditures are recognized when cash is disbursed rather than when the related obligation is incurred.

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 CSUS 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 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 System provides funding through its operating funds for the necessary costs of the DPS for the inspection of nonthreshold buildings that are part of CSUS 2020. Because these expenditures paid by DPS are not paid with CSUS 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.

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

**CONNECTICUT STATE UNIVERSITY SYSTEM
NOTES TO SCHEDULE OF CSUS 2020
CONSTRUCTION EXPENDITURES - CASH BASIS**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditures Paid in the Year Ended June 30, 2014 - Expenditures paid in the year ended June 30, 2014 represent expenditures that were paid on CSUS 2020 projects during the fiscal year ended June 30, 2014.

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

Adjusted Expenditures Paid in the Year Ended June 30, 2014 - Adjusted expenditures paid in the year ended June 30, 2014 include expenditures that were paid on CSUS 2020 projects during the fiscal year ended June 30, 2014 plus (or minus) the recommended adjustments.

Expenditures Paid During the Period of July 1, 2008 Through June 30, 2013 - Expenditures paid during the period of July 1, 2008 through June 30, 2013 represent expenditures that were paid on CSUS 2020 projects from inception of the projects through June 30, 2013. Previously reported expenditures through June 30, 2013 were decreased by \$275,551 to correct for timing issues noted while auditing 2014 expenditures.

Total Adjusted Expenditures Paid to Date - Total expenditures paid to date represent expenditures that were paid on CSUS 2020 projects from the inception of the project through June 30, 2014.

Subsequent Events - In preparing the Schedule, management has evaluated subsequent events through December 9, 2014, 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 indirect costs related to project performance such as design fees, indirect labor, insurance and professional fees 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.