



UNIVERSITY OF DELAWARE

Statements of State of Delaware General, Capital Improvement, and Agency Funds
Appropriated, Received, and Expended, and Supplemental Data

June 30, 2012

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Trustees
University of Delaware:

We have audited the accompanying statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2012. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements 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 financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended were prepared on the basis of cash receipts and disbursements and in accordance with the procedures of the State of Delaware, and are not intended to be a presentation in conformity with U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the appropriated general, capital improvement, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2012, on the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2012 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

KPMG LLP

November 7, 2012

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended
Year ended June 30, 2012

	Cash balance on hand at beginning of year	Appropriations received (a)	Expended	Returned to State of Delaware	Cash balance on hand at end of year
Current funds:					
Government appropriations – State:					
General operations	\$ —	87,396,800	87,396,800	—	—
College of Agriculture and Natural Resources:					
Agricultural Environmental Quality	—	4,995	4,995	—	—
Agricultural Experiment Station	—	524,457	524,457	—	—
Biotechnology	—	595,595	595,595	—	—
Carvel Research and Education Center	—	864,513	864,513	—	—
Cooperative Extension	—	1,408,559	1,408,559	—	—
Crop Extension	—	30,059	30,059	—	—
Poultry Disease Research	—	1,239,955	1,239,955	—	—
Soil Testing/Pesticide Control	—	160,267	160,267	—	—
Total College of Agriculture and Natural Resources	—	4,828,400	4,828,400	—	—
College of Arts and Sciences:					
Associate in Arts Degree	—	160,500	160,500	—	—
Biotechnology	—	28,000	28,000	—	—
Civics Education for Teachers	—	85,000	85,000	—	—
Computer Aided Arts and Science Instruction	—	85,000	85,000	—	—
Computer Aided Math Instruction	—	40,000	40,000	—	—
Center for Community Development and Family Policy	—	222,000	222,000	—	—
Center for Translational Cancer Research	—	310,100	310,100	—	—
Delaware Center for Teacher Education	—	291,248	291,248	—	—
Educational Management and Government Training	—	99,200	99,200	—	—
Information Technology Partnership	—	222,000	222,000	—	—
Local Government Research	—	202,900	202,900	—	—
Math/Science Education for Delaware Teachers	—	301,192	301,192	—	—
Public Service Assistantships	—	256,600	256,600	—	—
Research on School Finance Issues	—	76,900	76,900	—	—
Secondary Clinical Teacher Education	—	127,160	127,160	—	—
Urban Agent Program	—	115,300	115,300	—	—
Total College of Arts and Sciences	—	2,623,100	2,623,100	—	—
College of Business and Economics:					
Information Technology Partnership	—	1,631,200	1,631,200	—	—
Total College of Business and Economics	—	1,631,200	1,631,200	—	—
College of Earth Ocean and Environment:					
Biotechnology	—	50,000	50,000	—	—
Coastal Community Development	—	173,600	173,600	—	—
Sea Grant Program	—	559,000	559,000	—	—
Total College of Earth Ocean and Environment	—	782,600	782,600	—	—
College of Education and Human Development:					
Clinical Instruction in Teacher Education	—	243,300	243,300	—	—
The College School	—	93,600	93,600	—	—
Delaware Center for Teacher Education	—	346,000	346,000	—	—
Delaware Education Research/Development Center	—	235,100	235,100	—	—
Early Childhood Education	—	116,500	116,500	—	—
Early Learning Center	—	431,900	431,900	—	—
Educational Management and Government Training	—	180,100	180,100	—	—
Graduate Education-Southern Delaware	—	38,000	38,000	—	—
Math/Science Education for Delaware Teachers	—	460,500	460,500	—	—
Milford Professional Development School	—	119,500	119,500	—	—
Public Service Assistantships	—	66,000	66,000	—	—
Total College of Education and Human Development	—	2,330,500	2,330,500	—	—

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended
Year ended June 30, 2012

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u> (a)	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>
College of Engineering:					
Biotechnology	—	392,494	392,494	—	—
CEEP Set Policy	—	134,444	134,444	—	—
Information Technology Partnership	—	360,162	360,162	—	—
Total College of Engineering	—	887,100	887,100	—	—
College of Health Sciences:					
Nurse Practitioner	—	228,650	228,650	—	—
Nursing Program Expansion	—	276,650	276,650	—	—
Total College of Health Sciences	—	505,300	505,300	—	—
Other Programs:					
Biotechnology Institute	—	502,900	502,900	—	—
Diversity Enhancement	—	251,900	251,900	—	—
Improved Campus Security	—	87,200	87,200	—	—
Library Automation	—	44,200	44,200	—	—
Software License Support	—	267,400	267,400	—	—
Undergraduate Multimedia Instruction	—	173,200	173,200	—	—
Total Other Programs	—	1,326,800	1,326,800	—	—
	—	102,311,800	102,311,800	—	—
Government appropriations – State scholarships:					
General Scholarships	—	3,073,700	3,073,700	—	—
Scholarship Fund	—	2,507,300	2,507,300	—	—
Academic Incentive Program	—	114,600	114,600	—	—
Aid to Needy Students	—	1,940,400	1,940,400	—	—
Delaware Scholars Program	—	200,000	200,000	—	—
Service Learning Scholarships	—	200,000	200,000	—	—
Title VI Compliance	—	1,742,400	1,742,400	—	—
Student Employment Program	—	136,900	136,900	—	—
Delaware Research Scholars Program	—	150,000	150,000	—	—
Study Abroad	—	50,000	50,000	—	—
	—	10,115,300	10,115,300	—	—
Grand total current funds	\$ —	112,427,100 (a)	112,427,100	—	—

Note:

- (a) In addition to general appropriated funds received, the State of Delaware also provided auto, fire, and other insurance coverage with an estimated premium value of \$912,987.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Capital Improvement Funds Appropriated, Received, and Expended

Year ended June 30, 2012

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>	
Plant funds – capital improvements:						
Act of 2009	\$ —	2,989,743	2,989,743	—	—	(a)
Act of 2010	—	651,323	651,323	—	—	(b)
Act of 2011	—	248,138	248,138	—	—	(c)
Act of 2012	—	—	—	—	—	(d)
Grand total plant funds	\$ <u>—</u>	<u>3,889,204</u>	<u>3,889,204</u>	<u>—</u>	<u>—</u>	

Note:

- (a) In the Capital Improvement Act of 2009, the State of Delaware appropriated \$5,000,000 to the University of Delaware for Alison Hall Renovations. Funds must be expended by June 30, 2013.
- (b) In the Capital Improvement Act of 2010, the State of Delaware appropriated \$1,000,000 to the University of Delaware for Alison Hall Renovations. Funds must be expended by June 30, 2013.
- (c) In the Capital Improvement Act of 2011, the State of Delaware appropriated \$1,000,000 to the University of Delaware for Alison Hall Renovations; the State of Delaware also appropriated \$2,000,000 to the University of Delaware for the Chrysler site which is now referred to as the Science, Technology and Advance Research (STAR) Campus. Funds must be expended by June 30, 2013.
- (d) In the Capital Improvement Act of 2012, the State of Delaware appropriated \$9,500,000 to the University of Delaware for Alison Hall Renovations; the State of Delaware also appropriated \$4,000,000 to the University of Delaware for the NIH Animal Care Facility. Funds must be expended by June 30, 2014.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Agency Funds Appropriated, Received, and Expended

Year ended June 30, 2012

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>
Delaware Geological					
Survey – 2011/2012:					
Salaries and wages	\$ —	1,414,293	1,414,293	—	—
Travel	—	5,951	1,730	—	4,221
Supplies and expense	—	83,631	74,611	—	9,020
Federal cooperative program	—	98,125	90,125	—	8,000
Rivermaster program	44,615	91,900	110,180	—	26,335
	<u>\$ 44,615</u>	<u>1,693,900</u>	<u>1,690,939</u>	<u>—</u>	<u>47,576</u> (a)

The Delaware Geological Survey is a separate State agency under the general charge and direction of the University of Delaware, and therefore, the Delaware Geological Survey appropriations are not included in the statement of State of Delaware general funds appropriated, received, and expended.

Notes:

- (a) At June 30, 2012, the ending balance consisted of \$47,576 in encumbered funds.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Notes to the Statements of State of Delaware General Funds Appropriated, Received, and Expended;
State of Delaware Capital Improvement Funds Appropriated, Received, and Expended; and
State of Delaware Agency Funds Appropriated, Received, and Expended, and Supplemental Data

Year ended June 30, 2012

Summary of Significant Accounting Policies

Basis of Presentation

The statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended by the University of Delaware were prepared on the cash basis of accounting, and accordingly, certain revenues and related assets are recognized when received rather than when earned, and certain expenses are recognized when paid rather than when the obligation is incurred.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures

Year ended June 30, 2012

Education and general:	
Instruction	\$ 46,310,300
Research	7,556,434
Public service	5,150,788
Academic support	13,797,529
Student services	2,957,932
Operation and maintenance of plant	17,417,264
Institutional support	9,121,553
Student aid – scholarships	7,836,000
Title VI compliance scholarships	1,724,400
Service learning scholarships	25,000
Student employment program	127,525
Study abroad – Delaware residents	50,000
Scholarship – other	<u>352,375</u>
Grand total	\$ <u><u>112,427,100</u></u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2012

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general:			
Instruction:			
College of Agriculture and Natural Resources	\$ 1,618,541	1,618,541	—
College of Arts and Sciences	17,200,262	16,965,573	234,689
Alfred Lerner College of Business and Economics	1,880,250	1,880,250	—
College of Earth, Ocean, and Environment	1,106,421	1,106,421	—
College of Engineering	1,315,222	1,315,222	—
College of Education and Human Development	3,830,048	3,494,299	335,749
College of Health Sciences	2,615,819	2,615,819	—
Professional and Continuing Studies	334,764	334,764	—
Special Instructional Projects	2,758,735	2,677,953	80,782
Academic Affairs and International Programs	417,459	417,459	—
Benefits	13,232,779	13,232,779	—
	<u>46,310,300</u>	<u>45,659,080</u>	<u>651,220</u>
Research:			
Agricultural Experiment Station	462,213	203,767	258,446
Sea Grant Program	419,693	419,693	—
Poultry Disease Research	1,029,501	569,065	460,436
Center for Translational Cancer Research	255,807	202,225	53,582
Delaware Education Research and Development Center	208,130	101,183	106,947
Carvel Research and Education Center	763,841	265,943	497,898
College of Agriculture and Natural Resources	2,318,802	2,318,802	—
College of Arts and Sciences	248,646	248,646	—
College of Health Sciences	46,484	46,484	—
College of Earth, Ocean, and Environment	17,784	17,784	—
College of Engineering	44,528	44,528	—
College of Education and Human Development	2,833	2,833	—
Benefits	1,738,172	1,738,172	—
	<u>7,556,434</u>	<u>6,179,125</u>	<u>1,377,309</u>
Public service:			
Agricultural Extension Service	2,078,960	1,939,160	139,800
Agricultural Environmental Quality	4,995	—	4,995
Soil Testing/Pesticide Control	121,918	119,841	2,077
Public Policy	1,118,100	1,078,444	39,656
College of Engineering	101,852	101,852	—
Public Service Assistantships	308,089	308,089	—
Coastal Community Development	142,658	105,215	37,443
Benefits	1,274,216	1,274,216	—
	<u>5,150,788</u>	<u>4,926,817</u>	<u>223,971</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2012

	Total	Wages and benefits	Other
Academic support:			
Library	\$ 5,720,050	5,617,466	102,584
University Media Services	580,388	580,388	—
Office of Vice President for Information Technologies	150,494	150,494	—
Student Special Services	213,064	213,064	—
Research Coordination	1,290,690	1,290,690	—
College of Engineering	4,954	4,954	—
Office of Vice President for Academic Programs	209,933	209,933	—
College Administration	1,418,332	1,418,332	—
Graduate Studies	116,415	116,415	—
Benefits	4,093,209	4,093,209	—
	<u>13,797,529</u>	<u>13,694,945</u>	<u>102,584</u>
Student services:			
Student Life	126,269	126,269	—
Admissions and Financial Aid	968,804	968,804	—
University Registrar	355,411	355,411	—
Counseling and Student Development	102,893	102,893	—
Career Services Center	442,632	442,632	—
Foreign Student and Scholar Services	76,679	76,679	—
Benefits	885,244	885,244	—
	<u>2,957,932</u>	<u>2,957,932</u>	<u>—</u>
Operations and maintenance of plant:			
Administration and Supervision	498,861	498,861	—
Building Services	4,771,538	4,771,538	—
Repairs and Maintenance	5,399,596	5,399,596	—
Grounds Services	1,454,965	1,454,965	—
Facilities Planning and Construction	79,703	79,703	—
Benefits	5,212,601	5,212,601	—
	<u>17,417,264</u>	<u>17,417,264</u>	<u>—</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2012

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Institutional support:			
Office of Executive Vice President and University Treasurer	\$ 706,229	706,229	—
Student Life	327,209	327,209	—
Office of Vice President for Finance and Administration	732,771	732,771	—
Office of Vice President for Information Technologies	958,706	691,306	267,400
Employee Relations	22,716	22,716	—
Public Safety	2,735,822	2,648,622	87,200
Supporting Services	297,568	297,568	—
Environmental Health and Safety	370,252	370,252	—
Institutional Research and Planning	152,331	152,331	—
Other General Institutional Expense	192,887	192,887	—
Benefits	2,625,062	2,625,062	—
	<u>9,121,553</u>	<u>8,766,953</u>	<u>354,600</u>
Student aid – scholarships	7,836,000	—	7,836,000
Title VI compliance scholarships	1,724,400	—	1,724,400
Service learning scholarships	25,000	—	25,000
Student employment program	127,525	127,525	—
Study abroad – Delaware residents	50,000	—	50,000
Scholarship – other (a)	352,375	81,104	271,271
	<u>10,115,300</u>	<u>208,629</u>	<u>9,906,671</u>
Grand total	<u>\$ 112,427,100</u>	<u>99,810,745</u>	<u>12,616,355</u>

Note:

- (a) Includes \$18,000 of Title VI Compliance and \$9,375 of Student Employment Program administrative expenditures.

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Capital Improvements Appropriations

Year ended June 30, 2012

	<u>Original appropriations</u>	<u>Appropriations expended during the year ended June 30, 2012</u>	<u>Appropriations expended through June 30, 2011</u>	<u>Returned to State of Delaware</u>	<u>Unexpended appropriations at June 30, 2012</u>
Capital improvements:					
Act of 2009:					
Alison Hall	\$ 5,000,000	(2,989,743)	(1,470,487)	—	539,770
	<u>\$ 5,000,000</u>	<u>(2,989,743)</u>	<u>(1,470,487)</u>	<u>—</u>	<u>539,770</u>
Act of 2010:					
Alison Hall	\$ 1,000,000	(651,323)	—	—	348,677
	<u>\$ 1,000,000</u>	<u>(651,323)</u>	<u>—</u>	<u>—</u>	<u>348,677</u>
Act of 2011:					
Alison Hall	\$ 1,000,000	—	—	—	1,000,000
Chrysler	2,000,000	(248,138)	(495,863)	—	1,255,999
	<u>\$ 3,000,000</u>	<u>(248,138)</u>	<u>(495,863)</u>	<u>—</u>	<u>2,255,999</u>
Act of 2012:					
Alison Hall	\$ 9,500,000	—	—	—	9,500,000
Animal Care Facility	4,000,000	—	—	—	4,000,000
	<u>\$ 13,500,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>13,500,000</u>

See accompanying independent auditors' report.



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Board of Trustees
University of Delaware:

We have audited the statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2012, and have issued our report thereon dated November 7, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

Management of the University is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the University's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements listed above, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of University's internal control over financial reporting.

A deficiency in internal control over financial reporting exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The



results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the University in a separate letter dated November 7, 2012.

This report is intended solely for the information and use of the Board of Trustees and management of the University of Delaware; pass-through entities; and the Governor, Attorney General, Controller General, Budget Director, Department of Finance, and the Auditor of Accounts of the State of Delaware, and is not intended to be and should not be used by anyone other than these specified parties. However, under Del C., Section 10002(d), this report is a public record and its distribution is not limited.

KPMG LLP

November 7, 2012