

UNIVERSITY OF DELAWARE

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

Year Ended June 30, 2023

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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Independent Auditors' Report

The Board of Trustees
University of Delaware
Newark, Delaware

Opinion

We have audited the accompanying financial statements of the University of Delaware (the University), which comprise the statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended for the fiscal year ended June 30, 2023, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the appropriated general funds, capital improvement funds, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2023, in accordance with the cash basis of accounting described in Note 2 to the financial statements.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the University of Delaware and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the cash basis of accounting described in Note 2 to the financial statements; this includes determining that the cash basis of accounting is an acceptable basis for preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Delaware's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University of Delaware's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the University of Delaware's ability to continue as a going concern for a reasonable period of time.

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

Report on Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2023 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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's internal control over financial reporting and compliance.



December 13, 2023
Wilmington, Delaware

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended
Year ended June 30, 2023

| | Appropriated, received, and expended |
|--|---|
| | <hr/> |
| Current funds - State appropriations: | |
| General unrestricted operations ¹ | \$ 101,919,040 |
| State scholarships | 15,167,800 |
| Restricted: | |
| College of Agriculture and Natural Resources | 6,385,000 |
| College of Education and Human Development | 2,914,800 |
| Alfred Lerner College of Business and Economics | 1,841,600 |
| College of Arts and Sciences | 1,341,400 |
| Biden School of Public Policy and Administration | 1,079,300 |
| College of Earth, Ocean, and Environment | 878,100 |
| College of Engineering | 858,800 |
| College of Health Sciences ² | 845,800 |
| Other programs | 784,500 |
| | <hr/> |
| | 16,929,300 |
| | <hr/> |
| Total state appropriations | \$ 134,016,140 |
| | <hr/> <hr/> |

Notes:

¹ The general unrestricted operations appropriation includes a salary supplement of \$1,069,840 in accordance with Senate Bill 251 and \$2,900,000 as part of the State of Delaware personnel contingency.

² The \$247,300 Nursing Expansion appropriation is included within the College of Health Sciences.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE
Statement of State of Delaware General Funds Expended
Year ended June 30, 2023

| | Salaries and wages | Benefits | Scholarships and awards | Supplies, travel, and other | Total |
|---|-----------------------|-------------------|----------------------------|--------------------------------|--------------------|
| Current funds - State appropriations: | | | | | |
| General unrestricted operations | \$ 78,937,895 | 22,981,145 | — | — | 101,919,040 |
| State scholarships: | — | — | 15,167,800 | — | 15,167,800 |
| Restricted: | | | | | |
| College of Agriculture and Natural Resources: | | | | | |
| Cooperative Extension | 1,608,632 | 532,052 | — | 325,481 | 2,466,165 |
| Carvel Research and Education Center | 255,156 | 85,106 | — | 789,434 | 1,129,696 |
| Poultry Disease Research | 544,552 | 247,012 | — | 261,263 | 1,052,827 |
| Biotechnology | 459,365 | 179,612 | — | — | 638,977 |
| Agricultural Experiment Station | 256,101 | 82,861 | — | 247,969 | 586,931 |
| Info Tech Partnership-APEC | 267,169 | 81,850 | — | — | 349,019 |
| Soil Testing | 122,655 | 38,400 | — | 330 | 161,385 |
| | <u>3,513,630</u> | <u>1,246,893</u> | <u>—</u> | <u>1,624,477</u> | <u>6,385,000</u> |
| College of Education and Human Development: | | | | | |
| Math/Science/Literacy/Social Studies Ed for DE Teachers | 563,349 | 220,270 | — | 118,983 | 902,602 |
| Early Learning Center | 250,684 | 109,316 | — | — | 360,000 |
| Delaware Center For Teacher Education | 188,297 | 77,598 | — | 83,130 | 349,025 |
| Clinical Instruction in Teacher Education | 261,153 | 36,924 | — | 22,062 | 320,139 |
| Delaware Education Research & Development Center | 185,313 | 65,076 | — | 2,911 | 253,300 |
| Delaware Academy for School Leadership | 126,720 | 44,889 | — | 53,454 | 225,063 |
| Kent/Sussex Teacher Ed Support | 111,901 | 23,736 | — | 761 | 136,398 |
| Early Childhood Education | 102,807 | 26,693 | — | — | 129,500 |
| The College School | 71,891 | 28,109 | — | — | 100,000 |
| Delaware State - Human Development/Family Science | 65,561 | 19,869 | — | — | 85,430 |
| Graduate Education – Southern Delaware | 20,461 | 8,000 | — | — | 28,461 |
| Public Service and Applied Research | 22,000 | 2,882 | — | — | 24,882 |
| | <u>1,970,137</u> | <u>663,362</u> | <u>—</u> | <u>281,301</u> | <u>2,914,800</u> |
| College of Business and Economics: | | | | | |
| Information Technology Partnership | 1,325,755 | 481,480 | — | 34,365 | 1,841,600 |
| College of Arts and Sciences: | | | | | |
| Associate in Arts Degree | 401,457 | 156,969 | — | — | 558,426 |
| Computer Aided Instruction Arts & Sciences | 42,919 | 16,781 | — | 487,454 | 547,154 |
| Secondary Clinical Teacher Education - Upstate | 137,128 | 36,872 | — | 61,820 | 235,820 |
| | <u>581,504</u> | <u>210,622</u> | <u>—</u> | <u>549,274</u> | <u>1,341,400</u> |
| Biden School: | | | | | |
| Student Public Service & Applied Research Projects | 213,817 | 17,850 | — | 25,675 | 257,342 |
| Community & Nonprofit Development Program | 159,475 | 62,893 | — | 3,334 | 225,702 |
| Local Government Research & Assistance | 157,539 | 45,999 | — | 750 | 204,288 |
| Healthy Communities Program | 80,497 | 33,012 | — | 2,131 | 115,640 |
| Training and Research in Educational Management | 77,019 | 23,638 | — | — | 100,657 |
| Civics Education for Teachers | 64,510 | 19,346 | — | 2,245 | 86,101 |
| Research on School Finance | 53,692 | 24,175 | — | 566 | 78,433 |
| Women's Leadership | 8,406 | 2,731 | — | — | 11,137 |
| | <u>814,955</u> | <u>229,644</u> | <u>—</u> | <u>34,701</u> | <u>1,079,300</u> |
| College of Earth, Ocean, and Environment: | | | | | |
| Sea Grant Program | 459,994 | 179,858 | — | — | 639,852 |
| Coastal Community Development | 114,564 | 39,092 | — | 31,054 | 184,710 |
| Biotechnology | 38,489 | 15,049 | — | — | 53,538 |
| | <u>613,047</u> | <u>233,999</u> | <u>—</u> | <u>31,054</u> | <u>878,100</u> |
| College of Engineering: | | | | | |
| Information Technology Partnership | 291,887 | 114,128 | — | — | 406,015 |
| Biotechnology | 162,404 | 63,500 | — | — | 225,904 |
| Electrical Engineering Biotechnology | 86,208 | 33,707 | — | — | 119,915 |
| Computer & Information Science Biotechnology | 87,148 | 19,818 | — | — | 106,966 |
| | <u>627,647</u> | <u>231,153</u> | <u>—</u> | <u>—</u> | <u>858,800</u> |
| College of Health Sciences: | | | | | |
| State Nursing Expansion Program | 344,218 | 134,589 | — | — | 478,807 |
| Nurse Practitioner Program | 263,834 | 103,159 | — | — | 366,993 |
| | <u>608,052</u> | <u>237,748</u> | <u>—</u> | <u>—</u> | <u>845,800</u> |
| Other Programs: | | | | | |
| Delaware Biotechnology Institute | 370,524 | 154,975 | — | — | 525,499 |
| Diversity Enhancement | 154,249 | 75,834 | — | 28,918 | 259,001 |
| | <u>524,773</u> | <u>230,809</u> | <u>—</u> | <u>28,918</u> | <u>784,500</u> |
| Total state appropriations | <u>\$ 89,517,395</u> | <u>26,746,855</u> | <u>15,167,800</u> | <u>2,584,090</u> | <u>134,016,140</u> |

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2023

| | For the year ended June 30, 2023 | | | Inception through June 30, 2023 (unaudited) | | | |
|-------------------------------------|---|---------------------------------|------------|---|------------------------|--------------------------------------|--|
| | Cash balance on hand at beginning of year | Funds appropriated and received | Expended | Cash balance on hand at end of year | Original appropriation | Funds expended through June 30, 2023 | Unexpended appropriations at June 30, 2023 |
| Plant funds – capital improvements: | | | | | | | |
| Act of 2019 – Laboratories | \$ — | 6,187,763 | 6,187,763 | — | 10,000,000 | 10,000,000 | - |
| Act of 2020 – Laboratories | — | 3,023,692 | 3,023,692 | — | 10,000,000 | 3,726,191 | 6,273,809 |
| Act of 2021 – Laboratories | — | 101,563 | 101,563 | — | 10,000,000 | 101,563 | 9,898,437 |
| Act of 2022 – Laboratories | — | — | — | — | 15,000,000 | — | 15,000,000 |
| Act of 2022 – Shellfish Aquaculture | — | 10,452 | 10,452 | — | 200,000 | 35,934 | 164,066 |
| Act of 2023 – Laboratories | — | 3,017,801 | 3,017,801 | — | 20,000,000 | 3,017,801 | 16,982,199 |
| Act of 2023 – Shellfish Aquaculture | — | — | — | — | 100,000 | — | 100,000 |
| Total plant funds | \$ — | 12,341,271 | 12,341,271 | — | 65,300,000 | 16,881,489 | 48,418,511 |

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2023

| | Cash Balance on hand at beginning of year | Appropriations received ¹ | Expended | Returned to State of Delaware | Cash Balance on hand at end of year ² |
|---|--|---|------------------|--|---|
| Delaware Geological Survey - 2022/2023: | | | | | |
| Salaries and Wages | \$ 714,649 | 1,826,928 | 1,518,395 | — | 1,023,182 |
| Travel | — | 16,750 | 16,750 | — | — |
| Supplies and expense | 184 | 279,922 | 261,255 | — | 18,851 |
| Federal cooperative program | 50,887 | 124,300 | 175,187 | — | — |
| Rivermaster program | 207,094 | 127,300 | 102,127 | — | 232,267 |
| | <u>\$ 972,814</u> | <u>2,375,200</u> | <u>2,073,714</u> | <u>—</u> | <u>1,274,300</u> |

Notes:

¹ Appropriations received includes one-time supplement of \$203,400 and \$38,900 as part of the State of Delaware personnel contingency.

² At June 30, 2023, the ending balance consisted of \$251,118 in encumbered funds and \$1,023,182 to be carried forward to fiscal year 2024.

See accompanying notes to financial statements.

**UNIVERSITY OF DELAWARE
STATE OF DELAWARE FUNDS**

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

Year ended June 30, 2023

(1) The University and State Relationship

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. Courses are also offered at other locations throughout the State, including Wilmington, Lewes, Dover, Milford, and Georgetown.

The University receives annual operating and capital appropriations from the State, which are detailed herein. The University also participates in certain benefit plans of the State. Expenses associated with such benefit plans are not included herein. The State also provides property, fire, and other insurance coverage with an imputed premium value of \$1,607,472 which is also not included herein.

The Delaware Geological Survey (the DGS) is a separate state agency under the general charge and direction of the University, and therefore, the DGS appropriations are not included in the statement of State of Delaware general funds appropriated, received, and expended. The DGS appropriation from the State for fiscal year 2023 was \$2,375,200.

(2) Basis of Presentation

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

The statements included herein, along with the supplemental schedule, are prepared to satisfy Title 2906 (h) which states, "The Auditor of Accounts shall conduct audits of the State funded portion of the finances of the University of Delaware as authorized by §5109 of Title 14."

(3) General and Restricted Appropriations

In the Senate Bill No. 250 Act of 2023, the State appropriated \$113,117,000 to the University for unrestricted use in its operations and student scholarships. Additionally, in the Senate Bill No. 250 Act of 2023, the State appropriated \$16,929,300 for restricted programmatic support for the related colleges within the University. The State also provided contingency funds of \$3,969,840 exclusively for personnel costs. All 2023 appropriations were received and expended during fiscal year 2023. Restricted appropriations are subject to annual reporting requirements to the State.

**UNIVERSITY OF DELAWARE
STATE OF DELAWARE FUNDS**

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

Year ended June 30, 2023

(4) Capital Improvement Appropriations

In the House Bill No. 475, the State appropriated \$20,100,000 to the University for construction, deferred maintenance, and Shellfish Aquaculture. Capital appropriations are required to be expended within three years of issuance unless a continuance is requested and approved.

(5) Expended Funds

Expenditures include salaries and wages, benefits, and supplies, materials, travel and other miscellaneous program costs (other expenses). Salaries and wages are allocated based upon total budgeted state funding. Benefit expenses are allocated based upon a percentage of salaries and wages. Other expenses are direct expenses paid to vendors and suppliers or may be internally allocated from university service centers or auxiliary operations. Such allocations are based upon the nature of the service being provided.

(6) Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the Notes to Financial Statements. All events and transactions have been evaluated through December 13, 2023, which is the date the financial statements were available to be issued.

UNIVERSITY OF DELAWARE
 State of Delaware Appropriated Funds – Current Funds Expenditures by Function
 Year ended June 30, 2023

| | Instruction and departmental research | Sponsored research | Extension and public service | General institutional support | Student aid | Operations and maintenance | Total |
|--|---|-----------------------|------------------------------------|-------------------------------------|-------------------|-------------------------------|--------------------|
| Expenses: | | | | | | | |
| Current Funds- State appropriations: | | | | | | | |
| General unrestricted operations ¹ | \$ 100,945,601 | — | — | 973,439 | — | — | 101,919,040 |
| State scholarships | — | — | — | — | 15,167,800 | — | 15,167,800 |
| Restricted: | | | | | | | |
| College of Agriculture and Natural Resources | 349,018 | 3,019,050 | 2,625,407 | — | — | 391,525 | 6,385,000 |
| College of Education and Human Development | 2,276,618 | 253,300 | 384,882 | — | — | — | 2,914,800 |
| Alfred Lerner College of Business and Economics | 1,841,600 | — | — | — | — | — | 1,841,600 |
| College of Arts and Sciences | 1,341,400 | — | — | — | — | — | 1,341,400 |
| Biden School of Public Policy and Administration | 304,945 | — | 774,355 | — | — | — | 1,079,300 |
| College of Earth, Ocean, and Environment | 53,538 | 639,851 | 184,711 | — | — | — | 878,100 |
| College of Engineering | 260,493 | 598,307 | — | — | — | — | 858,800 |
| College of Health Sciences | 845,800 | — | — | — | — | — | 845,800 |
| Other programs | 679,000 | — | — | 105,500 | — | — | 784,500 |
| Total expenses | <u>\$ 108,898,013</u> | <u>4,510,508</u> | <u>3,969,355</u> | <u>1,078,939</u> | <u>15,167,800</u> | <u>391,525</u> | <u>134,016,140</u> |

Note:

¹ The University assigns the general operations expenses to Colleges and administrative units annually.

See accompanying independent auditors' report.

**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
Newark, 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 statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the Fiscal Year Ended June 30, 2023, and have issued our report thereon dated December 13, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements listed above, we considered the University's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements listed above, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control. 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University'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 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether these financial statements are free from 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 financial statements. 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.

Gunnip & Company LLP

December 13, 2023
Wilmington, Delaware