

University of Connecticut

Audit of Construction Expenditures of UCONN 2000
Projects Substantially Completed
June 30, 2012

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Independent Auditor's Report

To the Board of Trustees and Joint Audit and Compliance Committee
University of Connecticut
Storrs, Connecticut

We have audited the accompanying schedules of UCONN 2000 construction projects and reported project values (the Schedules) related to UCONN 2000 projects of the University of Connecticut (the University) specifically identified by management that were substantially completed during the year ended June 30, 2012. These schedules are the responsibility of the University's management. Our responsibility is to express an opinion on these Schedules 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 Schedules are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the Schedules, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall Schedules presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the Schedules referred to above present fairly, in all material respects, the construction expenditures and reported project values related to UCONN 2000 projects of the University specifically identified by management that were substantially completed during the year ended June 30, 2012, in conformity with accounting principles generally accepted in the United States of America.

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

McGladrey LLP

Chicago, Illinois
February 13, 2013

University of Connecticut

Schedule of UCONN 2000 Construction Projects

Year Ended June 30, 2012

Project Description	Approved Budget Amount	Original Project Value	Change Orders	Reported Project Value	Amount Under Budget
Named Projects					
Community Professional Building Renovation - Avery Point Campus	\$ 1,358,165	\$ 1,155,152	\$ 193,918	\$ 1,349,070	\$ 9,095
Residential Life Facilities-CT Commons Complex Renovations	6,250,000	4,296,134	713,520	5,009,654	1,240,346
Mansfield Training School Improvements Phase II-Longley Renovations	1,000,000	13,241	-	13,241	986,759 *
West Hartford Campus Renovations/Improvements-Electrical Switchgear Replacement	1,024,700	939,806	25,005	964,811	59,889
Koons Hall Renovation/Addition - Windows, Façade & Mechanical	1,200,000	1,020,933	61,548	1,082,481	117,519
West Hartford Campus Renovations/Improvements - 1800 Asylum Boiler Replacement	850,000	636,090	64,705	700,795	149,205
West Hartford Campus Ren/Imp-Student Lounge & Office Relocation	839,000	786,055	10,601	796,656	42,344
Storrs Hall Addition - Windows and Exterior Repairs	740,000	658,744	(45,817)	612,927	127,073
Law School Renovations/Improvements - Knight Hall, Room 215 Classroom Renovation	575,000	395,801	5,959	401,760	173,240
Avery Point Undergraduate & Library Building - Building 58 Demolition	570,000	225,387	229,039	454,426	115,574
West Hartford Campus Renov-SSW Elevator Hydraulic Cylinder Replacement	100,000	56,070	6,176	62,246	37,754
Support Building Additions/Renovations	7,800,000	85,979	-	85,979	7,714,021 *
Dental School Renovations-Orthodontics Renovation	2,290,000	70,323	-	70,323	2,219,677 *
Library/Student Computer Center-LB053 Library Level B	154,204	144,224	-	144,224	9,980
Stand-Alone UCONN 2000 Deferred Maintenance projects					
Castleman Building Drainage Repair	550,000	461,419	45,632	507,051	42,949
Installation of Filter Press	850,000	745,874	29,463	775,337	74,663
Student Union Quadrangle Site Work and Landscape - Phase II	1,150,000	1,022,865	91,452	1,114,317	35,683
Wood Hall Façade Repairs	1,000,000	784,403	42,583	826,986	173,014
Academic Building (Bldg. A) Roof Replacement	725,000	580,000	14,018	594,018	130,982
Main Building Cooling System - Chillers 1, 2 & 3 Replacement	4,945,000	4,178,256	62,670	4,240,926	704,074
	\$ 33,971,069	\$ 18,256,756	\$ 1,550,472	\$ 19,807,228	\$ 14,163,841

* Project was canceled in the early stages of the construction life cycle.

The accompanying notes are an integral part of these Schedules.

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Schedule of UCONN 2000 Reported Project Values

Year Ended June 30, 2012

Project Description	Construction Expenditures Paid through January 31, 2013	Anticipated Remaining Commitments	Reported Project Value
Named Projects			
Community Professional Building Renovation - Avery Point Campus	\$ 1,294,059	\$ 55,011	\$ 1,349,070
Residential Life Facilities-CT Commons Complex Renovations	4,825,355	184,299	5,009,654
Mansfield Training School Improvements Phase II-Longley Renovations	13,241	-	13,241
West Hartford Campus Renovations/Improvements-Electrical Switchgear Replacement	954,515	10,296	964,811
Koons Hall Renovation/Addition - Windows, Façade & Mechanical	1,079,676	2,805	1,082,481
West Hartford Campus Renovations/Improvements - 1800 Asylum Boiler Replacement	699,080	1,715	700,795
West Hartford Campus Ren/Imp-Student Lounge & Office Relocation	787,037	9,619	796,656
Storrs Hall Addition - Windows and Exterior Repairs	612,927	-	612,927
Law School Renovations/Improvements - Knight Hall, Room 215 Classroom Renovation	401,760	-	401,760
Avery Point Undergraduate & Library Building - Building 58 Demolition	454,426	-	454,426
West Hartford Campus Renov-SSW Elevator Hydraulic Cylinder Replacement	62,246	-	62,246
Support Building Additions/Renovations	85,979	-	85,979
Dental School Renovations-Orthodontics Renovation	70,323	-	70,323
Library/Student Computer Center-LB053 Library Level B	144,224	-	144,224
Stand-Alone UCONN 2000 Deferred Maintenance projects			
Castleman Building Drainage Repair	505,855	1,196	507,051
Installation of Filter Press	769,270	6,067	775,337
Student Union Quadrangle Site Work and Landscape - Phase II	1,111,934	2,383	1,114,317
Wood Hall Façade Repairs	825,086	1,900	826,986
Academic Building (Bldg. A) Roof Replacement	519,854	74,164	594,018
Main Building Cooling System - Chillers 1, 2 & 3 Replacement	3,286,277	954,649	4,240,926
	<u>\$ 18,503,124</u>	<u>\$ 1,304,104</u>	<u>\$ 19,807,228</u>

The accompanying notes are an integral part of these Schedules.

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Notes to Schedule of UCONN 2000 Construction Projects

Note 1. Presentation and Significant Accounting Policies

Presentation: The University of Connecticut (the University) is a comprehensive institution of higher education and is a major enterprise fund of the State of Connecticut, which uses the accrual basis of accounting. Under the accrual basis of accounting, project expenditures are recorded when the related liability is incurred.

The schedules of UCONN 2000 construction projects and reported project values (collectively the Schedules) have been prepared by the University's management to comply with certain legislation requiring independent auditors to annually conduct an audit of any project of UCONN 2000, as defined in Connecticut General Statutes Sec. 10a-109z. The purpose of the legislation is to reconcile project costs to project budgets and verify conformity with project budgets, cost allocation agreements, and applicable contracts.

Use of estimates: Management uses estimates and assumptions in preparing the Schedules in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of projects costs and disclosure of contingent liabilities. Actual results could vary from the estimates that were used.

Approved budget: The approved budget amounts are the revised budgeted amounts for the entire contract approved by the Board of Trustees of the University, Executive Vice President for Administration and Chief Financial Officer or Buildings and Grounds Committee after the start of the contract. The breakdown by category is provided by University management and approved by the Board of Trustees. Projects that commenced prior to July 1, 2005 with a total value less than \$500,000 did not require a board approved budget.

Original project values: Original project values represent signed contracts entered into by the University for the construction of related projects. Work is performed primarily under design-build and construction manager at-risk contracts. The length of the construction contracts vary, but are typically between one and five years.

An approved change order is a written agreement between the University and the general contractor or construction manager to change the original construction contract. Change orders add to, delete from, or otherwise alter the work set forth in the contract documents at the time that the construction contract is bid.

Reported project value: Reported project value includes the original signed contract value plus approved change orders and other adjustments, including changes in specifications, design, method or manner of performance, facilities, equipment, materials, site, and period for completion of work.

Anticipated remaining commitments: Anticipated remaining commitments consist of open purchase orders that were unpaid as of January 31, 2013.

Subsequent events: The University has evaluated subsequent events for potential recognition and/or disclosure through February 13, 2013, the date the financial statements were available to be issued.

Note 2. Construction Expenditures

Construction expenditures include all general contractor and subcontractor costs, and indirect costs related to project performance such as indirect labor, insurance, and professional fees that can be attributed to specific projects that were substantially completed as of June 30, 2012. Indirect costs not specifically allocable to contracts and general and administrative costs are charged to expense as incurred.

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Notes to Schedule of UCONN 2000 Construction Projects

Note 3. Subsequent Events

Subsequent to January 31, 2013, the University has anticipated remaining commitments on projects that were substantially completed during the year ended June 30, 2012 of \$1,304,104, which have not been incurred. The Schedules have been updated for subsequent events occurring through January 31, 2013, the date these Schedules were available to be issued.