



UNIVERSITY OF DELAWARE

Consolidated Financial Statements and
Information on Federal Awards

June 30, 2018

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

Table of Contents

	Page
Independent Auditors' Report	1
Consolidated Balance Sheet	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7
Schedule of Expenditures of Federal Awards	33
Notes to Schedule of Expenditures of Federal Awards	47
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 <i>Government Auditing Standards</i>	49
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	51
Schedule of Findings and Questioned Costs	54



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Trustees
University of Delaware

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of the University of Delaware and its subsidiaries, which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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 consolidated financial statements.

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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the University of Delaware and its subsidiaries as of June 30, 2018, and the changes in their net assets, their functional expenses, and their cash flows for the year then ended in accordance with U.S. generally accepted accounting principles.

***Report on Summarized Comparative Information***

We have previously audited the University of Delaware's 2017 consolidated financial statements, and we expressed an unmodified audit opinion on those consolidated financial statements in our report dated November 10, 2017. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2017 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 on our consideration of the University of Delaware'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 solely 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 effectiveness of the University of Delaware's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University of Delaware's internal control over financial reporting and compliance.

KPMG LLP

Philadelphia, Pennsylvania
December 3, 2018

UNIVERSITY OF DELAWARE

Consolidated Balance Sheet

June 30, 2018

(with summarized comparative financial information
for the year ended June 30, 2017)

(Dollars in thousands)

Assets	2018	2017
Cash and cash equivalents	\$ 85,022	51,024
Accounts and notes receivable, net	41,360	45,409
Prepaid expenses and inventories	1,974	5,811
Contributions receivable, net	35,244	26,983
Restricted deposits	199,811	50,124
Student loan receivables, net	12,199	13,266
Investments	1,924,752	1,865,325
Funds held in trust by others	77,067	74,131
Property, plant, and equipment, net	1,580,965	1,506,826
Total assets	<u>\$ 3,958,394</u>	<u>3,638,899</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable and accrued liabilities	\$ 115,376	89,047
Deferred revenue and student deposits	28,926	21,812
Long-term debt and capital leases	732,906	524,210
Postemployment benefit obligations	497,803	550,410
Other liabilities	71,603	81,370
Total liabilities	<u>1,446,614</u>	<u>1,266,849</u>
Net assets:		
Unrestricted	1,372,661	1,292,198
Temporarily restricted	706,222	660,014
Permanently restricted	432,897	419,838
Total net assets	<u>2,511,780</u>	<u>2,372,050</u>
Total liabilities and net assets	<u>\$ 3,958,394</u>	<u>3,638,899</u>

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Activities

Year ended June 30, 2018
(with summarized comparative financial information
for the year ended June 30, 2017)

(Dollars in thousands)

	2018			2017
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Operating revenue:				
Tuition and fees	\$ 610,320	—	—	610,320
Less scholarships and fellowships	(165,596)	—	—	(165,596)
Net tuition and fees	444,724	—	—	444,724
Sales and services of auxiliary enterprises, net	136,607	—	—	136,607
Grants, contracts, and other exchange transactions	181,600	—	—	181,600
State operating appropriations	118,794	—	—	118,794
Contributions	12,218	12,997	—	25,215
Endowment distributions	51,422	7	—	51,429
Other investments income	20,386	75	—	20,461
Other revenue	44,782	—	—	44,782
Net assets released from restrictions	11,954	(11,954)	—	—
Total operating revenue	1,022,487	1,125	—	1,023,612
Operating expenses:				
Salaries and wages	468,823	—	—	468,823
Benefits	182,133	—	—	182,133
Supplies and general	232,487	—	—	232,487
Travel	29,002	—	—	29,002
Depreciation and amortization	73,586	—	—	73,586
Loss on disposals and other write-offs	10,382	—	—	10,382
Interest	21,887	—	—	21,887
Total operating expenses	1,018,300	—	—	1,018,300
Change in net assets from operating activities	4,187	1,125	—	5,312
Nonoperating activities:				
Investment return in excess of endowment distributions	12,655	28,693	3,188	44,536
Contributions restricted for endowment and capital	414	17,830	11,529	29,773
State capital appropriations	827	—	—	827
Postemployment costs other than service costs	(30,398)	—	—	(30,398)
Other changes in postemployment benefit obligations	86,604	—	—	86,604
Other, net	2,554	2,180	(1,658)	3,076
Net assets released from restrictions	3,620	(3,620)	—	—
Change in net assets	80,463	46,208	13,059	139,730
Net assets at beginning of year	1,292,198	660,014	419,838	2,372,050
Net assets at end of year	\$ 1,372,661	706,222	432,897	2,511,780

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE
Consolidated Statement of Functional Expenses
Year ended June 30, 2018
(with summarized comparative financial information
for the year ended June 30, 2017)
(Dollars in thousands)

	2018										
	Instruction and departmental research	Sponsored research	Extension and public service	Academic support	Student services	General institutional support	Student aid	Auxiliary enterprises	Total	2017 Total	
Operating expenses:											
Expenses:											
Salaries and wages	\$ 251,047	66,627	26,412	39,465	18,999	53,271	4,111	8,891	468,823	441,762	
Benefits	85,046	19,052	8,927	16,532	6,903	22,671	20	3,325	162,476	154,086	
Postemployment benefits	12,625	1,945	883	1,502	512	1,937	—	253	19,657	23,237	
Benefits	97,671	20,997	9,810	18,034	7,415	24,608	20	3,578	182,133	177,323	
Supplies and general	79,291	50,846	13,974	13,989	12,203	31,825	388	73,158	275,674	261,572	
Information processing	2	—	—	—	2,651	12,747	—	—	15,400	14,477	
Scholarships, fellowships, and awards	—	—	—	—	—	—	3,071	—	3,071	2,849	
Internal service (credits) charges	(22,147)	(6,129)	(1,140)	(3,720)	(2,964)	(24,481)	—	(1,077)	(61,658)	(61,740)	
Supplies and general	57,146	44,717	12,834	10,269	11,890	20,091	3,459	72,081	232,487	217,158	
Travel	18,852	3,507	1,837	1,675	1,317	1,596	65	153	29,002	27,349	
Depreciation and accretion	20,854	13,664	737	12,181	1,969	3,555	—	21,492	74,452	71,164	
Amortization of bond discount (premium)	(21)	23	—	—	(33)	—	—	(835)	(866)	(881)	
Depreciation, accretion, and amortization	20,833	13,687	737	12,181	1,936	3,555	—	20,657	73,586	70,283	
Loss on disposals and other write-offs	7,258	140	73	2,886	—	6	—	19	10,382	438	
Interest	3,454	435	—	—	64	23	—	17,911	21,887	20,582	
Total operating expenses	\$ 456,261	150,110	51,703	84,510	41,621	103,150	7,655	123,290	1,018,300	954,895	

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Consolidated Statement of Cash Flows

Year ended June 30, 2018
(with summarized comparative financial information
for the year ended June 30, 2017)

(Dollars in thousands)

	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 139,730	159,924
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation, amortization, and loss on disposals	85,932	69,901
Change in postemployment benefit obligations and other nonoperating activities	(51,117)	17,184
Net realized and unrealized gains	(96,469)	(163,221)
Change in fair value of swap	(7,591)	(11,983)
Gifts of equipment	(414)	(1,051)
State capital appropriations	(827)	(5,781)
Contributions restricted for endowment and capital	(29,160)	(8,061)
Endowment income restricted for reinvestment	(200)	(316)
Changes in operating assets and liabilities:		
Accounts and notes receivable, net	4,049	(16,667)
Prepaid expenses and inventories	3,837	(207)
Contributions receivable, net	3,792	2,320
Accounts payable, accrued and other liabilities	8,781	(3,539)
Deferred revenue and students deposits	7,114	7,614
Postemployment benefit obligations	3,600	7,132
Net cash provided by operating activities	<u>71,057</u>	<u>53,249</u>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	1,548,329	1,366,470
Purchases of investments	(1,514,224)	(1,427,032)
Acquisitions of property, plant, and equipment	(114,174)	(97,252)
Disbursements of loans to students	(1,167)	(1,897)
Repayments of loans by students	2,234	2,305
Net cash used in investing activities	<u>(79,002)</u>	<u>(157,406)</u>
Cash flows from financing activities:		
Repayments of principal on long-term debt and capital leases	(23,041)	(15,241)
Net proceeds from issuance of long-term debt	199,002	—
State capital appropriations	827	5,781
Endowment income restricted for reinvestment	200	316
Contributions restricted for endowment and capital	17,107	9,113
(Advances) repayments from federal government for student loans	(2,465)	166
Change in restricted deposits	(149,687)	33,466
Net cash provided by financing activities	<u>41,943</u>	<u>33,601</u>
Net increase (decrease) in cash and cash equivalents	33,998	(70,556)
Cash and cash equivalents, beginning of year	<u>51,024</u>	<u>121,580</u>
Cash and cash equivalents, end of year	\$ <u>85,022</u>	\$ <u>51,024</u>
Supplemental disclosure of cash flow information:		
Interest paid, net of amounts capitalized	\$ 22,563	23,035
Construction – Accounts payable	\$ 24,607	9,770
Property additions through capital leases	\$ 33,508	—

See accompanying notes to consolidated financial statements.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(1) Summary of Significant Accounting Policies

(a) Description of Operations

The University of Delaware (the University), a privately chartered university with public support, is a doctoral/research institution-extensive, land-grant, sea-grant, space-grant, and urban-grant institution. The University, with origins in 1743, was chartered by the State of Delaware (the State) in 1833. A Women's College was opened in 1914, and in 1945, the University became permanently coeducational. The main campus is located in Newark, Delaware, a suburban community of 31,500, situated midway between Philadelphia and Baltimore. Courses are also offered at other locations throughout the State, including Wilmington, Lewes, Dover, Milford, and Georgetown.

The University receives an annual operating and capital appropriation from the State of Delaware. The University also participates in certain benefit plans of the State (note 11).

The significant accounting principles and practices followed by the University are presented below to assist the reader in analyzing the consolidated financial statements and accompanying notes.

(b) Basis of Presentation and Consolidation

The consolidated financial statements include the accounts of the various academic and support divisions and other affiliated entities, including 1743 Holdings, LLC; Blue Hen Wind, Inc.; and Blue Hen Hotel LLC, controlled by the University. 1743 Holdings, LLC was created as a wholly owned subsidiary of the University for the purpose of purchasing and managing a 272-acre site, which is contiguous to the University's 968-acre Newark campus. Blue Hen Wind, Inc. operates a wind turbine adjacent to the University's Hugh R. Sharp campus in Lewes. Blue Hen Hotel LLC is a limited liability company originally formed on May 4, 2001. It was formed for the sole purpose of developing, managing, and operating a 125-room Courtyard Marriott Hotel adjacent to the Clayton Hall Conference Facility located in Newark, Delaware and owned by the University. All significant inter-entity activities and balances are eliminated for financial reporting purposes.

The consolidated statements of activities and functional expenses for the year ended June 30, 2018 is presented with certain summarized comparative information for the year ended June 30, 2017 in total but not by net asset class nor by function. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles (U.S. GAAP). Accordingly, such information should be read in conjunction with the University's consolidated financial statements for the year ended June 30, 2017 from which the summarized information was derived. Internal service (credits) charges included on the consolidated statement of functional expenses represent expense allocations from its internal service centers to other functions and classes.

Net assets, revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Restricted gifts, which may be expended only for the purpose indicated by the donor/grantor, are maintained in separate accounts in the University's system. Accordingly, net assets of the University and changes therein are classified and reported as follows:

- Unrestricted net assets – Net assets that are not subject to donor-imposed stipulations.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

- Temporarily restricted net assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the University and/or the passage of time.
- Permanently restricted net assets – Net assets subject to donor-imposed stipulations that are maintained permanently by the University. Generally, the donors of these assets permit the University to use all of, or part of, the total investment return on related investments for general or specific purposes.

In addition to the three primary consolidated financial statements presented under U.S. GAAP for not-for-profit organizations, the consolidated statement of functional expenses presents expenses by natural classification within functional categories. Operation and maintenance of plant, depreciation and accretion expense, and disposals are allocated based on square footage. Postemployment and fringe benefit expenses are allocated based on salaries and wages. Interest expense and amortization of bond discount are allocated to the functional classification that benefited from the use of the proceeds of the debt. Operation and maintenance of plant costs were approximately \$65,434,000 and \$61,608,000 and fund-raising costs were approximately \$21,131,000 and \$17,901,000 for the years ended June 30, 2018 and 2017, respectively.

Revenue is reported as increases in unrestricted net assets unless its use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions that reflect reclassifications from temporarily restricted net assets to unrestricted net assets. Releases from restrictions are presented as either operating or nonoperating. Nonoperating releases represent capital gifts for which the related assets were placed into service, and operating releases represent utilization of restricted gifts for program and operating purposes and related pledge payments.

(c) Cash and Cash Equivalents

Cash and cash equivalents include all highly liquid, interest-bearing deposits and short-term investments with maturities of three months or less at time of purchase, excluding amounts held for long-term investments, as disclosed in notes 4 and 5.

(d) Contributions

Contributions, including unconditional promises to give, are recognized as revenue in the period received. Unconditional promises to give are recognized initially at fair value giving consideration to anticipated future cash receipts and discounting such amounts at a risk-adjusted rate. Amortization of the discount is included in contributions revenue. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at their estimated fair value.

Allowance is made, if necessary, for uncollectible contributions receivable based upon management's judgment and analysis of the creditworthiness of the donors, past collection experience, and other relevant factors.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

Contributions received with donor-imposed restrictions that are met in the same year as received are reported as revenue in unrestricted net assets. Income and realized and unrealized net gains (losses) on investments of donor-restricted endowment and similar funds are reported as follows:

- Changes in permanently restricted net assets if the terms of the gift or the University's interpretation of relevant state law require that they be added to the principal of a permanent endowment fund
- Changes in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income or the income is not available to be used until appropriated by the University under state law

(e) *Split-Interest Agreements and Interests in Trusts*

The University's split-interest agreements with donors consist primarily of irrevocable charitable remainder trusts and charitable gift annuity agreements for which the University serves as trustee. Assets held under these arrangements are included in investments and are recorded at fair value. Contribution revenue is recognized at the date the trusts or agreements are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. The liabilities are adjusted during the terms of the trusts for changes in the values of the assets, accretion of the discounts, and other changes in estimates of future benefits.

The University is also the beneficiary of certain perpetual and remainder trusts held and administered by others. The fair values of the trusts are recognized as assets and contribution revenue at the dates the trusts are established. The assets held in these trusts are included in funds held in trust by others and are adjusted for changes in the fair value of the trust assets.

(f) *Tuition and Fees and Student Financial Aid*

Tuition and fees are recorded as revenue during the year the related academic services are rendered. Tuition and fees received in advance of services are recorded as deferred revenue and student deposits. The University provides financial aid to eligible students, generally in an "aid package" that includes loans, compensation under work-study programs, and/or grant and scholarship awards. The loans are provided primarily through programs of the U.S. government (including direct and guaranteed loan programs) under which the University is responsible only for certain administrative duties. These direct and guaranteed loans are not reflected on the University's consolidated financial statements as the loans are issued to the students. Grants and scholarships include awards provided from gifts and grants from private donors, income earned on endowment funds restricted for student aid, and the University's funds.

(g) *Auxiliary Enterprises*

The operation of auxiliaries is supplementary to the primary educational function of the University. Revenue of auxiliary enterprises, which is recognized as services are rendered, provides for debt service and renewal and replacement of equipment. Auxiliary operations primarily include the residence and dining halls, the bookstore, and student health services.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(h) Grants and Contracts

Revenue under grants and contracts with sponsors is recognized as expenditures are incurred. This revenue includes recoveries of facilities and administrative costs, which are generally determined as a negotiated or agreed-upon percentage of direct costs, with certain exclusions.

(i) Investments

Investments are stated at fair value or estimated fair value using net asset value as a practical expedient, as described in notes 4 and 5. Other investment income, including dividend and interest, is recognized when earned.

(j) Property, Plant, and Equipment

Property, plant, and equipment are stated at cost, if purchased, or at estimated fair value at the date of gift, if donated, less accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the estimated useful lives of the assets or the lease term, if shorter. Land, including land deeded by the Board of Trustees of Delaware College to the State in the early 1900s and thereafter, used by the University is not depreciated. Costs of major renovations to buildings are capitalized. Costs of equipment in excess of \$5,000 with a useful life expectancy of more than one year are also capitalized. Repairs and maintenance costs are expensed as incurred. Costs relating to retirement, disposal, or abandonment of assets where the University had a legal obligation to perform activities are accrued using site-specific information.

Interest on borrowings is capitalized from the date of the borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use or the borrowing is retired, whichever occurs first. Capitalized interest is amortized over the useful life of the qualifying asset.

(k) Nonoperating Activities

Nonoperating activities include investment gains and losses, net of endowment distributions for operations; contributions and appropriations for endowment and plant purposes; the operations of subsidiaries ancillary to the University's mission, as discussed in Note 1(b); changes in postemployment benefit and asset retirement obligations; and nonrecurring or unusual transactions.

(l) Income Taxes

The University and its affiliates have been recognized by the Internal Revenue Service (IRS) as exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code except for taxes on income from activities unrelated to its exempt purpose. Accordingly, no provisions for income taxes have been made in the accompanying consolidated financial statements. Management has analyzed the tax positions taken by the University and has concluded that as of June 30, 2018 and 2017, there are no uncertain positions. The University is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

(m) Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements. Estimates also affect the reported amount of revenue and expenses during the reporting period. The University's most significant estimates include the fair value of investments, allowances for uncollectible accounts and contributions receivable, the actuarial assumptions used to determine postemployment benefit obligations, and allocation of functional expenses. Actual results could differ from these estimates.

(n) Refundable Advances from the U.S. Government

Student loan programs provided by the U.S. government under the Federal Perkins and Nursing Student Loan program are loaned to qualified students, administered by the University, and may be reloaned after collections. These funds, which are ultimately refundable to the government and are included in other liabilities, aggregated \$13,171,000 and \$15,636,000 as of June 30, 2018 and 2017, respectively.

(o) Derivative Financial Instruments

The University uses interest rate swap agreements to manage interest rate risk associated with certain variable-rate debt or to adjust its debt structure. Derivative financial instruments are measured at fair value and recognized in the consolidated balance sheet as assets or liabilities, with changes in fair value recognized in the consolidated statement of activities.

(p) Recently Issued Accounting Standards

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which reduces the number of net asset classes, requires the presentation of expenses by natural class and by function, and enhances the qualitative and quantitative disclosures around liquidity. The ASU is effective for the University in fiscal 2019.

On February 25, 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The objective of the ASU is to increase transparency and comparability in financial reporting by requiring balance sheet recognition of leases and note disclosure of certain information about lease arrangements. ASU No. 2016-02 is applicable for the University in fiscal year 2020.

The FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. This ASU establishes principles for reporting useful information to users of financial statements about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. Particularly, that an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Topic 606 is effective for the University in fiscal year 2019.

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

(2) Contributions Receivable

Contributions receivable as of June 30, 2018 and 2017 are summarized as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Amounts due in:		
Less than one year	\$ 7,829	9,461
One to five years	21,799	18,707
Over five years	<u>10,637</u>	<u>132</u>
	40,265	28,300
Less:		
Allowance for uncollectible pledges	(500)	(700)
Unamortized discounts	<u>(4,521)</u>	<u>(617)</u>
	<u>\$ 35,244</u>	<u>26,983</u>

Contributions to be received after one year are discounted at discount rates ranging from 1.1% to 3.5% for the years ended June 30, 2018 and 2017, respectively.

(3) Restricted Deposits

Restricted deposits as of June 30, 2018 and 2017 consisted of the following (in thousands):

	<u>2018</u>	<u>2017</u>
Unexpended bond proceeds	\$ 175,914	20,749
Debt service reserve funds	20,536	24,334
Other deposits	<u>3,361</u>	<u>5,041</u>
	<u>\$ 199,811</u>	<u>50,124</u>

The unexpended bond proceeds represent the amount of unspent bond proceeds that remain on deposit. Approximately \$171,000 are related to the 2018 general obligation bonds and are held by the University, to be used in financial certain capital projects, with the remainder being held with the trustee. Under terms of the trust agreement, these proceeds are not released to the University until expenditures related to the specific purpose of the bond indenture have occurred. The unexpected bond proceeds amounts are generally invested in cash equivalents and short-term U.S. government or commercial securities with maturities that support the anticipated cash flow of the underlying construction projects.

Debt service reserve funds are also held with the trustee. The University transfers funds to the trustee in accordance with bond covenant agreements to meet future bond payments. These funds remain on deposit until scheduled interest payments and scheduled or optional redemption principal payments are made, as

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

disclosed in note 9. These funds are generally invested in cash equivalents and short-term U.S. government securities.

(4) Investments

Investments are recorded at fair value, or estimated fair value as a practical expedient, as described in note 5. The fair value by investment class as of June 30, 2018 and 2017 was as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Money market and other liquid funds	\$ 44,093	33,974
U.S. government obligations	146,628	191,189
Corporate obligations	281,114	218,870
Stock and convertible securities	412,438	420,943
International equity investments	96,500	87,426
Limited partnerships and limited liability corporations (LLCs)	937,659	907,658
Other	<u>6,320</u>	<u>5,265</u>
Total	\$ <u>1,924,752</u>	<u>1,865,325</u>

Included in the investments table above is \$6,576,000 and \$6,533,000 of annuity and life-income funds at June 30, 2018 and 2017, respectively.

The asset allocation of the University's investments involves exposure to a diverse set of markets. The investments within these markets involve various risks, such as interest rate, market, sovereign, and credit risks. The University anticipates that the value of its investments may, from time to time, fluctuate substantially as a result of these risks.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

Net Asset Value as a Practical Expedient for Fair Value

The following table presents the attributes of the University's alternative investments, which are stated at net asset value as a practical expedient for fair value, as reported by the funds (in thousands):

	<u>2018</u>	<u>2017</u>	<u>Estimated remaining lives (years)</u>	<u>As of June 30, 2018 unfunded commitments</u>	<u>Redemption frequency</u>	<u>Redemption notice frequency</u>
Limited partnerships and LLCs:						
U.S. corporate debt funds	\$ 82,053	79,540	—	\$ —	Monthly	45 Days
International equity funds	266,718	259,728	—	—	Monthly	10 Days
Multistrategy hedge funds	41,964	36,878	—	—	Annually	100 Days
Long-short hedge funds	174,667	187,039	—	—	Annually	90 Days
Private equity	123,428	82,588	1–13	262,421	Not eligible	N/A
Venture capital	73,816	69,111	1–15	70,480	Not eligible	N/A
Hybrid fund of funds	22,902	27,065	1–8	9,281	Not eligible	N/A
Distressed securities	43,660	43,390	1–8	15,451	Not eligible	N/A
Real estate	30,668	40,119	1–9	30,733	Not eligible	N/A
Natural resources	33,677	41,533	1–14	1,001	Not eligible	N/A
Oil and gas	44,106	40,667	1–10	15,420	Not eligible	N/A
	<u>\$ 937,659</u>	<u>907,658</u>		<u>\$ 404,787</u>		

(a) U.S. Corporate Debt Funds and International Equity Funds

These categories are investments in commingled funds that invest primarily in public debt and equity securities.

(b) Multistrategy Hedge Funds

This category includes investments in hedge funds that pursue multiple strategies to diversify risks and reduce volatility. The hedge funds that make up these funds invest in a variety of marketable securities, including stocks, bonds, credit-oriented securities, and arbitrage investments. The managers have the ability to shift investments between strategies and between net long and net short positions.

(c) Long-Short Hedge Funds

This category includes commingled funds that invest, both long and short, in a variety of instruments, including U.S. stocks, international stocks, fixed-income securities, currencies, and derivative transactions. The funds can be further broken down into the following categories: equity long/short, event-driven, credit, macro, and multistrategy funds. These investments are subject to risks, including market risk, manager risk, and liquidity risk. The goal of these investments is to provide returns that exhibit lower correlations and lower volatility than the public equity markets.

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

All of the following University limited partnerships and LLCs, paragraphs (d), (e), and (f), receive distributions through the liquidation of the underlying assets of the funds. These investments can never be redeemed. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

The University is obligated, under certain limited partnership agreements, to make additional capital contributions up to contractual levels (unfunded commitments). The timing and amounts of the contributions will be determined by the general partner of the respective limited partnership.

(d) Private Equity, Venture Capital, Hybrid Fund of Funds, and Distressed Securities

These categories include illiquid investments in buyout, mezzanine, venture capital, growth equity, and distressed debt held in commingled limited partnership funds.

(e) Real Estate

This category includes illiquid investments in residential and commercial real estate assets, projects, or land held in commingled limited partnership funds.

(f) Natural Resources and Oil and Gas

These categories include illiquid assets in timber, oil and gas production, mining, energy, and related businesses held in commingled limited partnership funds.

Investment Return

Investment return for fiscal years 2018 and 2017 was as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Dividend and interest income	\$ 28,206	24,771
Net realized and unrealized gains	96,469	163,221
External investment management fees and expenses	<u>(8,249)</u>	<u>(7,856)</u>
Investment return, net	<u>\$ 116,426</u>	<u>180,136</u>

Investment return is classified in the consolidated statement of activities as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Other investments income	\$ 20,461	17,842
Endowment distributions	51,429	51,033
Investment return in excess of endowment distributions	<u>44,536</u>	<u>111,261</u>
Investment return, net	<u>\$ 116,426</u>	<u>180,136</u>

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(5) Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability (exit price) in the principal or most advantageous market in an orderly transaction between participants at the measurement date and establishes a framework for measuring fair value.

The three levels of the fair value hierarchy are defined as follows:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than Level 1 prices such as quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities; Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The University measures its restricted deposits, investments, liabilities related to annuity and life-income funds, and interest rate swaps related to its debt using the valuation methodologies described below:

(a) Investments and Restricted Deposits

Investments and restricted deposits are recorded at fair value. Additional considerations used to categorize investments include:

Money market and other liquid funds, certain U.S. government obligations, stock and convertible securities, and international investments held directly by the University are classified as Level 1 since quoted prices in active markets are available. Corporate obligations and certain U.S. government obligations are classified as Level 2 as they are not traded in an active market but are valued using third-party vendor pricing services by custodian banks, for similar securities. Certain stock and convertible securities and international investments are classified as Level 2 because the underlying investments are held in annuity and life-income funds (see paragraph (b) below.)

Investments measured at net asset value, as a practical expedient for fair value, include the University's interests in limited partnerships and LLCs and are reported by investment managers unless it is probable that all or a portion of the investment will be sold for an amount different from net asset value. As of June 30, 2018, the University had no plans or intentions to sell investments at amounts different from net asset value. The estimated fair values are reported by the general partners or fund managers and are reviewed and evaluated by the University. These estimated fair values may differ from the values that would have used had a ready market existed for these investments and the differences could be significant.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

Other investment classes classified as Level 2 consist primarily of municipal obligations held in commingled funds, while those classified as Level 3 consist primarily of collateralized mortgage obligations and restricted real estate.

(b) Annuity and Life-Income Funds

The annuity and life-income funds assets represent the fair value of assets held in charitable gift annuities, charitable remainder annuity trusts, and charitable remainder unitrusts. These assets consist primarily of corporate obligations, stock and convertible securities, and international investments and have been classified as Level 2 using the same methodology described above for similar types of underlying assets.

The annuity and life-income funds payable represents the present value of future annuity payments due under these agreements, as calculated for each annuity using discount rates and actuarial assumptions consistent with American Counsel of Gift Annuities standards. These liabilities have been classified as Level 3 as the fair value is determined based upon a discounted cash flow methodology, which required judgment and estimation.

(c) Funds Held in Trust by Others

Funds held in trust by others represent amounts held by third parties where the University receives an income stream in perpetuity, but the assets are required to be held by a trustee. The University does not own the underlying assets, but rather has a beneficial interest in the trust. These trusts are invested in a combination of readily marketable assets, limited partnerships, and land and have been classified as Level 3 since the University maintains an interest in the trust not the underlying investments.

(d) Debt Interest Rate Swap Agreements

The fair value of the University's interest rate swaps is based on a third-party valuation independent of the counterparty using observable market data. The University considers this a Level 2 measurement.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

The following table presents the University's fair value hierarchy for financial instruments that are measured at fair value on a recurring basis, as shown on the June 30, 2018 consolidated balance sheet (in thousands):

June 30, 2018				
	Total	Level 1	Level 2	Level 3
Financial assets:				
Investments:				
Money market and other liquid funds	\$ 44,093	43,973	120	—
U.S. government obligations:				
Mortgage-backed securities	26,838	—	26,838	—
Treasury obligations	111,024	107,979	3,045	—
Other	8,766	1,313	7,453	—
	146,628	109,292	37,336	—
Corporate obligations	281,114	304	280,810	—
Stock and convertible securities	412,438	409,963	2,475	—
International investments	96,500	94,515	1,985	—
Other	6,320	2,901	—	3,419
Investments measured at net asset value ⁽¹⁾	937,659	—	—	—
Total investments	1,924,752	660,948	322,726	3,419
Restricted deposits	199,811	135,048	64,763	—
Funds held in trust by others	77,067	—	—	77,067
Total	\$ 2,201,630	795,996	387,489	80,486
Financial liabilities, included in the other liabilities:				
Annuity and life income funds payable	\$ 4,467	—	—	4,467
Interest rate swaps	17,824	—	17,824	—
Total	\$ 22,291	—	17,824	4,467

⁽¹⁾ Investments in limited partnerships and LLCs that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been categorized in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the consolidated balance sheet.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

The following table presents a reconciliation of the consolidated balance sheet amounts for financial instruments measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2018 (in thousands):

	Financial assets		Financial liabilities
	Funds held in trust by others	Other	Annuity and life income funds payable
Total at June 30, 2017	\$ 74,131	3,149	4,977
Net gains on investments	5,112	—	—
Net losses on liabilities	—	—	(67)
Purchases	22,916	559	140
Sales	(25,092)	(289)	(583)
Total at June 30, 2018	\$ <u>77,067</u>	<u>3,419</u>	<u>4,467</u>

During the year ended June 30, 2018, there were no transfers of assets between levels.

(6) Annuity and Life-Income Funds

The University held \$6,576,000 and \$6,533,000 in investments related to annuity and life income funds as of June 30, 2018 and 2017, respectively. A related liability of \$4,467,000 and \$4,977,000 as of June 30, 2018 and 2017, respectively, represents the present value of future annuity payments due under these agreements and was calculated for each annuity using discount rates and actuarial assumptions consistent with the terms of the gift. Such liabilities are included in other liabilities in the consolidated balance sheets.

The University is required by the laws of certain states to maintain reserves against charitable gift annuities. Such reserves amounted to \$2,285,000 and \$2,369,000 as of June 30, 2018 and 2017, respectively.

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

(7) Property, Plant, and Equipment

Property, plant, and equipment as of June 30, 2018 and 2017 consisted of the following (in thousands):

	<u>2018</u>	<u>2017</u>	<u>Range of useful lives (years)</u>
Land	\$ 55,534	54,366	n/a
Land improvements	78,252	75,681	15
Buildings	1,837,009	1,778,631	40
Equipment and furnishings	294,498	278,556	2–20
Library	262,765	250,603	10
Capital leasehold	46,017	46,017	29–40
Collections and works of art	8,674	8,757	n/a
Construction in progress	118,947	75,087	n/a
	<u>2,701,696</u>	<u>2,567,698</u>	
Less accumulated depreciation	<u>(1,120,731)</u>	<u>(1,060,872)</u>	
	<u>\$ 1,580,965</u>	<u>1,506,826</u>	

At June 30, 2018, the University had outstanding contractual commitments of \$63,298,000 for building and renovation projects. Interest costs associated with various construction projects of \$2,059,000 and \$1,826,000 were capitalized at June 30, 2018 and 2017, respectively.

(8) Asset Retirement Obligations

The University has asset retirement obligations arising from regulatory requirements to perform certain asset retirement activities. When an asset retirement obligation is identified, the University records the fair value of the obligation as a liability. The liability is accreted to its present value and accretion expense is recognized. The corresponding asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset and depreciated over the period of expected remediation.

The University had asset retirement obligations of \$21,395,000 and \$21,291,000 as of June 30, 2018 and 2017, respectively, which is included in other liabilities on the accompanying consolidated balance sheets. The following table reconciles the obligation as of June 30, 2018 and 2017 (in thousands):

	<u>2018</u>	<u>2017</u>
Balance at beginning of year	\$ 21,291	21,123
Additional obligations incurred	3	58
Obligations settled in current period	(1,013)	(750)
Changes in estimates, including timing	505	257
Accretion expense	609	603
Balance at end of year	<u>\$ 21,395</u>	<u>21,291</u>

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

(9) Long-Term Debt and Capital Leases

Indebtedness at June 30, 2018 and 2017 consisted of the following (in thousands):

	<u>Fiscal year of maturity</u>	<u>Interest rate(s)%</u>	<u>Outstanding principal</u>	
			<u>2018</u>	<u>2017</u>
Variable-rate debt:				
Series 2004B	2035	3.73 %	\$ 32,185	32,185
Series 2005	2036	4.32	32,925	32,925
Series 2013C	2038	4.15	57,475	57,475
Blue Hen Hotel LLC bonds	2018	6.05	—	7,050
Variable-rate debt			<u>122,585</u>	<u>129,635</u>
Fixed-rate bonds:				
Series 2009B	2027	3.00–5.00	24,040	28,645
Series 2010A taxable Build America Bonds (BABs)	2041	3.95	119,580	119,580
Series 2010B taxable	2020	2.97–3.80	4,640	6,845
Series 2013A	2034	3.00–5.00	67,270	73,535
	2044	5.00	27,825	27,825
Series 2013B taxable	2027	1.12–3.00	6,750	7,430
	2034	3.83	6,770	6,770
	2044	3.98	13,555	13,555
Series 2015	2036	4.00–5.00	24,235	25,060
	2041	5.00	11,385	11,385
	2046	5.00	14,625	14,625
Series 2018 taxable	2051	4.07	76,770	—
	2059	4.22	123,230	—
Fixed-rate debt			<u>520,675</u>	<u>335,255</u>
Capital leases	2021–2049	3.68–4.25	<u>64,027</u>	<u>31,930</u>
			707,287	496,820
Premium on long-term debt, net of debt issue costs			<u>25,619</u>	<u>27,390</u>
Long-term debt and capital leases			<u>\$ 732,906</u>	<u>524,210</u>

With the exception of the Blue Hen Hotel LLC and Series 2018 bonds, the bonds in the preceding table were primarily issued to finance capital projects associated with auxiliary services and are secured by a pledge of gross revenue received by the University from the operations of all project facilities including housing, dining, parking, and other revenue-producing facilities and mandatory student fees. The Series

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

2018 bonds are taxable unsecured general obligations of the University. All variable-rate debt referenced are subject to fixed-rate interest rate swap agreements and the corresponding interest rates for each issue include the swap rate, credit costs, and remarketing fee.

The 2004B and 2005 bonds initially bear interest at a daily rate and can be converted to bear interest at a weekly, flexible, term, or fixed rate to maturity. The daily rate of interest on June 30, 2018 was 1.55% and 1.55%, respectively.

The Series 2010A Taxable Revenue Bonds are Build America Bonds and the University receives payments from the U.S. Treasury equal to 32.6% of the corresponding interest payable on the bonds (the Subsidy Payments). For the year ended June 30, 2018, the University received Subsidy Payments of \$2,293,000, which are included in other revenue. The bonds are subject to mandatory redemption from November 1, 2028 through November 1, 2040, but are subject to optional redemption and tender for purchase prior to maturity.

The 2013C bonds were converted from a term rate to bear interest at a daily rate on May 1, 2016. The bonds can be converted to bear interest at a weekly, flexible, term, or fixed rate to maturity. The daily rate of interest on June 30, 2018 was 1.51%.

On July 6, 2017, the Blue Hen Hotel LLC Bonds were mandatorily tendered, repaid in full, and are no longer outstanding from that day forward. The University will continue to service the outstanding swap agreement associated with this debt.

On April 12, 2018, the University issued its Taxable Bonds, Series 2018. The bonds are unsecured general obligations of the University. The bonds are subject to mandatory redemption from November 1, 2041 through November 1, 2058.

The University's debt agreements require that the University meet certain financial and other covenants. The University was in compliance with these covenants as of June 30, 2018.

The University has obligations under capital leases with annual lease payments ranging from \$900,000 to \$2,169,000. As of June 30, 2018, the gross amount of assets and accumulated depreciation thereon accounted for as capital leases amounted to \$46,017,000 and \$8,457,000, respectively.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

The aggregate amount of principal payments on the University's long-term debt and capital leases are due as follows (in thousands):

2019	\$	13,653
2020		11,906
2021		14,411
2022		13,997
2023		14,642
Thereafter		<u>638,678</u>
	\$	<u><u>707,287</u></u>

The University has Standby Bond Purchase Agreements (SBPA) for the Series 2004B, 2005, and 2013C variable-rate demand bonds to provide liquidity for the purchase of the bonds should the remarketing agent be unable to sell the bonds on the open market. The SBPAs provide for the banks to purchase any outstanding bonds not remarketed for a period of up to 90 days at variable interest rates, as defined in the SBPAs. The SBPAs for the Series 2004B, 2005, and 2013C bonds expire on April 5, 2021, May 31, 2021, and April 30, 2019, respectively.

(10) Interest Rate Swap Agreements

The University has interest rate swap agreements for notional amounts of approximately \$131,935,000 and \$133,235,000 as of June 30, 2018 and 2017 (in thousands):

	Consolidated balance sheet location	Location of gain	Fair value 2018	Fair value 2017	Amount of gain	
					2018	2017
Interest rate swap agreements	Other liabilities	Other, net	\$ 17,824	25,415	7,591	11,983

A portion of the total interest rate swap liabilities reported on the consolidated balance sheet contains provisions that require the University's debt and the counterparty to maintain an investment grade credit rating from one or both of the major credit rating agencies. A downgrade of the University or the counterparty's rating may require that party to provide collateralization above a predetermined threshold on all rate swaps in net liability positions. To date, the University has not posted collateral.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(11) Employee Benefit Plans

(a) University Pension Plans – Defined Contribution

The University's 403(b) Retirement Savings Plan is available to substantially all faculty and professional employees. The University's contribution for this program is fixed at 11% of annual base salary for eligible employees who contribute a minimum of 4% of their annual salary. The policy of the University is to pay its share of the cost accrued in connection with the University's Retirement Savings Plan. As a result, there are no unfunded benefits. Pension plan expense for the University's 403(b) Retirement Savings Plan was \$32,445,000 in 2018 and \$30,482,000 in 2017.

In addition, the University also offers two additional voluntary retirement benefit plans:

The Voluntary 403(b) Retirement Plan is available to all eligible full-time and part-time employees who wish to make additional contributions to their retirement savings. Participation is voluntary and does not require a minimum contribution. The University makes no contributions to this plan, incurs no expense for the operation of this plan, and has no unfunded liability.

The Voluntary 457(b) Deferred Compensation Plan is available to all eligible full-time and part-time employees who are already making the maximum allowable contribution to the Voluntary 403(b) Retirement Plan and wish to make additional contributions to their retirement savings. The University makes no contributions to this plan, incurs no expense for the operation of this plan, and has no unfunded liability.

(b) Faculty Retirement

Faculty members subject to the current collective bargaining agreement (CBA) that expires on June 30, 2021 who qualify for retirement can elect certain additional benefits upon notice of their retirement from the University. These benefits may include a combination of retirement leave or phased retirement, and a lump-sum payment based upon years of service and salary level. Faculty retirement benefits are funded by the University on a pay-as-you-go basis.

For the years ended June 30, 2018 and 2017, the University recognized service costs related to this plan of \$3,269,000 and \$5,314,000, respectively. Postemployment costs other than service costs was \$5,646,000 in 2018 and \$8,659,000 in 2017. The University's estimated unfunded obligation related to this plan is \$64,658,000 and \$69,112,000, respectively, and is included in postemployment benefit obligations on the consolidated balance sheets as of June 30, 2018 and 2017.

The benefit obligation was determined using a discount rate of 4.20% as of June 30, 2018 and 3.62% as of June 30, 2017, and a rate of compensation increase between 2.50% and 3.00%. As of June 30, 2018, the University's expected future benefit payments for fiscal years 2019 through 2023 are \$8,973,000, \$8,973,000, \$8,895,000, \$7,093,000, and \$4,233,000, respectively.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(c) *Postemployment*

The University also provides postemployment benefits primarily for medical insurance to retired employees who are not eligible under the State Plan, as described below. The University recognizes the funded status (i.e., the difference between the fair value of plan assets and the accumulated postemployment benefit obligation) of its postemployment benefit plan in the consolidated balance sheets. Also, the University measures the fair value of plan assets and benefit obligations as of the date of the fiscal year-end consolidated balance sheets. As of June 30, 2018, the University has not funded these benefits.

Net periodic postemployment benefit cost for 2018 and 2017 includes the following components (in thousands):

	<u>2018</u>	<u>2017</u>
Operating expenses:		
Service cost	\$ 16,387	17,923
Nonoperating costs:		
Interest cost	19,358	18,974
Amortization of unrecognized loss	5,393	7,681
	<u>24,751</u>	<u>26,655</u>
Net periodic postemployment benefit cost	\$ <u>41,138</u>	<u>44,578</u>

The accumulated postemployment benefit obligation recognized in the consolidated balance sheets at June 30, 2018 and 2017 is as follows (in thousands):

	<u>2018</u>	<u>2017</u>
Accrued postemployment liability	\$ 359,065	326,715
Unrecognized net loss	74,080	154,583
Accumulated postemployment benefit obligation	\$ <u>433,145</u>	<u>481,298</u>

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

Changes in the accumulated postemployment plan benefit obligation and funding status for 2018 and 2017 are as follows (in thousands):

	2018	2017
Benefit obligation at beginning of year	\$ 481,298	428,692
Service cost	16,387	17,923
Interest cost	19,358	18,974
Amortization of unrecognized loss	5,393	7,681
Actuarial (gain) loss	(80,503)	16,221
Disbursements	(8,788)	(8,193)
Benefit obligation at end of year	<u>433,145</u>	<u>481,298</u>
Fair value of plan assets at beginning of year	—	—
Employer contributions	8,788	8,193
Benefits paid	(8,788)	(8,193)
Fair value of plan assets at end of year	<u>—</u>	<u>—</u>
Funded status at end of year – liability included in other postemployment benefit obligations on the consolidated balance sheets	\$ <u>433,145</u>	<u>481,298</u>

The accumulated postemployment benefit obligation was determined using a discount rate of 4.45% and 4.22% in 2018 and 2017, respectively. The healthcare cost trend rates used reflect the differences between pre-65 and post-65 claims were 7.5% and 8.25%, respectively, in 2018 and 7.50% and 8.00%, respectively, in 2017. This rate gradually decreases to 4.50% by the year 2026 for pre-65 and by the year 2027 for post-65 claims. The actuarial gain in 2018 relates to changes in assumptions in discount rates, mortality, healthcare cost trends, and withdrawal rates.

The impact of a one-percentage-point change in the assumed healthcare cost trend rate, while holding all other assumptions constant, would be as follows (in thousands):

	Increase	Decrease
Effect on service cost and interest cost components of net periodic postemployment benefit cost	\$ 10,307	(7,501)
Effect on benefit obligation as of June 30, 2018	87,913	(68,296)

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

At June 30, 2018, the University's expected future benefit payments for future service are as follows (in thousands):

Year ending June 30:	
2019	\$ 11,406
2020	12,580
2021	13,858
2022	15,078
2023	16,133
2024 through 2028	96,905

(d) Participation in State Retirement Plans

Salaried and hourly staff employees participate in the Delaware State Employees' Pension Plan (the State Plan), a cost sharing defined-benefit plan. The State Plan (established in 1970) is one of nine plans encompassed within the Delaware Public Employees' Retirement System (<http://www.delawarepensions.com/FinancialReports/AnnualFinancialReports.shtml>). Under the state pension statute, a mandatory pretax contribution of 5% of salary (or 3% if pension-creditable service began prior to January 1, 2012) in excess of \$6,000 per year plus 5% of salary in excess of the social security wage base is required by the employee (pension). In addition to these retirement benefits, salaried and hourly staff employees also receive postemployment healthcare benefits through the State Plan, which are funded by the State on a pay-as-you-go basis other post employment benefits (OPEB).

The University is required to pay its share of the annual premium accrued in connection with the State Plan (inclusive of Pension and OPEB), which is based upon a percentage of covered payroll. The percentage of covered payroll was 21.77% in 2018 and 22.28% in 2017. Expense recognized for the State Plan was \$13,151,000 and \$13,090,000 in 2018 and 2017, respectively.

The State Plan's financial statements and actuarial reports for June 30, 2017 (most recent available) indicate the following:

- The University has 1,324 active participants in the State Plan. The State Plan, in total, has 68,910 participants, 37,119 of which are active participants.
- The University's contribution to the State Plan in fiscal year June 30, 2017 of \$5,866,000 was approximately 3.14% of the \$186,625,000 total annual required plan employer contributions to the State Plan.
- At June 30, 2017, the State Plan had an 86.5% funded ratio of the actuarial accrued liability.
- The funding objective of the State Plan is to establish contribution rates that, over time, will remain level as a percent of payroll. The contribution rate was developed to provide for current cost (i.e., normal cost expressed as a level percent of payroll) plus level percent of payroll amortizations of each layer of the unfunded liability over a specified period. The participant organizations to the State Plan have consistently funded the full amounts required based on the actuarial valuations and specific statutory provisions.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

As disclosed in the State of Delaware's Consolidated Annual Financial Report for the year ended June 30, 2017 (most recent available), the State Plan for OPEB as of June 30, 2017 indicated the State had an unfunded actuarial accrued liability of \$8.25 billion. The University's contribution to the State Plan for OPEB in fiscal year June 30, 2017 of \$5,850,000 was approximately 2.4% of the \$240,900,000 total annual required employer contributions to the plan.

(e) *Participation in Other State Benefits*

The University maintains health insurance benefits for its employee base through the State of Delaware. Premiums are established annually by the State based upon employee elections for coverages. The University remits premiums monthly to the State. Depending on the plan selected by the employee, premiums are funded 86.75% to 96.00% by the University and 4.00% to 13.25% by employee contributions. Medical insurance expense for 2018 and 2017 was \$63,450,000 and \$61,729,000, respectively.

(12) Net Assets

Temporarily restricted net assets include the following at June 30, 2018 and 2017 (in thousands):

	2018	2017
Contributions receivable	\$ 24,715	12,687
Contributions restricted for buildings	9,262	2,550
Annuity and life-income funds	679	467
Accumulated gains on permanent endowment funds	638,982	612,384
Other time and purpose restrictions	32,584	31,926
	<u>\$ 706,222</u>	<u>660,014</u>

Permanently restricted net assets include the following at June 30, 2018 and 2017 (in thousands):

	2018	2017
Contributions receivable	\$ 10,529	14,296
Permanent loan funds	380	368
Annuity and life-income funds	1,429	1,091
Funds held in trust by others	77,067	74,131
Permanent endowment funds	343,492	329,952
	<u>\$ 432,897</u>	<u>419,838</u>

Generally, the donors of these assets permit the University to use all or part of the income earned and net appreciation on related investments for general or specific purposes, such as scholarships, faculty salaries, or other operational support.

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

(13) Endowment

The University endowment consists of approximately 1,140 individual funds established for a variety of purposes. The endowment funds are subdivided into appropriate net asset classifications. The permanently restricted endowment funds represent gifts with a stipulation by the donor that the principal not be expended. Board-designated temporarily restricted and unrestricted endowment funds represent funds where there is no requirement to maintain the principal.

(a) Interpretation of Relevant Law

Based upon its interpretation of the provisions of the State's enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA), the University classifies the portion of donor-restricted endowment funds that is not classified as permanently restricted net assets as temporarily restricted net assets unless it has previously been appropriated for use by the University in a manner consistent with the standard of prudence prescribed by UPMIFA. At the time of appropriation by the University, and provided there are no additional purpose restrictions in place, the temporarily restricted net assets will be reclassified to unrestricted net assets. The University classifies as permanently restricted net assets the historical cost value of the original donor-restricted endowment.

(b) Return Objectives and Risk Parameters

The University has adopted investment and spending policies for endowment funds that attempt to provide in perpetuity financial support of the University's educational goals. Toward that end, the University's Board of Trustees, Investment Visiting Committee, and administration have a shared mission to maximize the endowment fund's total return consistent with the University's prudent investment risk constraints. Endowment funds include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy approved by the Board of Trustees, the endowment funds are invested in a manner that is intended to achieve an average annual real return of at least 5% over time while assuming an acceptable level of investment risk. Actual returns in any year may vary from that amount. To monitor the effectiveness of the investment strategy of endowment funds, performance goals are established and monitored related to benchmark indices and returns earned by comparable endowment funds.

(c) Investment Strategy

To satisfy its long-term rate of return objectives, the University employs a total-return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current income (interest and dividends). The University's investment policy includes a target asset allocation, well-diversified among suitable asset classes, that is expected to generate, on average, the level of expected return necessary to meet endowment objectives while assuming a level of risk (volatility) consistent with achieving that return.

(d) Spending Policy

In accordance with the State's enacted version of UPMIFA, the University considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund, (2) the purposes of the University and the donor-restricted endowment fund, (3) general economic conditions, (4) the possible effect of inflation and deflation,

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

(5) the expected total return from income and the appreciation of investments, (6) other resources of the University, and (7) the investment policies of the University.

The University endowment spending policy guidelines target an annual distribution in the range of 4.0% to 5.0% of the endowment pooled portfolio average market value over the 12 trailing quarters through December 31 of the year prior to the new fiscal year. The actual rate is set annually by the Board of Trustees and was 4.14% and 4.15% at June 30, 2018 and 2017, respectively.

In establishing this policy, the University considered the long-term expected return on its funds. Accordingly, over the long-term, the University expects the current spending policy to allow its endowment to grow at a rate in excess of inflation. This is consistent with the University's objective to maintain the purchasing power of the endowment funds held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

(e) Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the original gift amount maintained as permanently restricted net assets. There were no significant deficiencies of this nature as of June 30, 2018 and 2017. Such deficiencies would be recorded in unrestricted net assets. Subsequent gains that restore the fair value of the assets of the endowment fund to the required level would be classified as an increase in unrestricted net assets.

(f) Net Asset Classification of Endowment Funds

Endowment net assets by type of fund consist of the following as of June 30, 2018 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ —	637,808	343,492	981,300
Board designated	353,656	1,174	—	354,830
	<u>\$ 353,656</u>	<u>638,982</u>	<u>343,492</u>	<u>1,336,130</u>

Endowment net assets by type of fund consist of the following as of June 30, 2017 (in thousands):

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor restricted	\$ —	611,256	329,952	941,208
Board designated	347,589	1,128	—	348,717
	<u>\$ 347,589</u>	<u>612,384</u>	<u>329,952</u>	<u>1,289,925</u>

Board-designated temporarily restricted net assets represent the income on restricted gifts to the University that the Board of Trustees has designated as endowment, but which cannot reasonably be expended within a year. As of June 30, 2018 and 2017, the amount of temporarily restricted endowment net assets, which may be used for purposes of the University as determined by the Board

UNIVERSITY OF DELAWARE
Notes to Consolidated Financial Statements
June 30, 2018
(With summarized comparative financial information
for the year ended June 30, 2017)

of Trustees, was \$431,624,000 and \$417,803,000, respectively. Additionally, \$206,184,000 and \$193,453,000 as of June 30, 2018 and 2017, respectively, is determined to be with purpose restrictions as set forth by the donors.

Changes in endowment net assets for the years ended June 30, 2018 and 2017 (in thousands) are as follows:

	<u>Unrestricted</u>	<u>Temporarily restricted</u>	<u>Permanently restricted</u>	<u>Total</u>
Endowment net assets, June 30, 2016	\$ 323,017	546,970	322,731	1,192,718
Investment return:				
Investment income	4,358	11,801	—	16,159
Net appreciation (depreciation) – realized and unrealized	<u>33,773</u>	<u>91,010</u>	<u>(40)</u>	<u>124,743</u>
Total investment return	38,131	102,811	(40)	140,902
Contributions	187	19	6,547	6,753
Endowment spending distribution	(13,936)	(37,403)	—	(51,339)
Other changes, including life income fund and other transfers	<u>190</u>	<u>(13)</u>	<u>714</u>	<u>891</u>
Endowment net assets, June 30, 2017	<u>347,589</u>	<u>612,384</u>	<u>329,952</u>	<u>1,289,925</u>
Investment return:				
Investment income	4,311	11,974	—	16,285
Net appreciation – realized and unrealized	<u>19,389</u>	<u>52,387</u>	<u>7</u>	<u>71,783</u>
Total investment return	23,700	64,361	7	88,068
Contributions	104	14	13,098	13,216
Endowment spending distribution	(13,864)	(37,777)	—	(51,641)
Other changes, including life income fund and other transfers	<u>(3,873)</u>	<u>—</u>	<u>435</u>	<u>(3,438)</u>
Endowment net assets, June 30, 2018	<u>\$ 353,656</u>	<u>638,982</u>	<u>343,492</u>	<u>1,336,130</u>

(14) Scholarship Allowance

The University provides financial assistance to eligible students to partially offset the direct costs of tuition, on-campus housing, and meal contracts. These scholarship allowances are presented as a reduction of tuition and fees.

Scholarships are funded from unrestricted resources as well as funds from donors, federal, and state governments, and endowment income restricted to use for student financial assistance.

UNIVERSITY OF DELAWARE

Notes to Consolidated Financial Statements

June 30, 2018

(With summarized comparative financial information
for the year ended June 30, 2017)

The table below identifies this financial assistance by source and by student classification for the years ended June 30, 2018 and 2017 (in thousands):

	2018			2017		
	Undergraduate	Graduate	Total	Undergraduate	Graduate	Total
Tuition:						
Unrestricted	\$ 82,317	62,566	144,883	72,776	57,980	130,756
Federal grants	820	1,373	2,193	714	1,099	1,813
State grants	10,887	95	10,982	11,081	368	11,449
Private gifts	2,167	1,202	3,369	2,284	1,938	4,222
Endow ment	3,978	191	4,169	3,935	172	4,107
Total	100,169	65,427	165,596	90,790	61,557	152,347
Student aid expenses	3,618	4,037	7,655	3,270	3,964	7,234
Total	\$ 103,787	69,464	173,251	94,060	65,521	159,581

(15) Related-Party Transactions

The University may, from time to time, do business with companies that may be associated, either directly or indirectly, with members of the University's Board of Trustees or senior management. Although not material, the University believes that these transactions are executed on terms comparable to those available from unrelated parties and are in the best interest of the University.

(16) Contingencies

The University is party to certain claims and litigation arising in the ordinary course of business. In the opinion of management, the resolution of such claims and litigation will not materially affect the University's consolidated balance sheet, statement of activities, or cash flows.

(17) Subsequent Events

In connection with the preparation of the consolidated financial statements, the University evaluated subsequent events after the consolidated balance sheet date of June 30, 2018 through December 3, 2018, which was the date the consolidated financial statements were issued, and determined no additional disclosures are required.

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Research and Development Cluster:				
US Department of Agriculture:				
Direct:				
United States Department of Agriculture	10.000		\$ —	56,157
Agricultural Research_Basic and Applied Research	10.001		—	378,259
Plant and Animal Disease, Pest Control, and Animal Care	10.025		—	43,594
Federal-State Marketing Improvement Program	10.156		—	24,858
Cooperative Forestry Research	10.202		—	113,103
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		—	1,365,107
Animal Health and Disease Research	10.207		—	11,415
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210		10,698	184,176
Higher Education Challenge Grants	10.217		22,359	80,283
Agricultural and Rural Economic Research	10.250		278,155	369,707
Specialty Crop Research Initiative	10.309		31,863	59,451
Agriculture and Food Research Initiative (AFRI)	10.310		251,639	1,606,972
Cooperative Forestry Assistance	10.664		—	167
Partnership Agreements	10.699		—	27,781
Environmental Quality Incentives Program	10.912		—	36,134
Subtotal: US Department of Agriculture – Direct			594,714	4,357,164
Pass-through:				
West Virginia University	10.000	16-710-UD	—	15,209
Cornell University	10.000	73984-10401	—	26,664
Wholesome Wave	10.000	FINI-2	—	38,620
Wholesome Wave	10.000	FINI-NYC	—	13,141
Delaware Department of Agriculture	10.000	SCBGP-FB-17-04	—	1,794
Subtotal for CFDA No. 10.000			—	95,428
Texas Beekeepers Assoc.	10.170	2017-002	—	6,054
Delaware Department of Agriculture	10.170	SCBG-FB-16-05	—	12,509
Delaware Department of Agriculture	10.170	SCBGP-FB-14-01	—	3,908
Delaware Department of Agriculture	10.170	SCBGP-FB-14-03	—	4,451
Delaware Department of Agriculture	10.170	SCBGP-FB-14-08	—	7,973
Subtotal for CFDA No. 10.170			—	34,895
Rutgers, State University of New Jersey	10.200	6174-NER17P&B-VanGessel	—	9,011
Subtotal for CFDA No. 10.200			—	9,011
Grants for Agricultural Research_Competitive Research Grants	10.206	2398-UD-USDA-2638	—	(125)
Delaware State University	10.216	14-003HEH	—	15,945
Maryland, University of	10.216	2012-20515-UDE	—	2,618
Subtotal for CFDA No. 10.216			—	18,563
Kansas State University	10.250	S17058a	—	14,630
Cornell University	10.304	80289-10771	—	11,272
Texas A & M University	10.309	06-S150658	—	25,194
Maryland, University of	10.309	Z546701	—	(2,451)
Subtotal for CFDA No. 10.309			—	22,743
Johns Hopkins University	10.310	17A00016	—	854
North Carolina State University	10.310	2011-0494-15	—	6,295
Albany State University	10.310	2017-67024-26278-03	—	27,367
Temple University	10.310	240245-UDel	—	6,174
Temple University	10.310	242673-02-UD	—	(2)
Nebraska, University of	10.310	25-6239-0235-307	—	60,807
Maryland, University of	10.310	36692-Z5782002	—	443,822
The Ohio State University	10.310	60045862	7,012	80,985
Albany State University	10.310	ASU-2016-0002	—	31,491
Wholesome Wave	10.310	FINI-1	—	81,538
Arkansas, University of	10.310	UA AES 91134-01	—	44,042
Maine, University of	10.310	UMS-1009	—	144,712
Subtotal for CFDA No. 10.310			7,012	928,085
Georgia, University of	10.329	RC293-417/S001588	—	31,237
Delaware Dept of Health & Social Service	10.557	17-212	—	5,498
Delaware Dept of Health & Social Service	10.557	17-235	—	34,668
Delaware Dept of Health & Social Service	10.557	18-066	—	46,499
Delaware Dept of Health & Social Service	10.557	PO 398194	—	23,956
Subtotal for CFDA No. 10.557			—	110,621
National Fish & Wildlife Foundation	10.912	0601.14.044706	—	18,575
Subtotal: US Department of Agriculture – Pass-through			7,012	1,294,935
Total: US Department of Agriculture			601,726	5,652,099
US Department of Commerce:				
Direct:				
Department of Commerce	11.000		—	20,303
Sea Grant Support	11.417		17,827	1,322,417
Climate and Atmospheric Research	11.431		—	13,325
Unallied Management Projects	11.454		52,109	377,666
Meteorologic and Hydrologic Modernization Development	11.467		80,634	157,874
Center for Sponsored Coastal Ocean Research_Coastal Ocean Program	11.478		—	437,458

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Measurement and Engineering Research and Standards	11.609		\$ —	2,386,556
Arrangements for Interdisciplinary Research Infrastructure	11.619		650,388	4,538,291
Subtotal: US Department of Commerce – Direct			800,958	9,253,890
Pass-Through:				
Nebraska, University of	11.000	26-0521-0129-003	—	64,910
Friends of Thunder Bay National Marine	11.011	16A00890	—	31,263
California-San Diego University of	11.011	98363779	—	10,466
Subtotal for CFDA No. 11.011			—	41,729
Rutgers, State University of New Jersey	11.012	5928	—	34,833
Rutgers, State University of New Jersey	11.012	5934	—	107,712
Rutgers, State University of New Jersey	11.012	6165	—	86,547
Southeast Coastal Ocean Observing	11.012	IOOS.16(028)JDEL.WC.OA.1	—	28,788
Subtotal for CFDA No. 11.012			—	257,880
Friends of GTM Reserve	11.419	16A00945	—	6,462
Delaware Department of Natural Resources	11.419	17A01165	—	37,873
Subtotal for CFDA No. 11.419			—	44,335
Delaware Department of Natural Resources	11.420	16A01596	—	97
The University of Southern Mississippi	11.451	USM-GR05830-01	—	67,522
Virginia Institute of Marine Science	11.454	720641-712683	—	149,414
Delaware State University	11.472	18-005HEHa	—	12,754
Optofluidics, Inc	11.620	17A01335	—	11,610
Subtotal: US Department of Commerce – Pass-through			—	650,251
Total: US Department of Commerce			800,958	9,904,141
US Department of Defense:				
Direct:				
Department of Defense	12.000		24,230	1,218,694
Basic and Applied Scientific Research	12.300		34,312	2,006,709
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		17,624	200,456
Military Medical Research and Development	12.420		901,524	2,296,172
Basic Scientific Research	12.431		—	1,092,925
Basic, Applied, and Advanced Research in Science and Engineering	12.630		—	7,017
Air Force Defense Research Sciences Program	12.800		31,781	1,276,902
Mathematical Sciences Grants Program	12.901		—	150
Research and Technology Development	12.910		1,425,408	4,344,780
Subtotal: US Department of Defense – Direct			2,434,879	12,443,805
Pass-Through:				
2Phase Technologies	12.000	05001104	—	10
Johns Hopkins University	12.000	133104	—	34,171
New York University	12.000	13-A0-00-001975-01	—	24,322
Iowa, University of	12.000	14A00058	—	227,935
Lumilant, Inc.	12.000	15A00642	—	(125)
Phase Sensitive Innovations, Inc.	12.000	15A01014	—	14,752
General Technical Services, LLC	12.000	15-S-15-030	—	(822)
SRI International	12.000	16205	—	57,991
Chip Design Systems	12.000	16A00055	—	171,626
Chip Design Systems	12.000	16A00056	—	949
Chip Design Systems	12.000	16A00869	—	5,902
Lumilant, Inc.	12.000	16A01142	—	214,606
Phase Sensitive Innovations, Inc.	12.000	17A00021	—	8,540
DIAPedia, LLC	12.000	17A00289	—	47,529
Phase Sensitive Innovations, Inc.	12.000	17A01034	—	1,177
Kubota Research Associates, Inc.	12.000	17A01071	—	31,250
Phase Sensitive Innovations, Inc.	12.000	18A00166	—	10,127
DeLUX Engineering, Inc.	12.000	18A00444	—	28,230
Composites Automation LLC	12.000	2017-0001 UD-CCM	—	131,664
Composites Automation LLC	12.000	2017-0002 UD-CCM	—	58,380
Lawrence Livermore National Laboratory	12.000	B619636	—	26,161
3TEX, Inc.	12.000	D000001-1	—	1,544
General Technical Services, LLC	12.000	GTS-S-17-013	—	163,735
BBN Technologies	12.000	PO# 9500009858	—	23,596
Phase Sensitive Innovations, Inc.	12.000	S-124-001-002	—	170,513
Synectic Research & Analysis, Inc	12.000	SRA SA-17-001	—	27,717
Subtotal for CFDA No. 12.000			—	1,481,480
Cyber 20/20	12.300	17A00549	—	5,152
Pennsylvania, University of	12.300	572767	—	77,352
Woods Hole Oceanographic Institute	12.300	A100848	—	1,036
Oregon State University	12.300	N0301A-B	—	50,446
Subtotal for CFDA No. 12.300			—	133,986
Delaware Army National Guard	12.401	17A01494	—	8,280
Michigan, University of	12.420	3003497403 YR2	—	63,724
California-San Francisco, University of	12.420	8398	20,231	20,231
Subtotal for CFDA No. 12.420			20,231	83,955
Brown University	12.431	00000819	—	198,228
New Mexico, University of	12.431	271413-87J5	—	30,266

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Michigan, University of	12.431	3002780062	\$ —	271,385
Scripps Institute of Oceanography	12.431	90824835	—	27,556
Minnesota, University of	12.431	A004135003	—	236,796
Subtotal for CFDA No. 12.431			—	764,231
Delaware State University	12.630	11-006JNA	—	49,257
Johns Hopkins University	12.630	2001518468 CLIN 10	35,605	288,636
Johns Hopkins University	12.630	2001518468 CLIN 8	—	752,453
Johns Hopkins University	12.630	2001518468 CLIN-5.17	222,638	538,604
Subtotal for CFDA No. 12.630			258,243	1,628,950
Chip Design Systems	12.800	15A00829	—	61,861
Phase Sensitive Innovations, Inc.	12.800	16A00519	—	1,063
Lumilant, Inc.	12.800	16A00970	—	36,561
BAYLOR UNIVERSITY	12.800	37060170-01	—	59,046
Rice University	12.800	R17536	—	(835)
University of Houston	12.800	R-18-0074	—	49,835
Texas at Austin, University of	12.800	UTA16-001296	—	131,465
Subtotal for CFDA No. 12.800			—	338,996
Brown University	12.910	1120-24596 PO#932545	—	(157)
TalosTech LLC	12.910	17A01035	—	30,000
Subtotal for CFDA No. 12.910			—	29,843
Subtotal: US Department of Defense – Pass-through			278,474	4,469,721
Total: US Department of Defense			2,713,353	16,913,526
US Department of Housing and Urban Development:				
Pass-Through:				
Honeywell International	14.000	3501884528	—	39,032
Subtotal: US Department of Housing and Urban Development – Pass-through			—	39,032
Total: US Department of Housing and Urban Development			—	39,032
US Department of Interior:				
Direct:				
Department of Interior	15.000		—	18,868
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		87,242	166,560
Migratory Bird Joint Ventures	15.637		—	3,008
Migratory Bird Monitoring, Assessment and Conservation	15.655		25,324	121,438
National Fish and Wildlife Foundation	15.663		—	43,332
Hurricane Sandy Disaster Relief Activities-FWS	15.677		—	(292)
Assistance to State Water Resources Research Institutes	15.805		—	49,619
U.S. Geological Survey, Research and Data Collection	15.808		—	102,207
Cooperative Research and Training Programs – Resources of the National Park System	15.945		—	146,982
Subtotal: US Department of Interior – Direct			112,566	651,722
Pass-Through:				
National Fish & Wildlife Foundation	15.000	43752	—	5,835
CALIBRE	15.000	K0311-16-167	—	15,951
VA Department of Game & Inland Fisheries	15.000	PR6865970	—	13,838
Subtotal for CFDA No. 15.000			—	35,624
Delaware Department of Natural Resources	15.634	17A01159	—	9,995
Delaware Department of Natural Resources	15.634	17A01654	—	28,368
Subtotal for CFDA No. 15.634			—	38,363
Delaware Department of Natural Resources	15.677	15A00065	—	233
Delaware Department of Natural Resources	15.677	17A00498	—	28,249
Connecticut, University of	15.677	69879	—	1,040
Maine, University of	15.677	UM-S989	—	1
Subtotal for CFDA No. 15.677			—	29,523
AmericaView	15.815	AV15-DE01A	—	7,278
Subtotal: US Department of Interior – Pass-through			—	110,788
Total: US Department of Interior			112,566	762,510
US Department of Justice:				
Direct:				
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		—	69,611
Subtotal: US Department of Justice – Direct			—	69,611
Pass-Through:				
Criminal Justice Council	16.609	2015-SN-Passthru-1390	—	11,117
Subtotal: US Department of Justice – Pass-through			—	11,117
Total: US Department of Justice			—	80,728
US Department of Transportation:				
Direct:				
Department of Transportation	20.000		—	122,206
Highway Research and Development Program	20.200		22,886	150,471
Federal Transit Technical Assistance	20.512		—	193,687

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Clean Fuels	20.519		\$ —	(1)
Air Emissions and Energy Initiative	20.817		—	16,859
Subtotal: US Department of Transportation – Direct			22,886	483,222
Pass-Through:				
Delaware Department of Transportation	20.200	13A01197	—	3,613
Lehigh University	20.200	542621-78002	—	9,178
Transportation Research Board	20.200	NCHRP-182	—	13,005
Delaware Department of Transportation	20.200	TASK 30B-1717	—	18,412
Delaware Department of Transportation	20.200	TASK 30C-1717	—	39,673
Delaware Department of Transportation	20.200	TASK 35-1717	—	7,812
Delaware Department of Transportation	20.200	TASK 39-1717	—	63,863
Delaware Department of Transportation	20.200	TASK 41-1717	—	45,455
Delaware Department of Transportation	20.200	TASK 51-1717	—	8,867
Delaware Department of Transportation	20.200	TASK 52-1717	—	45,532
Delaware Department of Transportation	20.200	TASK 64-1717	—	22,873
Delaware Department of Transportation	20.200	TASK 67-1717	—	10,246
Delaware Department of Transportation	20.200	TASK 80-1717	—	1,664
Delaware Department of Transportation	20.200	Task 88-1717	—	6,019
Delaware Department of Transportation	20.200	TASK 94-1717	—	24,630
Subtotal for CFDA No. 20.200			—	320,842
Delaware Department of Transportation	20.505	TASK 71-1717	—	128,822
Delaware Department of Transportation	20.515	1739-1	—	836
Delaware Department of Transportation	20.515	1739-2	—	(1,137)
Delaware Department of Transportation	20.515	1739-3	—	28,756
Delaware Department of Transportation	20.515	1739-8	—	3,005
Delaware Department of Transportation	20.515	1794-1	—	40,655
Delaware Department of Transportation	20.515	1794-11	—	31,299
Delaware Department of Transportation	20.515	1794-2	—	49,241
Delaware Department of Transportation	20.515	1794-3	—	66,970
Delaware Department of Transportation	20.515	1794-5	—	87,896
Delaware Department of Transportation	20.515	1794-8	—	45,062
Delaware Department of Transportation	20.515	1794-9	—	54,222
Delaware Department of Transportation	20.515	TASK 33-1717	—	7,494
Delaware Department of Transportation	20.515	TASK 40-1717	—	158,349
Delaware Department of Transportation	20.515	TASK 43-1717	—	37,889
Delaware Department of Transportation	20.515	TASK 44-1717	—	93,418
Delaware Department of Transportation	20.515	TASK 48-1717	—	8,716
Delaware Department of Transportation	20.515	TASK 50-1717	—	47,407
Delaware Department of Transportation	20.515	TASK 69-1717	—	113,674
Delaware Department of Transportation	20.515	TASK 70-1717	—	119,235
Delaware Department of Transportation	20.515	TASK 75-1717	—	57,952
Delaware Department of Transportation	20.515	TASK 77-1717	—	225,869
Delaware Department of Transportation	20.515	TASK 78-1717	—	7,945
Delaware Department of Transportation	20.515	TASK 79-1717	—	29,312
Delaware Department of Transportation	20.515	TASK 81-1717	—	80,255
Delaware Department of Transportation	20.515	TASK 95-1717	—	61,923
Subtotal for CFDA No. 20.515			—	1,456,243
Nevada-Las Vegas, University of	20.701	17-22GL-01	—	393,853
Rutgers, State University of New Jersey	20.701	5232	—	232,448
Virginia, University of	20.701	GG11746 146799	—	166,401
Subtotal for CFDA No. 20.701			—	792,702
Subtotal: US Department of Transportation – Pass-through			—	2,698,609
Total: US Department of Transportation			22,886	3,181,831
National Aeronautics and Space Administration:				
Direct:				
National Aeronautics and Space Administration	43.000		2,490	245,106
Aerospace Education Services Program	43.001		225,091	1,663,529
Space Operations	43.007		—	54,071
Education	43.008		55,456	870,613
Subtotal: National Aeronautics and Space Administration – Direct			283,037	2,833,319
Pass-Through:				
Jet Propulsion Laboratory	43.000	1568568	—	7,466
Space Science Institute	43.000	15A01666	—	78,158
STF Technologies, LLC	43.000	16A00967	—	(381)
STF Technologies, LLC	43.000	17A00960	—	34,958
Maher & Associates	43.000	17A01007	—	39,941
STF Technologies, LLC	43.000	17A01571	—	66,267
Composites Automation LLC	43.000	2017-0003 UD-CCM	—	54,994
Composites Automation LLC	43.000	2017-0004 UD-CCM	—	30,667
Composites Automation LLC	43.000	2018-0001 UD-CCM	—	4,377
Space Telescope Science Institute	43.000	HST-GO-12929.01-A	—	2,027
Space Telescope Science Institute	43.000	HST-GO-13629.002-A	—	3,595
Space Telescope Science Institute	43.000	HST-GO-13734.001-A	—	8,022
Space Telescope Science Institute	43.000	HST-GO-14195.001-A	—	2,500

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Space Telescope Science Institute	43.000	HST-GO-15066.001-A	\$ —	24,592
Princeton University	43.000	SUB0000165	—	24,994
Subtotal for CFDA No. 43.000			—	382,177
California-Berkeley, University of	43.001	00006185	—	13,978
Maryland Baltimore County, University of	43.001	16503	—	19,076
Massachusetts, University of	43.001	18802	—	63,618
Pennsylvania State University	43.001	5078-UD-NASA-M37G	—	53,246
Subtotal for CFDA No. 43.001			—	149,918
Technology Transfer	43.002	68797092	—	149,318
Education	43.008	16015HEH	—	14,023
Subtotal: National Aeronautics and Space Administration – Pass-through			—	695,436
Total: National Aeronautics and Space Administration			283,037	3,528,755
National Endowment for the Humanities:				
Direct:				
Promotion of the Humanities Division of Preservation and Access	45.149		—	89
Promotion of the Humanities Research	45.161		94,999	150,601
Subtotal: National Endowment for the Humanities – Direct			94,999	150,690
Total: National Endowment for the Humanities			94,999	150,690
National Science Foundation:				
Direct:				
National Science Foundation	47.000		4,752	1,864,454
Engineering Grants	47.041		388,541	5,008,225
Mathematical and Physical Sciences	47.049		14,244	4,506,837
Geosciences	47.050		176,549	3,995,257
Computer and Information Science and Engineering	47.070		13,577	2,546,798
Biological Sciences	47.074		346,723	1,759,542
Social, Behavioral, and Economic Sciences	47.075		—	328,750
Education and Human Resources	47.076		174,792	1,504,659
Polar Programs	47.078		—	567,873
International Science and Engineering (OISE)	47.079		1,746,992	3,652,945
Office of Integrative Activities	47.083		1,110,917	2,322,981
Subtotal: National Science Foundation – Direct			3,977,087	28,058,321
Pass-Through:				
Johns Hopkins University	47.000	2003586152	—	16,178
Johns Hopkins University	47.000	2003586408	—	61,428
Johns Hopkins University	47.000	2003586555	—	33,915
Michigan, University of	47.000	3004228393	—	134,613
Puerto Rico, University of	47.000	AGR20031217	—	76
Subtotal for CFDA No. 47.000			—	246,210
Arizona State University	47.041	17-097	—	323,002
Clemson University	47.041	1961-206-2012124	—	191,198
Johns Hopkins University	47.041	2001929028	—	21,690
Jackson State University	47.041	2016-633196UD	—	273,672
Nebraska, University of	47.041	25-0521-0210-005a	—	30,931
Rensselaer Polytechnic Institute	47.041	A11691	—	(2,738)
George Mason University	47.041	E2041102	—	132,907
California-Santa Barbara, University of	47.041	KK2114	—	(49)
Subtotal for CFDA No. 47.041			—	970,613
Pittsburgh, University of	47.049	0056149 (12006-1)A	—	66,621
Arizona, University of	47.049	129153	—	21,677
Colorado, University of	47.049	1552489	—	47,377
Arizona, University of	47.049	335306	—	39,273
National Radio Astronomy Observatory	47.049	SOSPA5-005	—	4,661
Washington University, St Louis	47.049	WU-16-17	—	21,024
Subtotal for CFDA No. 47.049			—	200,633
Rhode Island, University of	47.050	0004450/081814	—	105,074
Massachusetts, University of	47.050	14-007985 A 00	—	49,387
Clemson University	47.050	1661-206-2009300	—	3,970
Wisconsin-Madison, University of	47.050	674K170	—	8,119
Georgia, University of	47.050	RR100-621/4944446	—	79,952
Subtotal for CFDA No. 47.050			—	246,502
Oak Ridge National Laboratory	47.070	4000154744	—	40,581
Yale University	47.070	C17D12536(D01898)	—	21,348
Scalable Networking Technologies	47.070	SNT 04.15.13 FFP53	—	37,500
Univ Corporation Atmospheric Research	47.070	SUBAWD 000650	—	1,702
Subtotal for CFDA No. 47.070			—	101,131
Northern Arizona University	47.074	1003017-06	—	7,976
Samuel Robert Noble Foundation	47.074	2012-934-002	—	58,864
Samuel Robert Noble Foundation	47.074	2017-G04-004	—	24,819
Donald Danforth Plant Science Center	47.074	23902-D	—	7,055
Donald Danforth Plant Science Center	47.074	23905-D	—	315,976

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Kentucky, University of	47.074	3048112549-16-028	\$ —	9,297
Georgia, University of	47.074	RR100-635/4945536	—	3,610
Subtotal for CFDA No. 47.074			—	427,597
Rutgers, State University of New Jersey	47.075	0079	—	86,621
University of Texas at Dallas	47.075	1503120	—	15,175
Subtotal for CFDA No. 47.075			—	101,796
Maryland, University of	47.076	1239758-C	50,105	188,949
Arizona State University	47.076	17-193	—	112,562
The University of Oklahoma	47.076	2016-23	—	11,233
Drexel University	47.076	235920	—	(31,500)
Drexel University	47.076	820043	—	509,168
Boys Town	47.076	96443-B	—	135,353
Subtotal for CFDA No. 47.076			50,105	925,765
National Academy of Science	47.079	2000005677	—	37,550
Southern California, University of	47.083	72836732	—	5,904
Subtotal: National Science Foundation – Pass-through			50,105	3,263,701
Total: National Science Foundation			4,027,192	31,322,022
US Environmental Protection Agency:				
Direct:				
P3 Award: National Student Design Competition for Sustainability	66.516		—	11,057
Subtotal: US Environmental Protection Agency – Direct			—	11,057
Pass-Through				
Delaware Department of Natural Resources	66.000	207198	—	(89)
Subtotal for CFDA No. 66.000			—	(89)
National Fish & Wildlife Foundation	66.466	0600.17.058843	—	20,855
National Fish & Wildlife Foundation	66.466	45161	—	16,044
Subtotal for CFDA No. 66.466			—	36,899
Subtotal: US Environmental Protection Agency – Pass-through			—	36,810
Total: US Environmental Protection Agency			—	47,867
US Department of Energy				
Direct:				
Department of Energy	81.000		—	128,669
Office of Science Financial Assistance Program	81.049		1,632,685	5,133,592
Renewable Energy Research and Development	81.087		201,797	735,150
Fossil Energy Research and Development	81.089		—	365,798
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135		402,475	2,207,616
Subtotal: US Department of Energy – Direct			2,236,957	8,570,825
Pass-Through:				
UT-Battelle, LLC	81.000	4000156092	—	36,659
UT-Battelle, LLC	81.000	4000159498	—	15,304
Los Alamos National Laboratory	81.000	476673a	—	15,027
Argonne National Lab	81.000	5F-30161	—	87,360
UChicago Argonne, LLC	81.000	7F-30068	—	17,215
Argonne National Lab	81.000	8F-30070	—	19,353
Lawrence Livermore National Laboratory	81.000	B622630	—	34,669
Lawrence Livermore National Laboratory	81.000	B623074	—	87,277
Lawrence Livermore National Laboratory	81.000	B627631	—	35,825
National Renewable Energy Laboratory	81.000	NCS-5-42326-05	—	1,540
National Renewable Energy Laboratory	81.000	XEJ-6-62140-01	—	189,607
Subtotal for CFDA No. 81.000			—	539,836
California-Davis, University of	81.049	201603457-05	—	39,592
California-Santa Barbara, University of	81.049	KK1610	—	76,211
Subtotal for CFDA No. 81.049			—	115,803
Clemson University	81.086	1852-219-2021156	—	189,450
Iowa State University	81.086	401-20-15B	—	39,290
TPI Composites, Inc.	81.086	TPI-EERE-FOA1201-001	—	194,779
Xergy Inc.	81.086	XERGY-DE-0008218	—	30,208
Subtotal for CFDA No. 81.086			—	453,727
Northeastern University	81.087	503032-78050	—	47,271
Lawrence Berkeley National Laboratory	81.087	7211946	—	13,299
American Institute of Chemical Engineers	81.087	DE-EE0007888-08-1A	—	384,813
Subtotal for CFDA No. 81.087			—	445,383
Kentucky, University of	81.089	3200000258-16-094	—	43,080
Giner, Inc	81.135	17A00306	—	94,036
Molecule Works Inc.	81.135	MWI-NEMR-001	—	57,925
Subtotal for CFDA No. 81.135			—	151,961
Subtotal: US Department of Energy – Pass-through			—	1,749,790
Total: US Department of Energy			2,236,957	10,320,615

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
US Department of Education:				
Direct:				
Fund for the Improvement of Education	84.215		\$ —	135,446
Education Research, Development and Dissemination	84.305		1,055,502	3,229,526
Research in Special Education	84.324		209,161	828,103
Special Education Technology and Media Services for Individuals with Disabilities	84.327		—	501,524
Early Reading First	84.359		—	(47)
Subtotal: US Department of Education – Direct			1,264,663	4,694,552
Pass-Through:				
Mathematica Policy Research	84.000	50388S05329		12,978
Temple University	84.305	256200-UD	—	61,901
Texas A & M University	84.305	S150284	—	67,464
Subtotal for CFDA No. 84.305			—	129,365
Duquesne University	84.324	G1500085	—	173,501
Delaware Department of Education	84.366	MSP 01-16	—	41,898
Subtotal: US Department of Education – Pass-through			—	357,742
Total: US Department of Education			1,264,663	5,052,294
US Department of Health and Human Services:				
Direct:				
Department of Health & Human Services	93.000		5,516	891,299
Maternal and Child Health Federal Consolidated Programs	93.110		204,853	780,177
Environmental Health	93.113		—	304,786
Oral Diseases and Disorders Research	93.121		60,378	90,092
Research Related to Deafness and Communication Disorders	93.173		197,492	1,058,553
Nursing Workforce Diversity	93.178		—	47,696
Mental Health Research Grants	93.242		—	1,091,600
Alcohol Research Programs	93.273		—	37,900
Drug Abuse and Addiction Research Programs	93.279		—	137,316
National Institutes of Health Loan Repayment Program for Clinical Researchers	93.280		47,801	506,089
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		206,044	398,236
Minority Health and Health Disparities Research	93.307		21,917	141,184
Trans-NIH Research Support	93.310		73,455	191,570
Research Infrastructure Programs	93.351		—	180,000
National Center for Research Resources	93.389		—	26
Cancer Cause and Prevention Research	93.393		16,093	368,412
Cancer Treatment Research	93.395		—	55,667
Cancer Biology Research	93.396		27,468	204,189
University Centers for Excellence in Developmental Disabilities Education, Research, and Service	93.632		—	446,941
Heart and Vascular Diseases Research	93.837		319,765	1,080,943
Lung Diseases Research	93.838		—	319,639
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		163,718	1,378,211
Diabetes, Endocrinology and Metabolism Research	93.847		280,751	966,303
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		143,587	534,167
Allergy, Immunology and Transplantation Research	93.855		69,759	172,743
Biomedical Research and Research Training	93.859		4,515,236	17,094,648
Child Health and Human Development Extramural Research	93.865		646,494	2,994,664
Aging Research	93.866		104	147,262
Vision Research	93.867		—	509,221
Medical Library Assistance	93.879		—	8,869
Subtotal: US Department of Health and Human Services – Direct			7,000,431	32,138,403
Pass-Through:				
Christopher Reeve Paralysis Foundation	93.000	16A00746	—	5,357
Vaya Health	93.000	17A01132	—	44,408
Assoc of Univ Centers on Disabilities	93.000	18A00945	—	640
Pennsylvania, University of	93.000	565371	—	12,243
DE Dept for Children Youth and Families	93.000	PBH(UD-LAUNCH)FY15-13820	—	73,558
DE Dept for Children Youth and Families	93.000	PBH(UD-SAFETY)15-2689	—	73,907
Delaware Department of Education	93.000	S18-62	—	28,547
Texas at Austin, University of	93.000	UTA16-000683	—	40,306
Washington, University of	93.000	UWSC9280	—	56,282
Subtotal for CFDA No. 93.000			—	335,248
Delaware Dept of Health & Social Service	93.074	18-091	—	27,895
Delaware Dept of Health & Social Service	93.079	17-091	—	8,233
Delaware Dept of Health & Social Service	93.079	18-039	—	61,309
Subtotal for CFDA No. 93.079			—	69,542
Delaware Department of Agriculture	93.103	17A01355	—	580
California-Davis, University of	93.103	201400020-01	—	8,983
Subtotal for CFDA No. 93.103			—	9,563
Colorado, University of	93.121	1554751	—	36,434
Colorado, University of	93.121	1555749	—	158,612
Subtotal for CFDA No. 93.121			—	195,046
Delaware Dept of Health & Social Service	93.130	17-332	—	1,557
Delaware Dept of Health & Social Service	93.136	18-106	—	47,939
Delaware Dept of Health & Social Service	93.136	18-437	—	2,275
Subtotal for CFDA No. 93.136			—	50,214

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
European Molecular Biology Laboratory	93.172	14A00216	\$ —	140,745
Delaware Dept of Health & Social Service	93.236	17A00141	—	41,593
Delaware Dept of Health & Social Service	93.236	18-218	—	56,223
Subtotal for CFDA No. 93.236			—	97,816
Brown University	93.242	00001133	—	28,175
Delaware Dept of Health & Social Service	93.243	041711	—	50,449
Delaware Dept of Health & Social Service	93.243	041712	—	70,325
Delaware Dept of Health & Social Service	93.243	0417170	—	35,713
Delaware Dept of Health & Social Service	93.243	041762	—	42,318
Delaware Dept of Health & Social Service	93.243	041811	—	86,844
Delaware Dept of Health & Social Service	93.243	041812	—	130,020
Delaware Dept of Health & Social Service	93.243	15A01181	—	(89)
DE Dept for Children Youth and Families	93.243	PBH(UD-CORE)FY15-2688	—	89,892
State of Delaware-General	93.243	UDEVAL-LAUNCH FY16-13899	—	102,565
Subtotal for CFDA No. 93.243			—	608,037
Columbia University	93.280	1(GG008696)	—	16,557
Duke University	93.282	2035369	—	167,848
Johns Hopkins University	93.283	2003570856	—	86,547
Johns Hopkins University	93.283	4796	—	108,089
Delaware Department of Education	93.283	S17-38	—	16,285
Subtotal for CFDA No. 93.283			—	210,921
Colorado, University of	93.286	1550235	—	281,625
North Carolina, University of	93.286	5100169	—	83,530
Subtotal for CFDA No. 93.286			—	365,155
Delaware Dept of Health & Social Service	93.305	18-314	—	31,777
Northwestern University	93.310	60045250 UDEL	—	171,131
Georgetown University	93.310	GR411418	—	84,064
Subtotal for CFDA No. 93.310			—	255,195
Michigan, University of	93.361	3003341608	—	23,418
George Washington University	93.396	16A01496	—	75,206
Delaware Dept of Health & Social Service	93.424	17-504	—	4,423
New York University	93.433	15-A0-00-005283-01	—	43,020
Thomas Jefferson University	93.551	080-21000-Y01401	—	14,700
Concept Systems	93.624	17A01024	—	47,342
Concept Systems	93.624	18A01284	—	15,602
Delaware Dept of Health & Social Service	93.624	HSS-16-014	—	65,436
Subtotal for CFDA No. 93.624			—	128,380
Florida Developmental Disabilities Council	93.630	1005SA18	—	3,531
Delaware Dept of Health & Social Service	93.815	17-485	—	14,724
Icahn School of Medicine at Mount Sinai	93.837	0255-7875-4609	—	3,357
Icahn School of Medicine at Mount Sinai	93.837	0255-7885-4609	—	130,000
Nemours/A. I. duPont Hosp for Children	93.837	12A01165	—	48,220
Subtotal for CFDA No. 93.837			—	181,577
Thomas Jefferson University	93.846	080-23000-R92203	—	41,377
Thomas Jefferson University	93.846	080-23000-S13301	—	92,928
Pennsylvania, University of	93.846	1R01AR-071718-01A1	—	9,098
Subtotal for CFDA No. 93.846			—	143,403
Icahn School of Medicine at Mount Sinai	93.847	0255-4671-4609	—	9,926
Northwestern University	93.847	60037274UD	—	17,816
Subtotal for CFDA No. 93.847			—	27,742
Pittsburgh, University of	93.859	0029564 (128271-4)	—	86,738
Pittsburgh, University of	93.859	0056812 (130039-5)	—	190,757
Pittsburgh, University of	93.859	0056812 (130039-8)	—	16,376
Delaware State University	93.859	12-007-JNA-Amendment 6	—	164,597
University of South Florida	93.859	1210-1063-00-A	—	19,236
Delaware State University	93.859	18-050HEH	—	419,336
Temple University	93.859	361067-04710-02	—	41,772
Towson University	93.859	5040112 PO #8180	—	3,280
California-Davis, University of	93.859	A17-0297-S001	—	69,457
Subtotal for CFDA No. 93.859			—	1,011,549
Cincinnati, University of	93.865	011445-002	—	3,217
Temple University	93.865	257826-UD	—	48,738
Michigan, University of	93.865	3003881030	—	62,453
Northwestern University	93.865	60043012UD	—	51,153
Northwestern University	93.865	60047828 UDE	—	101,338
Simbex	93.865	Simbex-004	—	82,010

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Washington University, St Louis	93.865	WU-17-143	\$ —	113,563
Washington University, St Louis	93.865	WU-18-170	—	110,070
Subtotal for CFDA No. 93.865			—	572,542
Maryland, University of	93.866	1600268	—	33,841
Northwestern University	93.866	60048330 UD	—	40,102
Colorado, University of	93.866	FY16.792.001	—	7,256
Subtotal for CFDA No. 93.866			—	81,199
Indiana University	93.879	IN-4684687-DEL	—	117,993
Delaware Dept of Health & Social Service	93.889	17-362	—	4,529
State of Minnesota	93.958	16A00548	—	136,454
Delaware Dept of Health & Social Service	93.959	031720a	—	2,865
Delaware Dept of Health & Social Service	93.959	031820	—	107,918
DE Dept for Children Youth and Families	93.959	PBH(UD-EVAL)17-14629	—	97,528
DE Dept for Children Youth and Families	93.959	PBH(UD-SAP)fy15-2551 A4	—	84,170
Subtotal for CFDA No. 93.959			—	292,481
Thomas Jefferson University	93.989	080-7000-S28101	—	9,253
Georgia Institute of Technology	93.989	RF135-G3	—	150,586
Georgia Institute of Technology	93.989	RF135-G3S1	—	19,267
Subtotal for CFDA No. 93.989			—	179,106
Delaware Dept of Health & Social Service	93.994	18-198	—	98,165
Subtotal: US Department of Health and Human Services – Pass-through			—	5,765,433
Total: US Department of Health and Human Services			7,000,431	37,903,836
US Department of Homeland Security:				
Pass-Through:				
North Carolina, University of	97.061	5101658	—	47,286
Subtotal: US Department of Homeland Security – Pass-through			—	47,286
Total: US Department of Homeland Security			—	47,286
Research and Development Cluster Total			19,158,768	124,907,232
CCDF Cluster:				
US Department of Health and Human Services:				
Direct:				
Child Care and Development Block Grant	93.575		16,713	102,417
Subtotal: US Department of Health and Human Services – Direct			16,713	102,417
Pass-Through				
Delaware Department of Education	93.575	S15-67	—	21,388
Subtotal: US Department of Health and Human Services – Pass-through			—	21,388
Total: US Department of Health and Human Services			16,713	123,805
CCDF Cluster Total			16,713	123,805
Drinking Water State Revolving Fund Cluster:				
US Environmental Protection Agency:				
Pass-Through:				
Delaware Department of Natural Resources	66.468	17A01271	—	40,020
Federal Transit Cluster:				
US Department of Transportation:				
Direct:				
Federal Transit Capital Investment Grants	20.500		—	76,977
Fish and Wildlife Cluster:				
US Department of Interior:				
Pass-Through:				
Delaware Department of Natural Resources	15.611	306416	—	69,949
Head Start Cluster:				
US Department of Health and Human Services:				
Direct:				
Head Start	93.600		629,972	2,563,200
Highway Safety Cluster:				
US Department of Transportation:				
Pass-Through:				
Delaware Office of Highway Safety	20.600	17A01294	—	6,130
Delaware Office of Highway Safety	20.600	J510	—	60
Highway Safety Cluster Total			—	6,190
Medicaid Cluster:				
US Department of Health and Human Services:				
Pass-Through:				
Delaware Dept of Health & Social Service	93.778	06202017-4	—	13,970
SNAP Cluster:				
US Department of Agriculture:				
Pass-Through:				
Delaware Dept of Health & Social Service	10.561	16A00146	70,274	70,274
Delaware Dept of Health & Social Service	10.561	17A00403	67,412	99,776

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Delaware Dept of Health & Social Service	10.561	State-0000368137	\$ 703,006	852,283
Delaware Dept of Health & Social Service	10.561	State-0000408288	229,064	399,350
SNAP Cluster Total			1,069,756	1,421,683
Special Education Cluster (IDEA):				
US Department of Education:				
Pass-Through:				
Delaware Department of Education	84.027	S17-29	—	79,854
Delaware Department of Education	84.027	S18-53	128,065	196,322
Delaware Department of Education	84.027	S18-60	—	478,898
Special Education Cluster (IDEA) Total			128,065	755,074
Student Financial Assistance Programs:				
US Department of Education:				
Direct:				
Federal Supplemental Educational Opportunity Grants	84.007		—	829,598
Federal Work-Study Program	84.033		—	969,945
Federal Perkins Loan Program	84.038		—	13,253,942
Federal Pell Grant Program	84.063		—	12,479,273
Federal Direct Student Loans	84.268		—	107,047,540
Subtotal: US Department of Education – Direct			—	134,580,298
Total: US Department of Education			—	134,580,298
Direct:				
US Department of Health and Human Services:				
Federal Nursing Student Loans	93.364		—	1,105,135
Subtotal: US Department of Health and Human Services – Direct			—	1,105,135
Total: US Department of Health and Human Services			—	1,105,135
Student Financial Assistance Programs Total			—	135,685,433
TANF Cluster:				
US Department of Health and Human Services:				
Pass-Through:				
Wright County Health & Human Services	93.558	18A00176	—	2,162
Subtotal: US Department of Health and Human Services – Pass-through			—	2,162
Total: US Department of Health and Human Services			—	2,162
TANF Cluster Total			—	2,162
Title I, Part A Cluster:				
US Department of Education:				
Pass-Through:				
Christina School District	84.010	PO 371558	—	4,329
Christina School District	84.010	PO 394750	—	2,031
Title I, Part A Cluster Total			—	6,360
TRIO Cluster:				
US Department of Education:				
Direct:				
TRIO--Student Support Services	84.042		—	340,686
TRIO--Upward Bound	84.047		—	550,839
TRIO--McNair Post-Baccalaureate Achievement	84.217		—	225,778
Subtotal: US Department of Education – Direct			—	1,117,303
Total: US Department of Education			—	1,117,303
TRIO Cluster Total			—	1,117,303
Other Clusters:				
US Department of Agriculture:				
Direct:				
United States Department of Agriculture	10.000		—	141
Agricultural Research_Basic and Applied Research	10.001		—	74,537
Plant and Animal Disease, Pest Control, and Animal Care	10.025		—	473,049
Agriculture and Food Research Initiative (AFRI)	10.310		—	148,550
Crop Protection and Pest Management Competitive Grants Program	10.329		—	140,560
Crop Insurance Education in Targeted States	10.458		149,136	226,380
Cooperative Extension Service	10.500		376,623	2,546,438
Environmental Quality Incentives Program	10.912		—	(11,303)
Technical Agricultural Assistance	10.960		—	(49)
Subtotal: US Department of Agriculture – Direct			525,759	3,598,303
Pass-Through:				
Delaware Department of Agriculture	10.000	SCBGP-FB-17-01	—	10,458

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Delaware Department of Agriculture	10.025	16A01311	\$ —	(84,517)
Delaware Department of Agriculture	10.025	17A01319	—	174,610
Subtotal for CFDA No. 10.025			—	90,093
New Castle County	10.168	PO173149	—	7,113
New Castle County	10.168	PO177450	—	2,141
Subtotal for CFDA No. 10.168			—	9,254
Delaware Department of Agriculture	10.170	16A01569	—	2,408
Delaware Department of Agriculture	10.170	SCBGP-FB-15-03	—	5,436
Delaware Department of Agriculture	10.170	SCBGP-FB-15-04	—	9,581
Delaware Department of Agriculture	10.170	SCBGP-FB-15-05	—	28,482
Delaware Department of Agriculture	10.170	SCBGP-FB-16-03	—	19,949
Delaware Department of Agriculture	10.170	SCBGP-FB-17-02	—	10,838
Subtotal for CFDA No. 10.170			—	76,694
Rutgers, State University of New Jersey	10.200	6181-NER170H-Kunkel	—	2,329
Vermont, University of	10.215	ONE16-289C-29994	—	3,957
Vermont, University of	10.215	SNE16-02-29994	—	2,778
Vermont, University of	10.215	SNE17-02-31064	—	105
Subtotal for CFDA No. 10.215			—	6,840
California-Davis, University of	10.303	00RA6835-UDEL	—	(104)
Kansas State University	10.500	S17113	—	26,451
Kansas State University	10.500	S17149	—	23,077
Kansas State University	10.500	S18132	—	20,448
Subtotal for CFDA No. 10.500			—	69,976
Subtotal: US Department of Agriculture – Pass-through			—	265,540
Total: US Department of Agriculture			525,759	3,863,843
US Department of Commerce:				
Direct:				
Department of Commerce	11.000		—	6,500
Sea Grant Support	11.417		—	59,897
Climate and Atmospheric Research	11.431		—	8,922
Science, Technology, Business and/or Education Outreach	11.620		—	17,388
Subtotal: US Department of Commerce – Direct			—	92,707
Pass-Through:				
Synoptic Data Corp.	11.000	S2017-0112	—	144,151
Rutgers, State University of New Jersey	11.012	5930	—	550,852
Subtotal for CFDA No. 11.012			—	550,852
Virginia Institute of Marine Science	11.417	71858H-712683	—	5,733
National Fish & Wildlife Foundation	11.457	0603.15 050171	336	972
Coastal States Stewardship Foundation	11.473	17A00325	—	5,058
Subtotal: US Department of Commerce – Pass-through			336	706,766
Total: US Department of Commerce			336	799,473
US Department of Defense:				
Direct:				
Department of Defense	12.000		—	21,918
Procurement Technical Assistance For Business Firms	12.002		—	201,649
Basic and Applied Scientific Research	12.300		—	1,327,515
Subtotal: US Department of Defense – Direct			—	1,551,082
Pass-Through:				
Chip Design Systems	12.000	14A00605	—	13,666
Subtotal: US Department of Defense – Pass-through			—	13,666
Total: US Department of Defense			—	1,564,748
US Department of Housing and Urban Development:				
Pass-Through:				
Community Legal Aid Society	14.418	17A01223	—	7,405
Subtotal: US Department of Housing and Urban Development – Pass-through			—	7,405
Total: US Department of Housing and Urban Development			—	7,405
US Department of Interior:				
Direct:				
Marine Minerals Activities	15.424		—	308,642
National Cooperative Geologic Mapping Program	15.810		—	110,520
National Ground-Water Monitoring Network	15.980		—	9,942
Subtotal: US Department of Interior – Direct			—	429,104
Pass-Through:				
New Castle County	15.904	17A01275	—	(46)
Town of Milton	15.904	17A01276	—	(79)
Subtotal for CFDA No. 15.904			—	(125)
New Castle County	15.954	10-17-151320-01	—	12,368
The City of Delaware City	15.954	10-17-151320-03	—	4,342

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
The City of Lewes	15.954	10-17-151320-04	\$ —	4,342
Town of Milton	15.954	10-17-151320-05	—	4,342
Subtotal for CFDA No. 15.954			—	25,394
Subtotal: US Department of Interior – Pass-through			—	25,269
Total: US Department of Interior			—	454,373
US Department of Justice:				
Direct:				
Grants to Combat Domestic Violence, Dating Violence, Sexual Assault, and Stalking on Campus	16.525		80,458	195,037
Education, Training, and Enhanced Services to End Violence Against Women with Disabilities	16.529		—	(83)
Subtotal: US Department of Justice – Direct			80,458	194,954
Pass-Through:				
National 4-H Council	16.726	17A00118	—	179,804
National 4-H Council	16.726	18A00168	—	20,329
Subtotal for CFDA No. 16.726			—	200,133
Criminal Justice Council	16.754	2014-PM-Admin-1163	—	60,581
Criminal Justice Council	16.812	2016-JZ-PASSTHRU-1753	—	78,104
Criminal Justice Council	16.827	2014MUBX0004	—	40,720
Subtotal: US Department of Justice – Pass-through			—	379,538
Total: US Department of Justice			80,458	574,492
US Department of State:				
Direct:				
Academic Exchange Programs - Undergraduate Programs	19.009		—	167,986
Investing in People in The Middle East and North Africa	19.021		—	93,052
Educational Exchange_University Lecturers (Professors) and Research Scholars	19.401		—	266,313
Middle East Partnership Initiative (MEPI)	19.500		—	(2,253)
Subtotal: US Department of State – Direct			—	525,098
Pass-Through:				
IREX	19.009	FY17-YALI-CL-Delaware-04	—	77,842
IREX	19.009	FY18-YALI-CL-Delaware-05	—	33,118
Kansas, University of	19.009	FY2018-053	—	60,875
Subtotal for CFDA No. 19.009			—	171,835
Institute of International Education	19.021	17A01044	—	101,387
Institute of International Education	19.021	FS18_UDEL IVSP	—	1,676
Subtotal for CFDA No. 19.021			—	103,063
Institute of International Education	19.400	3216_UDEL_3.2.17	—	61,192
American Councils for Intl Education	19.415	S-ECAGD-16-CA-1077-UD-200	—	163,957
American Councils for Intl Education	19.415	UD-200389	—	90,289
Subtotal for CFDA No. 19.415			—	254,246
Georgetown University	19.600	UDEL-GR205341	—	176,901
Georgetown University	19.600	UDEL-GR205767	—	22,659
Subtotal for CFDA No. 19.600			—	199,560
Subtotal: US Department of State – Pass-through			—	789,896
Total: US Department of State			—	1,314,994
US Department of Transportation:				
Direct:				
Highway Training and Education	20.215		—	17,094
Subtotal: US Department of Transportation – Direct			—	17,094
Pass-Through:				
Delaware Department of Transportation	20.200	TASK 45-1717	—	45,182
Delaware Department of Transportation	20.200	TASK 55-1717	—	60,544
Delaware Department of Transportation	20.200	TASK 57-1717	—	242,138
Delaware Department of Transportation	20.200	TASK 74-1717	—	205,055
Subtotal for CFDA No. 20.200			—	552,919
Delaware Department of Transportation	20.215	TASK 20-1717	—	8,919
Delaware Department of Transportation	20.505	TASK 73-1717	—	83,677
Delaware Department of Transportation	20.515	TASK 37-1717	—	4,690
Delaware Department of Transportation	20.515	TASK 42-1717	—	86,354
Delaware Department of Transportation	20.515	TASK 46-1717	—	10,356
Delaware Department of Transportation	20.515	TASK 76-1717	—	13,867
Delaware Department of Transportation	20.515	TASK 83-1717	—	44,366
Subtotal for CFDA No. 20.515			—	159,633
Subtotal: US Department of Transportation – Pass-through			—	805,148

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Total: US Department of Transportation			\$ —	822,242
Federal Communications Commission:				
Direct:				
Federal Communications Commission	32.000		—	29,845
Subtotal: Federal Communications Commission – Direct			—	29,845
Total: Federal Communications Commission			—	29,845
Library of Congress:				
Pass-Through:				
Waynesburg University	42.000	17A01501	—	3,661
Subtotal: Library of Congress – Pass-through			—	3,661
Total: Library of Congress			—	3,661
National Endowment for the Humanities:				
Direct:				
Promotion of the Humanities_Challenge Grants	45.130		—	86,373
Promotion of the Humanities_Division of Preservation and Access	45.149		—	188,657
Promotion of the Humanities_Digital Humanities Initiative	45.169		—	26,765
Subtotal: National Endowment for the Humanities – Direct			—	301,795
Pass-Through:				
Delaware Humanities Forum	45.000	16OPP2014	—	1,000
Delaware Humanities Forum	45.000	16OPP3002	—	1,137
Mid-Atlantic Arts Foundation	45.000	29401	—	2,000
Subtotal for CFDA No. 45.000			—	4,137
Delaware Division of The Arts	45.025	2018.8121	—	69,000
Delaware Humanities Forum	45.129	16OPP2015	—	2,720
Delaware Humanities Forum	45.129	16REG3003	—	6,200
Subtotal for CFDA No. 45.129			—	8,920
Subtotal: National Endowment for the Humanities – Pass-through			—	82,057
Total: National Endowment for the Humanities			—	383,852
Securities and Exchange Commission:				
Direct:				
Securities and Exchange Commission	58.000		—	284,730
Subtotal: Securities and Exchange Commission – Direct			—	284,730
Total: Securities and Exchange Commission			—	284,730
Small Business Administration:				
Direct:				
Small Business Administration Programs	59.000		—	198
Small Business Development Center	59.037		—	880,348
Federal and State Technology Partnership Program	59.058		—	96,558
Subtotal: Small Business Administration – Direct			—	977,104
Total: Small Business Administration			—	977,104
US Environmental Protection Agency:				
Pass-Through:				
Delaware Department of Natural Resources	66.000	166735	—	(87)
Center For The Inland Bays	66.456	18A00553	—	22,259
Delaware Department of Natural Resources	66.466	PO 0000413250	—	234
Delaware Department of Natural Resources	66.466	State-0000369484	—	12,297
Subtotal for CFDA No. 66.466			—	12,531
Delaware Department of Natural Resources	66.472	17A00735	—	86,743
Delaware Department of Natural Resources	66.472	18A00377	—	69,130
Subtotal for CFDA No. 66.472			—	155,873
eXtension Foundation	66.716	SA-2017-64	—	9,842
Subtotal: US Environmental Protection Agency – Pass-through			—	200,418
Total: US Environmental Protection Agency			—	200,418
US Department of Energy:				
Direct:				
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		—	1,322
Subtotal: US Department of Energy – Direct			—	1,322
Pass-Through:				
Battelle	81.089	US001-0000494466	—	9,418
Battelle	81.089	US001-0000505654	—	129,828
Subtotal for CFDA No. 81.089			—	139,246
Subtotal: US Department of Energy – Pass-through			—	139,246
Total: US Department of Energy			—	140,568
US Department of Education:				
Direct:				
Transition to Teaching	84.350		—	76,723
Subtotal: US Department of Education – Direct			—	76,723

UNIVERSITY OF DELAWARE
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2018

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Numbers	Pass-through entity identifying number	Pass-through to subrecipients	Federal expenditures
Pass-Through:				
Lake Forest School District	84.000	PO# 95-15004001556	\$ —	(2)
Delaware Department of Education	84.000	S18-47	—	417,323
Delaware Department of Education	84.000	S18-72	—	987
Subtotal for CFDA No. 84.000			—	418,308
Delaware Department of Education	84.184	03-15	—	237,785
Delaware Department of Education	84.184	S18-57	—	311,983
Subtotal for CFDA No. 84.184			—	549,768
Delaware Department of Education	84.287	17A01172	—	49,651
Capital School District	84.287	17A01207	—	4,224
Capital School District	84.287	18A00923	—	999
Capital School District	84.287	18A01176	—	61
Delaware Department of Education	84.287	RFP 2018-03	—	8,547
Delaware Department of Education	84.287	S16-48	—	86
Delaware Department of Education	84.287	S16-50	—	9
Delaware Department of Education	84.287	S16-59 STATE-0000333479	—	1,281
Delaware Department of Education	84.287	S16-61 STATE-0000333467	—	1,891
Delaware Department of Education	84.287	S16-62	—	17,765
Delaware Department of Education	84.287	S17-60	—	196,024
Delaware Department of Education	84.287	S17-61	—	179,252
Delaware Department of Education	84.287	S17-63	—	129,127
Delaware Department of Education	84.287	S17-64	—	157,507
Delaware Department of Education	84.287	S17-68	—	156,791
Delaware Department of Education	84.287	S17-69	—	70,670
Delaware Department of Education	84.287	S17-70	—	67,032
Delaware Department of Education	84.287	S18-82	—	3,899
Delaware Department of Education	84.287	S18-83	—	2,231
Subtotal for CFDA No. 84.287			—	1,047,047
Delaware Department of Education	84.323	04-13	—	3,732
Delaware Department of Education	84.366	MSP 01-17	—	26,511
Delaware Department of Education	84.366	MSP 02-16	—	67,207
Delaware Department of Education	84.366	MSP 02-17	—	231,068
Subtotal for CFDA No. 84.366			—	324,786
Delaware Department of Education	84.367	2017-11	—	118,102
National Writing Project Corporation	84.367	99-DE01-SEED2016-ILI	—	5,006
National Writing Project Corporation	84.367	99-DE01-SEED2017-CRWPAI	—	10,456
Delaware Department of Education	84.367	S17-87	—	12,000
Subtotal for CFDA No. 84.367			—	145,564
Subtotal: US Department of Education – Pass-through			—	2,489,205
Total: US Department of Education			—	2,565,928
Corporation for National and Community Service:				
Pass-Through:				
First State Animal Center and SPCA	94.006	17A01288	—	5,106
Public Allies	94.006	OP004-94.006-17-PADE	—	(21,675)
Public Allies	94.006	OP004-94.006-18-PADE	—	342,263
Subtotal for CFDA No. 94.006			—	325,694
Subtotal: Corporation for National and Community Service – Pass-through			—	325,694
Total: Corporation for National and Community Service			—	325,694
US Department of Homeland Security:				
Pass-Through:				
Delaware Emergency Management Agency	97.000	CCP16-002	—	8,080
Delaware Emergency Management Agency	97.036	PW00013	—	(2)
Delaware Department of Natural Resources	97.041	17A00984	—	44,869
Delaware Emergency Management Agency	97.042	EMPG-14-005 ADDENDUM 1	—	339
Delaware Emergency Management Agency	97.042	EMPG-17-005	—	74,820
Subtotal for CFDA No. 97.042			—	75,159
Subtotal: US Department of Homeland Security – Pass-through			—	128,106
Total: US Department of Homeland Security			—	128,106
Other Clusters Total			606,553	14,441,476
Grand Total			\$ 21,609,827	281,230,834

See accompanying independent auditors' report and notes to schedule of expenditures of federal awards.

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

(1) Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes all grants, contracts, and similar agreements entered into directly between the University of Delaware (the University) and agencies and departments of the federal government and all sub awards to the University by other organizations pursuant to federal grants, contracts, and similar agreements. The information in the Schedule is prepared on the accrual basis of accounting. The federal award information is presented in accordance with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, certain amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the consolidated financial statements.

(2) Summary of Significant Accounting Policies

Expenditures for student financial aid programs are recognized as incurred and include the federal share of students' Federal Supplemental Educational Opportunity Grants program and Federal Work-Study program earnings, Pell grants, loan disbursements, and administrative cost allowances under the Perkins and direct loan programs, where applicable.

Expenditures for other federal awards are determined using the cost accounting principles set forth in OMB Circular A-21, *Cost Principles for Educational Institutions*, and the uniform administrative requirements as set forth in OMB Circular A-110, *Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*, or the administrative and cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, as applicable. Under these cost principles and administrative requirements, certain expenditures are not allowable or are limited as to expenditures include facilities and administrative costs, related primarily to facilities operation and maintenance and general, divisional, and departmental administrative services, which are allocated as a percentage of direct cost based on negotiated rates. Facilities and administrative costs allocated to such awards for the year ended June 30, 2018 were based on predetermined fixed rates negotiated with the University's cognizant federal agency, Department of the Navy. The University has elected not to use the 10-percent de minimus indirect cost rate as allowed under the Uniform Guidance.

(3) Federal Student Financial Aid Loan Programs

Loans made by the University to eligible students under federal student loan programs and loans issued to students of the University by the U.S. Department of Education during the year ended June 30, 2018 are summarized as follows:

Federal Perkins Loan Program Federal	\$	876,579
Federal Nursing Student Loans		<u>261,548</u>
	\$	<u><u>1,138,127</u></u>
Federal Direct Student Loans	\$	107,047,540

UNIVERSITY OF DELAWARE

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2018

The Federal Perkins and Nursing Student Loan programs are administered directly by the University, and balances and transactions relating to these programs are included in the University's consolidated financial statements. The amounts included on the Schedule under the Federal Perkins and Nursing Student Loan programs include the balance of the respective loan program as of July 1, 2017 of \$12,377,363 and \$843,587, respectively, and new loans issued during fiscal year 2018. As of June 30, 2018, loans receivable for Federal Perkins and Nursing Student Loan programs amount to \$11,198,310 and \$956,166, respectively.

The University is responsible only for the performance of certain administrative duties with respect to the Direct Loans, and accordingly, these loans are not included in its consolidated financial statements and it is not practical to determine the balance of loans outstanding to students and former students of the University under these programs. The amounts included on the Schedule for Direct Loans include all direct loans made to students during fiscal year 2018.



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, in accordance with the 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, the consolidated financial statements of the University of Delaware and its subsidiaries (the University), which comprise the consolidated balance sheet as of June 30, 2018, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 3, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the University's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. Accordingly, we do not express an opinion on the effectiveness of the University's internal control.

A deficiency in internal control 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, 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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's consolidated 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*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPMG LLP

Philadelphia, Pennsylvania
December 3, 2018



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

The Board of Trustees
University of Delaware:

Report on Compliance for Each Major Federal Program

We have audited the University of Delaware's (the University) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2018. The University's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

Opinion on Each Major Federal Program

In our opinion, the University of Delaware complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal programs for the year ended June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2018-001 and 2018-002. Our opinions on the major federal programs are not modified with respect to these matters.



The University's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit over compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify a deficiency in internal control over compliance that we consider to be material weaknesses. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2018-001 and 2018-002, that we consider to be significant deficiencies.

The University's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

We have audited the consolidated financial statements of the University as of and for the year ended June 30, 2018, and have issued our report thereon dated December 3, 2018, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

KPMG LLP

Philadelphia, Pennsylvania
March 25, 2019

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

(1) Summary of Auditors' Results

- (a) The type of report issued on whether the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance material to the consolidated financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **Yes (2018-001 and 2018-002)**
- (e) The type of report issued on compliance for its major program:
 - **Student Financial Assistance Cluster: Unmodified**
 - **Research and Development Cluster: Unmodified**
- (f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a):
Yes (2018-001 and 2018-002)
- (g) Major program:
 - **Student Financial Assistance Cluster: Various CFDA Numbers**
 - **Research and Development Cluster: Various CFDA Numbers**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Related to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None.

(3) Findings and Questioned Costs Related to Federal Awards

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

Reference Number: 2018-001
Federal Agency: Various
Program Name (CFDA #): Research and Development Cluster (CFDA No. Various)
Federal Award Year: July 1, 2017 to June 30, 2018
Federal Award Number: Various
Compliance Requirement: Allowability

Criteria or Requirement

Per 2 CFR section 200.430(i), salaries and wages charged to Federal awards must be based on records that accurately reflect the work performed. These records must be (1) supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (2) incorporated into the official records of the non-Federal entity; (3) reasonably reflect the total activity for which the employee is compensated not exceeding 100 percent of compensated activities; (4) support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity; and (5) comply with the established accounting policies and practices of the non-Federal entity.

Additionally, the University has policies and procedures that require each effort certification to be completed within ninety (90) days following the end of the reporting period. The University divides each year into three (3) effort reporting periods: two (2) apply to all salaried employees who are required to report effort and one (1) applies only to faculty on academic appointments of less than 12 months.

Condition Found, including Perspective

In 31 of 40 payroll samples selected, the effort certification forms were completed but more than 90 days after the end of the University's reporting period.

Possible Cause and Effect

The University was delayed in sending out the certification forms during fiscal year 2018, due to certain employee transitions; therefore, the certifications were not completed timely. Accordingly, the University's monitoring control over effort certification process was not operating effectively during fiscal year 2018.

Questioned Costs

The questioned costs, if any, are not readily determinable.

Statistical Validity of Sample

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding in the Prior Year

No.

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

Recommendation

We recommend the University review its current policies and procedures over effort certification and implement procedures to ensure timely completion by all departments and personnel.

Views of Responsible Officials

The Management concurs with the finding and will implement policies and procedures to reasonably ensure timely completion of effort certification by all department and personnel.

Reference Number:	2018-002
Federal Agency:	Various
Program Name (CFDA #):	Research and Development Cluster (CFDA No. Various)
Federal Award Year:	July 1, 2017 to June 30, 2018
Federal Award Number:	Various
Compliance Requirement:	Reporting

Criteria or Requirement

Per 2 CFR section 215.52 (a) (1) (iv), the Federal awarding agency shall require recipients to submit the financial reporting no later than 30 days after the end of each specified reporting period for quarterly and semi-annual reports, and 90 calendar days for annual and final reports. Extensions of reporting due dates may be approved by the Federal awarding agency upon request of the recipient.

Additionally, 2 CFR section 215.51 (b), the Federal awarding agency shall prescribe the frequency with which the performance reports shall be submitted. Except as provided in § 215.51(f), performance reports shall not be required more frequently than quarterly, or less frequently than annually. Annual reports shall be due 90 calendar days after the grant year; quarterly or semi-annual reports shall be due 30 days after the reporting period. The Federal awarding agency may require annual reports before the anniversary dates of multiple year awards in lieu of these requirements. The final performance reports are due 90 calendar days after the expiration or termination of the award.

Per 2 CFR section 215.71, non-Federal entities shall liquidate all obligations incurred under the award not later than 90 days after the end of the funding period (or as specified in a program regulation). The Federal agency may extend this deadline upon request.

Condition Found, including Perspective

In 14 of 40, there were 37 financial and 3 special (non-financial) reports selected as samples, the reports were submitted beyond the due date indicated in the federal award. For the financial and special reports, they were filed on average within 44 days and 212 days, respectively.

In 4 of 20 awards that ended during fiscal year 2018 as samples, closeout was not completed within the specified closeout period of the award.

Possible Cause and Effect

The University's monitoring control over the timely completion of reports was not operating effectively during fiscal year 2018.

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2018

Questioned Costs

The questioned cost is not readily determinable.

Statistical Validity of Sample

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding in the Prior Year

No.

Recommendation

We recommend the University review its current monitoring controls over timeliness of the preparation of the reports and implement procedures to ensure compliance with the filing deadlines and close-out procedures.

Views of Responsible Officials

The Management concurs with the finding and will implement policies and procedures to reasonably ensure timely preparation of reports and compliance with the filing deadlines and close-out procedures.



Management Responses and Corrective Action Plan
Year ended June 30, 2018

Finding 2018-001: Allowability

Recommendation:

We recommend the University to continuously enhance its current policies and procedures over effort certification and ascertain timely completion by all department.

Views of Responsible Officials:

The University agrees that due to personnel issues it was delayed in distributing effort forms for certification, which significantly impacted timely completion by all departments.

University of Delaware Corrective Action Plan:

The University agrees to further strengthen its internal controls by amending its policies and procedures over effort certification. This will ensure effort reports are released in accordance with the effort certification schedule to facilitate timely completion by all departments. The Effort Certification Policy will be updated to remove any institutional restrictions that are not supported by either best-practices, regulations, or other standards. In addition, the Research Office is actively recruiting for the position of Manager, Financial Compliance (Sponsored Programs Financial Compliance & Audit). This position will lead efforts to increase compliance to University, federal, state and industry research standards through routine monitoring of financial and other post-award data, as well as managing the university's effort reporting process.

Completion Date:

Policy Updates: May 2019

Procedure Updates: July 2019

Contact Person:

Jeff Friedland, AVP Research Administration



Office of the Vice President
for Finance and Deputy
Treasurer

220 Hüllihen Hall
Newark, DE 19716-0160
Phone: 302-831-2107
Fax: 302-831-4120

Management Responses and Corrective Action Plan
Year ended June 30, 2018

Finding 2018-002: Reporting

Recommendation:

We recommend the University to continuously enhance its monitoring controls over timeliness of the preparation of the reports.

Views of Responsible Officials:

The University agrees that timely reporting is required.

University of Delaware Corrective Action Plan:

The University is developing training to further educate staff on federal reporting regulations and timelines. The Research Office is redesigning business processes to enhance its monitoring of federal report submissions, and updating award closeout procedures to standardize operations and refine institutional timelines with escalations.

Completion Date:

Training: June 2019

Award Closeout Procedures: July 2019

Monitoring Program: September 2019

Contact Person:

Jeff Friedland, AVP Research Administration

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

(1) Summary of Auditors' Results

- (a) The type of report issued on whether the consolidated financial statements were prepared in accordance with U.S. generally accepted accounting principles: **Unmodified**
- (b) Internal control deficiencies over financial reporting disclosed by the audit of the consolidated financial statements:
 - Material weaknesses: **No**
 - Significant deficiencies: **None reported**
- (c) Noncompliance material to the consolidated financial statements: **No**
- (d) Internal control deficiencies over major programs disclosed by audit:
 - Material weaknesses: **No**
 - Significant deficiencies: **Yes (2017-001)**
- (e) The type of report issued on compliance for its major program: **Unmodified**
- (f) Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a): **Yes (2017-001)**
- (g) Major program:
 - **Student Financial Assistance Cluster: Various CFDA Numbers**
- (h) Dollar threshold used to distinguish between Type A and Type B programs: **\$3,000,000**
- (i) Auditee qualified as a low-risk auditee: **Yes**

(2) Findings Related to the Consolidated Financial Statements Reported in Accordance with Government Auditing Standards

None

(3) Findings and Questioned Costs Related to Federal Awards

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Reference Number: 2017-001
Federal Agency: U.S. Department of Education
Program Name (CFDA No): Student Financial Aid Cluster: Federal Pell Grant Program (Pell) (CFDA No. 84.063)
Federal Award Year: July 1, 2016 to June 30, 2017
Federal Award Number: P063P160066
Compliance Requirement: Reporting

Criteria

Per 34 CFR Section 690.83, all schools receiving Pell grants must submit Pell payment data to the U.S. Department of Education (ED) through the Common Origination and Disbursement (COD) System Origination. Records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. Institutions must report student payment data within 15 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly or may set up their own system to ensure that changes are reported in a timely manner.

Condition

University of Delaware did not submit Pell disbursement data to the COD within the required 15 calendar days for fifteen (15) of the 65 students selected for testwork. The twelve (12) of 15 students, which were for Fall 2016, were submitted to COD within 35-38 days; while three (3) out of 15 were for Spring 2017 and were submitted to COD within 19-71 days.

Cause

During the end of fiscal year 2016, Pell submission was transitioned to another employee due to retirement of a key employee. During fiscal 2017, there were certain submissions that were missed and were not detected promptly through the University's reconciliation process. Therefore the control over this compliance requirement was not operating effectively during the year.

Effect

Pell disbursements were not reported timely to the COD by the University.

Questioned Costs

Questioned costs are not readily determinable. The exceptions related to the timely reporting to COD.

Statistical Validity of Sample

The sample was not intended to be, and was not, a statistically valid sample.

Repeat Finding

No

UNIVERSITY OF DELAWARE
Schedule of Findings and Questioned Costs
Year ended June 30, 2017

Recommendation

We recommend the University continuously enhance its current policies and procedures to reasonably ensure the timely reporting of the Pell disbursement to COD.

Views of Responsible Officials

The Management concurs with this finding and will implement policies and procedures to ensure timely reporting of the Pell disbursement to COD.



Management Responses and Corrective Action Plan
Year ended June 30, 2017

Finding 2017-001: Federal Pell Grant Program (Pell)

Recommendation:

We recommend the University continuously enhance its current policies and procedures to reasonably ensure the timely reporting of the Pell disbursement to COD.

University of Delaware Corrective Action Plan:

There are system parameter updates required to be completed in order to support each new aid year. FY17 was the first aid year transitioned to new staff due to retirement. We believed all processes to be well documented. However, one necessary update was later identified when we had issues with the batch Pell reporting at the start of FY17. In September 2016, identified through our reconciliations, some Pell grants were not being properly recorded in the Common Origination and Disbursement System (COD) the Department of Education's site which is what schools are required to report student/award/disbursement data for Pell. Initially it was not clear why the usual batch process that sends daily Pell payments via batch processes was not working for all Pell Grants (some were going). While researching, we did manually report individually all Pell grants not updating at COD, but this manual step put us past the report deadline. It was then identified that a particular set-up screen (see attachment) was not properly set-up and it was carrying FY16 max Pell limits (which had increased between FY16 and FY17), and that was preventing these grants above that \$ level from being picked up and sent in the initial batch process.

Since that time, this update screen is documented as part of our yearly system updates. Also, we have reconciliations being performed more often to ensure timely review each week so any can be reported if any are not captured properly at COD.

Completion Date: Already implemented

Contact Person: Melissa J. Stone, Director of Student Financial Services, 302-831-8189

UNIVERSITY OF DELAWARE
Summary Status of Prior Year Findings
June 30, 2017

Agency	U.S. Department of Education
Fiscal Year	2017
Reference Number	2017-001
Related Prior Year Findings	n/a
Program Name (CFDA No.)	Student Financial Aid Cluster: Federal Pell Grant Program (Pell) (CFDA No. 84.063)
Type of Finding	Significant Deficiency, Internal Control
Compliance Requirement(s)	Reporting
Criteria	Per 34 CFR Section 690.83, all schools receiving Pell grants must submit Pell payment data to the U.S. Department of Education (ED) through the Common Origination and Disbursement (COD) System Origination. Records can be sent well in advance of any disbursements, as early as the school chooses to submit them for any student the school reasonably believes will be eligible for a payment. Institutions must report student payment data within 15 calendar days after the school makes a payment; or becomes aware of the need to make an adjustment to previously reported student payment data or expected student payment data. Schools may do this by reporting once every 15 calendar days, bi-weekly or weekly or may set up their own system to ensure that changes are reported in a timely manner.
Condition	University of Delaware did not submit Pell disbursement data to the COD within the required 15 calendar days for fifteen (15) of the 65 students selected for testwork. The twelve (12) of 15 students, which were for Fall 2016, were submitted to COD within 35-38 days; while three (3) out of 15 were for Spring 2017 and were submitted to COD within 19-71 days.
Cause	During the end of fiscal year 2016, Pell submission was transitioned to another employee due to retirement of a key employee. During fiscal 2017, there were certain submissions that were missed and were not detected promptly through the University's reconciliation process. Therefore the control over this compliance requirement was not operating effectively during the year.
Effect	Pell disbursements were not reported timely to the COD by the University.
Recommendation	We recommend the University continuously enhance its current policies and procedures to reasonably ensure the timely reporting of the Pell disbursement to COD.
Questioned Costs	Questioned costs are not readily determinable. The exceptions related to the timely reporting to COD.
College Contact Name	Melissa J. Stone, Director of Student Financial Services
College Contact Phone Number	302-831-8189
Corrective Action Plan	There are system parameter updates required to be completed in order to support each new aid year. FY17 was the first aid year transitioned to new staff due to retirement. We believed all processes to be well documented. However, one necessary update was later identified when we had issues with the batch Pell reporting at the start of FY17. In September 2016, identified through our reconciliations, some Pell grants were not being properly recorded in the Common Origination and Disbursement System (COD) the Department of Education's site which is what schools are required to report student/award/disbursement data for Pell. Initially it was not clear why the usual batch

UNIVERSITY OF DELAWARE
Summary Status of Prior Year Findings
June 30, 2017

	<p>process that sends daily Pell payments via batch processes was not working for all Pell Grants (some were going). While researching, we did manually report individually all Pell grants not updating at COD, but this manual step put us past the report deadline. It was then identified that a particular set-up screen (see attachment) was not properly set-up and it was carrying FY16 max Pell limits (which had increased between FY16 and FY17), and that was preventing these grants above that \$ level from being picked up and sent in the initial batch process.</p> <p>Since that time, this update screen is documented as part of our yearly system updates. Also, we have reconciliations being performed more often to ensure timely review each week so any can be reported if any are not captured properly at COD.</p>
<i>Finding Status</i>	<p>Fully Corrected. <input checked="" type="checkbox"/></p> <p>Not Corrected or Partially Corrected. <input type="checkbox"/></p> <p>Action taken different than original Corrective Action Plan <input type="checkbox"/></p> <p>No longer warranting further action. <input type="checkbox"/></p>
<i>Description of Status</i>	<p>Already implemented</p>
<i>Anticipated Completion Date (if not Fully corrected).</i>	