

CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS

FOR THE YEAR ENDED JUNE 30, 2015

CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

CONTENTS

Independent Auditors' Report	1-2
Schedule of CSCU 2020 Construction Expenditures - Cash Basis for the Year Ended June 30, 2015	3
Notes to Schedule of CSCU 2020 Construction Expenditures - Cash Basis	4-5

BlumShapiro

Accounting | Tax | Business Consulting

Independent Auditors' Report

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

We have audited the expenditures paid during the year ended June 30, 2015 as reported in the accompanying schedule of CSCU 2020 construction expenditures - cash basis (the Schedule) of the Connecticut State Colleges and Universities 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.

Opinion

In our opinion, the Schedule referred to above presents fairly, in all material respects, the construction expenditures related to identified CSCU 2020 projects of the System that were paid during the year ended June 30, 2015 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, 2013 or the adjusted expenditures paid through June 30, 2013, and, accordingly, we express no opinion or other assurance with respect to these amounts. Annual expenditures for prior years through June 30, 2013 were previously audited by other auditors. Our opinion on cash paid for the year ended June 30, 2015 is not modified with respect to this item.

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 Colleges and Universities 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
January 13, 2016

CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS FOR THE YEAR ENDED JUNE 30, 2015

	Approved Budget as of June 30, 2015	Expenditures Paid in the Year Ended June 30, 2015	Recommended Adjustments	Adjusted Expenditures Paid in the Year Ended June 30, 2015	Expenditures Paid During the Period from July 1, 2008 Through June 30, 2014	Total Adjusted Expenditures Through June 30, 2015
Eastern Connecticut State University						
Code Compliance/Infrastructure Improvements	\$ 14,080,113	\$ 1,254,910	\$ -	\$ 1,254,910	\$ 11,019,149	\$ 12,274,059
Fine Arts Instructional Center (design and construction)	83,556,000	34,666,202	-	34,666,202	21,593,230	56,259,432
Athletic Support Building	1,921,000	22,195	-	22,195	1,895,718	1,917,913
Goddard Hall Renovations	19,239,000	105,128	-	105,128	-	105,128
Outdoor Track - Phase II	1,816,000	25,838	-	25,838	1,445,134	1,470,972
New Warehouse	2,269,000	9,701	-	9,701	1,847,271	1,856,972
Western Connecticut State University						
Fine Arts Instructional Center	84,321,000	5,300,118	-	5,300,118	77,649,303	82,949,421
Higgins Hall Renovations	2,982,000	-	-	-	-	-
Code Compliance/Infrastructure Improvements	12,931,330	2,468,132	-	2,468,132	7,294,235	9,762,367
University Police Department Building (design and construction)	4,745,000	205,282	-	205,282	109,881	315,163
Central Connecticut State University						
Code Compliance/Infrastructure Improvements	25,850,445	1,933,348	-	1,933,348	15,433,734	17,367,082
New Classroom Office Building	29,478,000	1,048,507	-	1,048,507	27,787,990	28,836,497
New Engineering Building	9,900,000	-	-	-	-	-
New Maintenance/Salt Shed Facility	2,503,000	-	-	-	2,233,317	2,233,317
Renovate/Expand Willard and DiLoreto Halls	57,737,000	775,414	-	775,414	12,672	788,086
Kaiser Hall Bubble Renovations	4,500,000	-	-	-	-	-
Barnard Hall Additions and Renovations	3,344,000	-	-	-	-	-
Southern Connecticut State University						
Code Compliance/Infrastructure Improvements	24,542,683	3,060,448	-	3,060,448	14,937,513	17,997,961
New Laboratory Building/Parking Garage	72,115,000	31,101,422	-	31,101,422	29,301,166	60,402,588
Buley Library	17,436,817	720,179	-	720,179	16,467,398	17,187,577
Asnuntuck Community College						
Advanced Manufacturing	2,000,000	572,841	-	572,841	-	572,841
Various Community Colleges						
Code Compliance/Infrastructure Improvements	25,000,000	3,301,802	-	3,301,802	-	3,301,802
Connecticut State University System Office						
New and Replacement Equipment Program, Smart Classroom and Technology Upgrades	61,395,000	12,283,600	-	12,283,600	26,360,244	38,643,844
Land and Property	6,250,190	563,027	-	563,027	3,305,711	3,868,738
Telecommunications Infrastructure Upgrade	13,415,000	456,141	-	456,141	3,219,862	3,676,003
Consolidation and Upgrades of System Student Financial Information Technology Systems	20,000,000	3,612,834	-	3,612,834	-	3,612,834
Strategic Master Plan of Academic Programs	3,000,000	-	-	-	-	-
Alterations/Improvements: Auxiliary Service Facilities	43,672,422	2,216,472	-	2,216,472	11,707,276	13,923,748
	<u>\$ 650,000,000</u>	<u>\$ 105,703,541</u>	<u>\$ -</u>	<u>\$ 105,703,541</u>	<u>\$ 273,620,804</u>	<u>\$ 379,324,345</u>

CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

NOTES TO SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS

NOTE 1 - PRESENTATION

The Connecticut State Colleges and Universities 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 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 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 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.

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 System management and approved by the DCS.

CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

NOTES TO SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS

Expenditures Paid in the Year Ended June 30, 2015

Expenditures paid in the year ended June 30, 2015 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2015.

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, 2015

Adjusted expenditures paid in the year ended June 30, 2015 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2015 plus (or minus) the recommended adjustments.

Expenditures Paid During the Period from July 1, 2008 Through June 30, 2014

Expenditures paid during the period from July 1, 2008 through June 30, 2014 represent expenditures that were paid on CSCU 2020 projects from inception of the projects through June 30, 2014.

Total Adjusted Expenditures Paid to Date

Total expenditures paid to date represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2015.

Subsequent Events

In preparing the Schedule, management has evaluated subsequent events through January 13, 2016, 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.