



UNIVERSITY OF DELAWARE

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

June 30, 2011

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

Independent Auditors' Report

The Board of Trustees
University of Delaware:

We have audited the accompanying statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2011. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the appropriated general, capital improvement, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2011, on the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2011 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.



Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information for the year ended June 30, 2011, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole on the basis of accounting described in the third preceding paragraph.

KPMG LLP

October 31, 2011

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2011

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u> (a)	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>
Current funds:					
Government appropriations – State:					
General Operations	\$ —	88,153,800	88,153,800	—	—
Information Technology Partnership	—	2,541,300	2,541,300	—	—
Poultry Disease Research	—	1,105,300	1,105,300	—	—
Cooperative Extension	—	1,077,200	1,077,200	—	—
Math/Science Education for Delaware Teachers	—	1,020,100	1,020,100	—	—
Biotechnology	—	734,300	734,300	—	—
Delaware Center for Teacher Education	—	656,000	656,000	—	—
Agricultural Experimental Station	—	638,700	638,700	—	—
Biotechnology Institute	—	584,800	584,800	—	—
Sea Grant Program	—	559,000	559,000	—	—
Agricultural Research and Education Center	—	536,600	536,600	—	—
Molecular Biology/Biotechnology Program	—	499,200	499,200	—	—
Educational Management and Government Training	—	466,700	466,700	—	—
Public Service Assistantships	—	452,900	452,900	—	—
Early Learning Center	—	423,400	423,400	—	—
Carvel Research and Education Center	—	410,900	410,900	—	—
Soil Testing/Pesticide Control	—	380,400	380,400	—	—
Crop Extension	—	378,500	378,500	—	—
Center for Translational Cancer Research	—	365,300	365,300	—	—
Nursing Program Expansion	—	318,700	318,700	—	—
Software Licenses Support	—	314,600	314,600	—	—
Coastal Community Development	—	302,900	302,900	—	—
Diversity Enhancement	—	293,000	293,000	—	—
Nurse Practitioner	—	269,000	269,000	—	—
Center for Community Development and Family Policy	—	261,200	261,200	—	—
Local Government Research	—	238,700	238,700	—	—
Clinical Instruction in Teacher Education	—	238,500	238,500	—	—
Delaware Education Research/Development Center	—	235,100	235,100	—	—
Agricultural Environmental Quality	—	202,800	202,800	—	—
Undergrad Multimedia Instruction	—	202,300	202,300	—	—
Diagnostic Poultry Service	—	201,500	201,500	—	—
Center for Economic Education	—	192,600	192,600	—	—
Associate in Arts Degree	—	170,100	170,100	—	—
Science Engineering and Technology Service Program	—	156,300	156,300	—	—
Summer School – Gifted and Talented	—	140,000	140,000	—	—
Urban Agent Program	—	135,600	135,600	—	—
Secondary Clinical Teacher Education	—	127,100	127,100	—	—
Milford Professional Development School	—	117,200	117,200	—	—
Early Childhood Education	—	114,200	114,200	—	—
Improved Campus Security	—	101,600	101,600	—	—
Computer Aided Arts and Science Instruction	—	100,000	100,000	—	—
Civics Education for Teachers	—	100,000	100,000	—	—
The College School	—	91,800	91,800	—	—
Research on School Finance Issues	—	90,500	90,500	—	—
Computer Aided Math Instruction	—	80,000	80,000	—	—
Advanced Studies	—	66,400	66,400	—	—
Library Automation	—	52,000	52,000	—	—
Graduate Education – Southern Delaware	—	37,300	37,300	—	—
Inland Bay Citizen's Monitoring Program	—	35,700	35,700	—	—
Delaware Geographic Alliance	—	34,100	34,100	—	—
Great Beginnings	—	19,900	19,900	—	—
Women's Leadership Training Programs	—	11,300	11,300	—	—
		<u>106,036,400</u>	<u>106,036,400</u>	<u>—</u>	<u>—</u>
Government appropriations – State scholarships:					
General Scholarships	—	4,755,549	4,755,549	—	—
Scholarship Fund	—	2,505,383	2,505,383	—	—
Aid to Needy Students	—	1,771,474	1,771,474	—	—
Delaware Scholars Program	—	345,994	345,994	—	—
Service Learning Scholarships	—	200,000	200,000	—	—
Title VI Compliance	—	200,000	200,000	—	—
Student Employment Program	—	150,000	150,000	—	—
Delaware Research Scholars Program	—	136,900	136,900	—	—
Study Abroad	—	50,000	50,000	—	—
		<u>10,115,300</u>	<u>10,115,300</u>	<u>—</u>	<u>—</u>
Grand total current funds	\$ —	<u>116,151,700</u> (a)	<u>116,151,700</u>	<u>—</u>	<u>—</u>

Note:

- (a) In addition to general appropriated funds received, the State of Delaware provided 10% of worker's compensation insurance coverage for the University with an estimated premium value of \$98,708. The State of Delaware also provided auto, fire, and other insurance coverage with an estimated premium value of \$896,036.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware Capital Improvement Funds Appropriated, Received, and Expended
Year ended June 30, 2011

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>	
Plant funds – capital improvements:						
Act of 2009	\$ (165,871)	570,333	404,462	—	—	(a)
Act of 2010	—	—	—	—	—	(b)
Act of 2011	—	495,863	495,863	—	—	(c)
Grand total plant funds	\$ <u>(165,871)</u>	<u>1,066,196</u>	<u>900,325</u>	<u>—</u>	<u>—</u>	

Note:

- (a) In the Capital Improvement Act of 2009, the State of Delaware appropriated \$5,000,000 to the University of Delaware for Alison Hall Renovations. Funds must be expended by June 30, 2012. The beginning balance \$(165,871) represents cash due to the University for expenditures incurred during fiscal year 2010. The cash was received in fiscal year 2011.
- (b) In the Capital Improvement Act of 2010, the State of Delaware appropriated \$1,000,000 to the University of Delaware for Alison Hall Renovations. Funds must be expended by June 30, 2012.
- (c) In the Capital Improvement Act of 2011, the State of Delaware appropriated \$1,000,000 to the University of Delaware for Alison Hall Renovations; the State of Delaware also appropriated \$2,000,000 to the University of Delaware for the Chrysler Site, of which \$495,863 was expended during fiscal year 2011. Funds must be expended by June 30, 2013.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2011

	<u>Cash balance on hand at beginning of year</u>	<u>Appropriations received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year</u>
Delaware Geological					
Survey – 2010/2011:					
Salaries and wages	\$ —	1,415,549	1,415,549	—	—
Travel	104	4,085	4,189	—	—
Supplies and expense	114	74,585	74,699	—	—
Federal cooperative program	—	88,481	88,481	—	—
Rivermaster program	<u>28,816</u>	<u>95,100</u>	<u>79,300</u>	<u>—</u>	<u>44,616</u>
	\$ <u>29,034</u>	<u>1,677,800</u>	<u>1,662,218</u>	<u>—</u>	<u>44,616</u> (a)

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

Notes:

- (a) At June 30, 2011, the ending balance consisted of \$44,616 in encumbered funds.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2011

Summary of Significant Accounting Policies

Basis of Presentation

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

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures

Year ended June 30, 2011

Education and general:	
Instruction	\$ 48,028,926
Research	7,181,117
Public service	6,412,016
Academic support	14,094,674
Student services	3,012,195
Operation and maintenance of plant	18,309,061
Institutional support	8,998,411
Student aid – scholarships	9,232,406
Title VI compliance scholarships	327,994
Service learning scholarships	25,000
Student employment program	127,525
Study abroad – Delaware residents	50,000
Scholarship – other	352,375
Grand total	<u>\$ 116,151,700</u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2011

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general:			
Instruction:			
College of Agriculture & Natural Resources	\$ 1,907,496	1,795,043	112,453
College of Arts & Sciences	16,915,223	16,724,459	190,764
Alfred Lerner College of Business & Economics	2,255,553	2,255,553	—
College of Earth, Ocean, and Environment	1,066,808	1,065,271	1,537
College of Engineering	1,593,650	1,593,650	—
College of Education and Human Development	4,071,117	3,659,692	411,425
College of Health Sciences	2,840,472	2,840,472	—
Professional & Continuing Studies	321,686	321,686	—
Special Instructional Projects	3,225,901	3,113,107	112,794
Academic Affairs & International Programs	388,354	388,354	—
Benefits	13,442,666	13,442,666	—
	<u>48,028,926</u>	<u>47,199,953</u>	<u>828,973</u>
Research:			
Experimental Station	2,134,955	2,134,955	—
Agricultural Experimental Station	553,022	284,209	268,813
Sea Grant Program	419,100	419,100	—
Agricultural Research & Education Center	446,177	193,622	252,555
Poultry Disease Research	832,847	453,850	378,997
Center for Translational Cancer Research	330,057	131,181	198,876
Delaware Education Research and Development Center	207,085	95,074	112,011
Carvel Research and Education Center	372,412	99,352	273,060
College of Agriculture & Natural Resources	117,926	117,926	—
College of Arts & Sciences	199,520	199,520	—
College of Health Sciences	78,685	78,685	—
College of Earth, Ocean, and Environment	15,625	15,625	—
College of Engineering	15,468	15,468	—
College of Education and Human Development	1,653	1,653	—
Benefits	1,456,585	1,456,585	—
	<u>7,181,117</u>	<u>5,696,805</u>	<u>1,484,312</u>
Public service:			
Agricultural Extension Service	2,287,324	2,116,834	170,490
Agricultural Environmental Quality	157,229	141,087	16,142
Soil Testing/Pesticide Control	287,509	285,001	2,508
Public Policy	1,394,153	1,311,628	82,525
Public Service Assistantships	581,383	482,985	98,398
Coastal Community Development	210,956	129,153	81,803
Benefits	1,493,462	1,493,462	—
	<u>6,412,016</u>	<u>5,960,150</u>	<u>451,866</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2011

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Academic support:			
Library	\$ 5,909,733	5,774,569	135,164
University Media Services	634,034	634,034	—
Office of Vice President for Information Technologies	84,825	84,825	—
Student Special Services	211,341	211,341	—
Coordinator of Research	1,370,937	1,370,937	—
College of Engineering	2,405	2,405	—
Office of Vice President for Academic Programs	198,421	198,421	—
College Administration	1,500,403	1,500,403	—
Graduate Studies	130,086	130,086	—
Benefits	4,052,489	4,052,489	—
	<u>14,094,674</u>	<u>13,959,510</u>	<u>135,164</u>
Student services:			
Student Life	123,110	123,110	—
Admissions & Financial Aid	896,297	896,297	—
University Registrar	430,673	430,673	—
Counseling and Student Development	96,154	96,154	—
Employee Relations	23,385	23,385	—
Career Services Center	448,007	448,007	—
Foreign Student and Scholar Services	117,759	117,759	—
Benefits	876,810	876,810	—
	<u>3,012,195</u>	<u>3,012,195</u>	<u>—</u>
Operations and maintenance of plant:			
Administration & Supervision	463,186	463,186	—
Building Services	4,620,212	4,620,212	—
Repairs and Maintenance	5,897,802	5,897,802	—
Central Plant Operations	379,834	379,834	—
Grounds Services	1,413,012	1,413,012	—
Facilities Planning & Construction	127,333	127,333	—
Poultry Disease Research	110,250	—	110,250
Benefits	5,297,432	5,297,432	—
	<u>18,309,061</u>	<u>18,198,811</u>	<u>110,250</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2011

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Institutional support:			
Office of Executive Vice President and University Treasurer	\$ 743,613	743,613	—
Student Life	153,456	153,456	—
Office of Vice President for Finance and Administration	727,537	727,537	—
Office of Vice President for Information Technologies	1,182,194	867,594	314,600
Employee Relations	7,308	7,308	—
Public Safety	2,442,496	2,442,496	—
Supporting Services	648,771	648,771	—
Environmental Health and Safety	315,231	315,231	—
Institutional Research and Planning	90,024	90,024	—
Other General Institutional Expense	188,266	188,266	—
Benefits	2,499,515	2,499,515	—
	<u>8,998,411</u>	<u>8,683,811</u>	<u>314,600</u>
Student aid – scholarships	9,232,406	—	9,232,406
Title VI compliance scholarships	327,994	—	327,994
Service learning scholarships	25,000	—	25,000
Student employment program	127,525	127,525	—
Study abroad – Delaware residents	50,000	—	50,000
Scholarship – other (a)	352,375	83,860	268,515
	<u>10,115,300</u>	<u>211,385</u>	<u>9,903,915</u>
Grand total	<u>\$ 116,151,700</u>	<u>102,922,620</u>	<u>13,229,080</u>

Note:

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

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Capital Improvements Appropriations

Year ended June 30, 2011

	<u>Original appropriations</u>	<u>Appropriations expended during the year ended June 30, 2011</u>	<u>Appropriations expended through June 30, 2010</u>	<u>Returned to State of Delaware</u>	<u>Unexpended appropriations at June 30, 2011</u>
Capital improvements:					
Act of 2009:					
Alison Hall	\$ 5,000,000	(404,462)	(1,066,025)	—	3,529,513
	<u>\$ 5,000,000</u>	<u>(404,462)</u>	<u>(1,066,025)</u>	<u>—</u>	<u>3,529,513</u>
Act of 2010:					
Alison Hall	\$ 1,000,000	—	—	—	1,000,000
	<u>\$ 1,000,000</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>1,000,000</u>
Act of 2011:					
Alison Hall	\$ 1,000,000	—	—	—	1,000,000
Chrysler	2,000,000	(495,863)	—	—	1,504,134
	<u>\$ 3,000,000</u>	<u>(495,863)</u>	<u>—</u>	<u>—</u>	<u>2,504,137</u>

See accompanying independent auditors' report.



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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

The Board of Trustees
University of Delaware:

We have audited the statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the year ended June 30, 2011, and have issued our report thereon dated October 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

KPMG LLP

October 31, 2011