AGENDA ITEM TITLE: **Energy Resource Center – Guaranteed Maximum Price.**
Vinzant

CHECK THE APPROPRIATE BOX(ES):
- Work Session
- Education Session
- Information Item
- Other Specify:

BACKGROUND AND POLICY CONTEXT OF ISSUE:
The 2006 Wyoming Legislature approved funding for the establishment of a School of Energy Resources at the University of Wyoming. The Energy Resources Center (ERC) will leverage and add to the already significant energy-related talent and resources in the University of Wyoming colleges to develop human resources, know-how, and technical solutions to ensure a secure and sustainable energy future for the state, region, and nation. The School of Energy Resources, a part of the ERC, will allow the University of Wyoming to add world-class faculty expertise in focused areas, to foster greater interdisciplinary interaction between undergraduate and graduate students and coursework, to engage in more robust outreach in industries and state agencies, and to help build links with Wyoming’s high schools and community colleges.

G.E. Johnson Construction is working with GSG Architecture and HOK Architects, the UW ERC planning team and members of the Facilities Planning Office to complete the Guaranteed Maximum Price (GMP) to be considered by the Board of Trustees at the November meeting. The GMP proposed by G.E. Johnson is $18,922,937. The project is ready to proceed to the construction phase. The budget for construction of the ERC is $19.2 million.

The CMAR will begin bidding the materials and subcontract immediately after the Board of Trustees’ approval to begin the construction process with the intent of completing the work by the end of 2012.

PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:
Board of Trustee approval of the Architect/Engineering firm - January 22, 2010
Board of Trustee approval of the Construction Manager at Risk Firm - March 6, 2010

WHY THIS ITEM IS BEFORE THE BOARD:
Authorization is required from the Board of Trustees to begin the construction process by bidding all subcontracts and materials supplies while the construction documents are being completed for the construction start in January 2011.
ARGUMENTS IN SUPPORT:
All funding for the construction is available for the construction to begin. The funds are donations matched with State appropriated funds. The closure of Lewis Street will continue so the public and University personnel are not confused by the opening and reclosing of the street. The Berry Center construction is rapidly moving to conclusion, and the ERC should follow immediately thereafter.

ARGUMENTS AGAINST:
None

ACTION REQUIRED AT THIS BOARD MEETING:
Authorization to contract the construction with the Construction Manager-at-Risk firm, G. E. Johnson Construction, for the ERC project at $18,922,937.

PRESIDENT'S RECOMMENDATION:
It is recommended that the Board of Trustees of the University of Wyoming approve the GMP of $18,922,937 and authorize the contracting for the construction with the Construction Manager-at-Risk, G. E. Johnson, for the Energy Resource Center project.
AGENDA ITEM TITLE: **Audited Annual Financial Reports**, Vinzant

CHECK THE APPROPRIATE BOX(ES):
- [ ] Work Session
- [ ] Education Session
- [ ] Information Item
- [x] Other Specify: Committee of the Whole (Consent Agenda)

Jim Hearne, Partner, in the firm McGee, Hearne & Paiz, will lead a discussion about the University’s annual audited financial statements and reports.

BACKGROUND AND POLICY CONTEXT OF ISSUE:
Accountability is the paramount objective of institutional financial reporting. It is the University’s duty to be accountable to the public and to provide information that responds to the needs of three groups of primary users of general-purpose financial reports:

- the citizenry;
- the governing board, the legislature and oversight bodies; and
- investors and creditors.

Meaningful financial reports and accompanying notes provide information useful for assessing financial condition and results of operations, assisting in determining compliance with finance-related laws, rules, and regulations, and assisting in evaluating efficiency and effectiveness of operations. Preparation of these statements and reports are the responsibility of University management; however, it is the audit function that provides an external examination of these financial statements and reports.

The University of Wyoming prepares five separate financial reports that are audited by an independent public accounting firm. McGee, Hearne and Paiz, LLP of Cheyenne, Wyoming, was awarded a four-year engagement to conduct the annual audit for fiscal years 2010 through 2013, subject to evaluation of the audit firm’s performance.

The five annual reports, their purpose, and deadlines for submission to regulatory agencies are:

- **Financial Report** - In accordance with required reporting standards, this report has three components: 1) management’s discussion and analysis 2) institution-wide financial statements; and 3) notes to the basic financial statements. Required supplementary information is included in addition to the basic financial statements. The auditors express an opinion that these financial statements present fairly, in all material respects, the financial position of the University of Wyoming as of the fiscal year end, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.
The University of Wyoming is a component unit of the State of Wyoming. As such, the University’s Financial Report is part of the Comprehensive Annual Financial Report prepared by the State Auditor’s Office in accordance with W.S. 9-1-403 (a)(v). It must be submitted to the State by December 31st.

- **Compliance Report** – As part of obtaining reasonable assurance about whether the University’s financial statements are free of material misstatement, the auditors perform tests of our compliance with certain provisions of laws, regulations, contracts and grants, noncompliance of which could have a direct and material effect on the determination of financial statement amounts. The auditors do not express an opinion on compliance with those provisions, instead they report that the results of their tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Non-federal entities that expend $500,000 or more a year in federal awards are required by the United States Office of Management and Budget (OMB) to have a “single audit.” The **Financial Report** and the **Compliance Report** together comprise a “single audit.” This reporting package is submitted to the Federal Audit Clearinghouse within the earlier of 30 days after receipt of the auditor’s report, or nine months after the end of the audit period. OMB Circular A-133 sets forth the standards for obtaining consistency and uniformity among federal agencies for the audit of States, local governments, and non-profit organizations expending federal awards. The Compliance Report is often referred to as the A-133 audit.

- **The Bond Funds Financial Report** – This financial report is a subset of the institution-wide financial statements and is prepared for the purpose of complying with the requirements of the University’s bond ordinances. These statements include operations from the University Bookstore, the Student Union, Dining Services, Housing facilities, interest income on excess funds, government royalties, permanent land income, utility and telecommunications income. They also include the following plant funds: Project Acquisition Fund (unexpended funds), Capital Fund (renewals and replacement fund) and Retirement of Indebtedness Funds (reserve fund created by bond resolutions). The auditors express an opinion that these financial statements present fairly, in all material respects, the financial position of the Bond Funds as of the fiscal year end, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. They also provide “negative assurance” with respect to Debt Compliance; they state that nothing came to their attention that caused them to believe that the University failed to comply with the terms, covenants, provisions, or conditions, as listed in Article VIII, of each of the bond resolutions and the Financial Guaranty Agreement related to each of the Surety Bonds insofar as they relate to accounting matters.

The **Bond Funds Financial Report** is submitted to the Electronic Municipal Market Access (EMMA) system to comply with annual disclosure requirements. The audited report must be submitted within 170 days of the fiscal year end. The report is also submitted to Financial Security Assurance Inc. (insurer of the 2004 bond issue) and Ambac Assurance Corporation (insurer of the 2005 bond issue).
• **Wyoming Public Media Financial Report** – these financial statements present only the operations of Wyoming Public Media (WPM). The auditors express an opinion on the fair presentation of WPM’s financial position and results of operations.

WPM’s financial information is submitted in November to the Corporation for Public Broadcasting.

• **Intercollegiate Athletics Report** – This report constitutes an “agreed-upon procedures” engagement; its scope is less than that of an audit. The procedures include, but are not limited to, identifying all individual contributions that constitute more than 10% of total contributions, examination of cash receipts and disbursements, identification of unique internal control aspects and various inquiries related to compliance issues. The National Collegiate Athletic Association (NCAA) in their 2006 Financial Audit Guidelines suggests that these procedures and the auditors make no representation regarding the sufficiency of the procedures. This engagement is solely to assist the University in complying with NCAA Constitution 6.2.3.1.

**PRIOR RELATED BOARD DISCUSSIONS/ACTIONS:**
Annually – The Board accepts and approves Audited Financial Reports of the University of Wyoming each year.

**WHY THIS ITEM IS BEFORE THE BOARD:**
The Board of Trustees is responsible for assuring that the University’s organizational culture, capabilities, systems and processes are appropriate to protect the financial health and the reputation of the University in audit-related areas. The presentation of annual audited financial reports is intended to inform the Board about significant matters related to the results of the annual audit so that they can appropriately discharge their oversight responsibility.

**ARGUMENTS IN SUPPORT:**
Annual financial reports serve various functions and have numerous audiences. They not only serve to inform the campus community of the institution’s financial condition and results of operations, they are required by various governmental, regulatory and rating agencies; holders of the institution’s bonds; and accrediting agencies. The Board of Trustees is held to a high standard of full financial disclosure, transparency and accountability: public acceptance and approval of the financial reports completes the audit cycle, helps tell the University of Wyoming’s financial story and assists the Board in exercising their fiduciary responsibilities.

**ARGUMENTS AGAINST:**
None

**ACTION REQUIRED AT THIS BOARD MEETING:**
Approval is required in November for the Bond Funds and Wyoming Public Media reports in order to meet external reporting deadlines. The Intercollegiate Athletics report is also complete. Therefore, it is recommended that the Board of Trustees of the University of Wyoming accept and approve the Bond Funds, Wyoming Public Media, and Intercollegiate Athletics Reports for
the fiscal year ended June 30, 2010. The University Financial Report and the A-133 Compliance report are under review, and approval of those two reports will be required in December in order to provide the Financial Report to the State of Wyoming for inclusions in the Comprehensive Annual Financial Report.

PRESIDENT’S RECOMMENDATION:
The President recommends approval of the Bond Funds, Wyoming Public Media, and Intercollegiate Athletics audited financial reports.