

## **CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM**

### **SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS**

**FOR THE YEAR ENDED JUNE 30, 2018**

# CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

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## Independent Auditors' 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, 2018 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, 2018 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, 2018 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 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.

*Blum, Shapiro & Company, P.C.*

West Hartford, Connecticut  
October 16, 2018

**CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM  
SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

	Approved Budget as of June 30, 2018	Expenditures Paid in the Year Ended June 30, 2018	Recommended Adjustments	Adjusted Expenditures Paid in the Year Ended June 30, 2018	Expenditures Paid During the Period From July 1, 2008 Through June 30, 2017	Total Adjusted Expenditures Through June 30, 2018
<b>Eastern Connecticut State University</b>						
Code Compliance/Infrastructure Improvements	\$ 17,075,863	\$ 943,462	\$ -	\$ 943,462	\$ 14,971,236	\$ 15,914,698
Fine Arts Instructional Center (design and construction)	87,666,885	347,500	-	347,500	80,494,810	80,842,310
Athletic Support Building	1,921,000	-	-	-	1,918,873	1,918,873
Goddard Hall Renovations	31,348,997	12,488,878	-	12,488,878	1,252,309	13,741,187
Outdoor Track - Phase II	1,816,000	-	-	-	1,637,648	1,637,648
New Warehouse	2,269,000	-	-	-	1,860,007	1,860,007
<b>Western Connecticut State University</b>						
Fine Arts Instructional Center	84,321,000	24,856	-	24,856	83,153,611	83,178,467
White Hall Renovations	6,406,203	216,033	-	216,033	-	216,033
Higgins Hall Renovations	34,544,406	1,250,321	-	1,250,321	948,807	2,199,128
Code Compliance/Infrastructure Improvements	20,016,208	946,619	-	946,619	12,997,472	13,944,091
University Police Department Building (design and construction)	6,445,000	2,438,588	-	2,438,588	3,478,453	5,917,041
<b>Central Connecticut State University</b>						
Code Compliance/Infrastructure Improvements	27,652,041	2,893,788	-	2,893,788	22,877,808	25,771,596
New Classroom Office Building	29,478,000	-	-	-	29,109,582	29,109,582
New Engineering Building	9,900,000	2,357,015	-	2,357,015	956,848	3,313,863
New Maintenance/Salt Shed Facility	2,503,000	-	-	-	2,233,317	2,233,317
Renovate/Expand Willard and DiLoreto Halls	61,081,652	26,778,294	-	26,778,294	6,962,136	33,740,430
Kaiser Hall Bubble Renovations	25,302,319	2,931,574	-	2,931,574	1,464,137	4,395,711
Barnard Hall Additions and Renovations	21,981,680	858,125	-	858,125	505,936	1,364,061
Buritt Hall Additions and Renovations	14,285,700	-	-	-	-	-
<b>Southern Connecticut State University</b>						
Code Compliance/Infrastructure Improvements	29,885,522	3,364,078	-	3,364,078	25,401,754	28,765,832
New Laboratory Building/Parking Garage	72,108,159	33,333	-	33,333	69,250,513	69,283,846
Buley Library	17,436,817	-	-	-	17,436,816	17,436,816
Health and Human Services Building	6,650,613	1,072,015	-	1,072,015	101,069	1,173,084
School of Business	3,766,237	-	-	-	-	-
<b>Asnuntuck Community College</b>						
Advanced Manufacturing	25,476,500	5,203,327	-	5,203,327	15,605,933	20,809,260
<b>Various Community Colleges</b>						
Code Compliance/Infrastructure Improvements	21,453,266	3,448,023	-	3,448,023	15,921,000	19,369,023
<b>Connecticut State University System Office</b>						
New and Replacement Equipment Program, Smart Classroom & Technology Upgrades	88,777,753	12,191,386	-	12,191,386	72,484,236	84,675,622
Land and Property	8,248,190	100,145	-	100,145	3,654,943	3,755,088
Telecommunications Infrastructure Upgrade	16,412,000	2,614,969	-	2,614,969	13,674,427	16,289,396
Consolidation & Upgrades of System Student Financial Information Technology Systems	20,000,000	2,527,919	-	2,527,919	15,027,668	17,555,587
Strategic Master Plan of Academic Programs	3,300,000	625,680	-	625,680	2,591,903	3,217,583
Professional fees	312,567	68,000	-	68,000	158,890	226,890
Alterations/Improvements: Auxiliary Service Facilities	48,657,422	5,147,553	-	5,147,553	23,047,795	28,195,348
	<u>\$ 848,500,000</u>	<u>\$ 90,871,481</u>	<u>\$ -</u>	<u>\$ 90,871,481</u>	<u>\$ 541,179,937</u>	<u>\$ 632,051,418</u>

The accompanying notes are in integral part of this schedule

# CONNECTICUT STATE COLLEGES AND UNIVERSITIES SYSTEM

## NOTES TO SCHEDULE OF CSCU 2020 CONSTRUCTION EXPENDITURES - CASH BASIS

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### 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

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### **Expenditures Paid in the Year Ended June 30, 2018**

Expenditures paid in the year ended June 30, 2018 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2018.

### **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, 2018**

Adjusted expenditures paid in the year ended June 30, 2018 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2018 plus (or minus) the recommended adjustments.

### **Expenditures Paid During the Period from July 1, 2008 Through June 30, 2017**

Expenditures paid during the period from July 1, 2008 through June 30, 2017 represent expenditures that were paid on CSCU 2020 projects from inception of the projects through June 30, 2017.

### **Total Adjusted Expenditures Through June 30, 2018**

Total expenditures through June 30, 2018 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2018.

### **Subsequent Events**

In preparing the Schedule, management has evaluated subsequent events through October 16, 2018, 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.