

Connecticut State Colleges and Universities System
Schedule of CSCU 2020 Construction Expenditures -
Cash Basis
and Independent Auditor's Report
June 30, 2023

Connecticut State Colleges and Universities System

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Independent Auditor's Report

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

Opinion

We have audited the expenditures paid during the year ended June 30, 2023 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 Schedule.

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, 2023 in conformity with the cash basis of accounting.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the construction expenditures section of our report. We are required to be independent of the Connecticut State Colleges and Universities System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2023 is not modified with respect to this item.

We draw attention to Note 1 of the schedule, 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 America. Our opinion is not modified with respect to that matter.

Management's Responsibility for the Schedule

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 objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule.
- Obtain an understanding of internal control relevant to the audit 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 Connecticut State Colleges and Universities System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the Schedule.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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
December 20, 2023

Connecticut State Colleges and Universities System

Schedule of CSCU 2020 Construction Expenditures - Cash Basis June 30, 2023

	Approved budget as of June 30, 2023	Expenditures paid in the year ended June 30, 2023	Recommended adjustments	Adjusted expenditures paid in the year ended June 30, 2023	Expenditures paid during the period from July 1, 2018 through June 30, 2022	Expenditures paid during the period from July 1, 2008 through June 30, 2018	Total adjusted expenditures through June 30, 2023
Eastern Connecticut State University							
Fine Arts Instructional Center (design and construction)	\$ 85,461,643	\$ 415	\$ -	\$ 415	\$ 812,316	\$ 80,842,310	\$ 81,655,041
Goddard Hall Renovations	32,951,000	40,408	-	40,408	15,463,168	13,741,187	29,244,763
Code Compliance/Infrastructure	15,433,505	1,499,769	-	1,499,769	4,531,534	15,914,698	21,946,001
Athletic Support Building	1,777,153	-	-	-	-	1,918,873	1,918,873
Outdoor Track - Phase II	1,629,152	-	-	-	-	1,637,648	1,637,648
New Warehouse	1,886,660	-	-	-	-	1,860,007	1,860,007
Western Connecticut State University							
Fine Arts Instructional Center	84,226,596	-	-	-	282,265	83,178,467	83,460,732
Higgins Hall Renovations	34,576,000	734,331	-	734,331	36,303,898	2,199,128	39,237,357
Code Compliance/Infrastructure	17,734,734	(1,337)	-	(1,337)	8,232,195	14,160,124	22,390,982
Alt Improvement	-	-	-	-	6,100	-	6,100
Newbury Hall Wellness Center Additions	-	1,335,930	-	1,335,930	-	-	1,335,930
University Police Department Building	6,445,000	-	-	-	8,589	5,917,041	5,925,630
Central Connecticut State University							
Willard & DiLoreto Hall	61,085,000	-	-	-	25,679,131	33,740,430	59,419,561
Kaiser Hall Bubble Renovations	25,385,809	283,248	-	283,248	18,427,721	4,395,711	23,106,680
Barnard Hall Additions and Renovations	22,973,045	122,834	-	122,834	21,544,128	1,364,061	23,031,023
New Engineering Building	62,700,000	3,438,638	-	3,438,638	52,904,922	3,313,863	59,657,423
Code Compliance/Infrastructure Improvements	24,364,321	1,756,263	-	1,756,263	5,554,299	25,771,596	33,082,158
New Classroom Office Building	29,042,113	-	-	-	-	29,109,582	29,109,582
New Maintenance/Salt Shed Facility	2,259,157	-	-	-	-	2,233,317	2,233,317
Burritt Library Design & Expansion/Renovation	16,500,000	604,864	-	604,864	2,460,530	-	3,065,394
Southern Connecticut State University							
New Academic Building	72,115,000	6,462	-	6,462	252,679	69,283,846	69,542,987
Health and Human Services Building	76,507,344	5,392,996	-	5,392,996	58,245,542	1,173,084	64,811,622
School of Business	52,476,933	23,267,284	-	23,267,284	20,135,583	-	43,402,867
Code Compliance/Infrastructure Improvements	25,899,406	595,242	-	595,242	3,043,124	28,765,832	32,404,198
Buley Library	17,436,817	-	-	-	-	17,436,816	17,436,816
Asnuntuck Community College							
New Manufacturing Center	25,500,000	-	-	-	2,642,814	20,809,260	23,452,074
Various Community Colleges							
Code Compliance/Infrastructure Improvement	48,557,000	802,405	-	802,405	6,754,516	19,369,023	26,925,944
Connecticut State University Systems Office							
System-wide Telecom Infrastructure Upgrades	18,415,000	22,478	-	22,478	1,933,323	16,289,396	18,245,197
Consolidation Updated	20,000,000	-	-	-	8,437	17,555,587	17,564,024
CSUS/CCC Master Plan	3,000,000	-	-	-	21,701	3,217,583	3,239,284
System-Wide New & Replacement Equipment Program	103,239,000	1,853,751	-	1,853,751	13,057,691	84,675,622	99,587,064
Land and Property	10,250,190	-	-	-	-	3,755,088	3,755,088
Professional Fees	-	-	-	-	-	226,890	226,890
CSUS Auxiliary Funded Alterations/Improvements	53,672,422	2,120,799	-	2,120,799	6,065,348	28,195,348	36,381,495
Supplemental Project Funding	16,000,000	-	-	-	-	-	-
	<u>\$ 1,069,500,000</u>	<u>\$ 43,876,780</u>	<u>\$ -</u>	<u>\$ 43,876,780</u>	<u>\$ 304,371,554</u>	<u>\$ 632,051,418</u>	<u>\$ 980,299,752</u>

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, 2023

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, 2023

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, 2023

Expenditures paid in the year ended June 30, 2023 represent expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2023.

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, 2023

Adjusted expenditures paid in the year ended June 30, 2023 include expenditures that were paid on CSCU 2020 projects during the fiscal year ended June 30, 2023 plus (or minus) the recommended adjustments.

Expenditures paid during the period from July 1, 2018 through June 30, 2022

Expenditures paid during the period from July 1, 2018 through June 30, 2022 represent expenditures that were paid on CSCU 2020 projects during the period from July 1, 2018 through June 30, 2022.

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, 2023

Total adjusted expenditures through June 30, 2023 represent expenditures that were paid on CSCU 2020 projects from the inception of the project through June 30, 2023.

Subsequent events

In preparing the Schedule, management has evaluated subsequent events through December 20, 2023, 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.



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