



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, 2019

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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KPMG LLP
1601 Market Street
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Independent Auditors' Report

The Board of Trustees
University of Delaware:

Report on the Financial Statements

We have audited the accompanying financial statements of 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 year ended June 30, 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the 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.

Auditors' Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the 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 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 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 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, 2019, in accordance with the cash basis of accounting described in note 2 to the financial statements.



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 a basis of accounting other than U.S. generally accepted accounting principles. Our opinion is not modified with respect to this matter.

Other Matters – 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. The accompanying supplementary information included in Schedule 1 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. Such 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 accompanying supplementary information included in Schedule 1 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 November 14, 2019 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 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'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's internal control over financial reporting and compliance.

KPMG LLP

Philadelphia, Pennsylvania
November 14, 2019

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2019

	<u>Appropriated</u>	<u>Contingent</u>	<u>Received and expended</u>
Current funds – state appropriations:			
General unrestricted operations	\$ 92,429,600	3,254,820	95,684,420
State scholarships	10,355,700	—	10,355,700
Restricted:			
College of Agriculture and Natural Resources	5,420,300	102,500	5,522,800
College of Arts and Sciences	2,802,700	64,400	2,867,100
College of Business and Economics	1,741,000	46,100	1,787,100
College of Earth, Ocean, and Environment	832,500	20,100	852,600
College of Education and Human Development	2,770,600	64,000	2,834,600
College of Engineering	810,600	21,900	832,500
College of Health Sciences ¹	800,900	21,600	822,500
Other programs	742,000	19,000	761,000
	<u>15,920,600</u>	<u>359,600</u>	<u>16,280,200</u>
Total state appropriations	\$ <u>118,705,900</u>	<u>3,614,420</u>	<u>122,320,320</u>

¹ The College of Health Sciences includes \$247,300 for Nursing expansion.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Expended

Year ended June 30, 2019

	<u>Salaries and wages</u>	<u>Benefits</u>	<u>Scholarships and awards</u>	<u>Supplies, travel, and other</u>	<u>Total</u>
Current funds – state appropriations:					
General unrestricted operations	\$ 74,341,559	21,342,861	—	—	95,684,420
State scholarships	127,525	—	10,218,800	9,375	10,355,700
Restricted:					
College of Agriculture and Natural Resources:					
Cooperative Extension	1,142,293	443,259	—	327,848	1,913,400
Poultry Disease Research	500,077	227,011	—	253,912	981,000
Carvel Research and Education Center	265,303	101,434	—	720,263	1,087,000
Agricultural Experiment Station	281,682	106,230	—	275,088	663,000
Biotechnology	499,264	203,236	—	—	702,500
Soil Testing	111,705	45,576	—	719	158,000
Great Beginnings	7,841	1,041	—	9,018	17,900
	<u>2,808,165</u>	<u>1,127,787</u>	<u>—</u>	<u>1,586,848</u>	<u>5,522,800</u>
College of Arts and Sciences:					
Secondary Clinical Teacher Education – Upstate	302,562	123,446	—	23,132	449,140
Center for Translational Cancer Research (CTCR)	127,928	52,194	—	128,578	308,700
Public Service & Applied Research Projects	217,318	11,345	—	26,137	254,800
Computer Aided Instruction Arts & Sciences	—	—	—	271,458	271,458
Information Technology Partnership	178,316	44,830	—	—	223,146
Community & Nonprofit Development Program	133,539	57,115	—	31,316	221,970
Local Government Research & Assistance	147,023	54,077	—	2,250	203,350
Science, Engineering and Technology (SET) Policy	153,704	41,345	—	721	195,770
Associate in Arts Degree	133,034	54,278	—	—	187,312
Healthy Communities Program	64,559	22,984	—	28,098	115,641
Training and Research (Educational Management)	82,860	15,078	—	1,531	99,469
The Energy and Environmental Policy Analysis (EEPA) Program	56,132	8,942	—	31,357	96,431
Civics Education for Teachers	57,410	20,009	—	7,743	85,162
Research on School Finance	55,822	17,508	—	3,601	76,931
Computer Aided Math Instruction	—	—	—	39,200	39,200
Biology Biotech Lines	20,185	8,235	—	—	28,420
Women's Leadership	7,244	2,956	—	—	10,200
Service Learning Scholarship	1,080	(1,080)	—	—	—
	<u>1,738,716</u>	<u>533,262</u>	<u>—</u>	<u>595,122</u>	<u>2,867,100</u>
College of Business and Economics:					
Information Technology Partnership	1,256,995	486,878	—	43,227	1,787,100
	<u>1,256,995</u>	<u>486,878</u>	<u>—</u>	<u>43,227</u>	<u>1,787,100</u>
College of Earth, Ocean, and Environment:					
Sea Grant Program	437,040	178,312	—	—	615,352
Coastal Community Development	97,637	36,345	—	49,728	183,710
Biotechnology	38,024	15,514	—	—	53,538
	<u>572,701</u>	<u>230,171</u>	<u>—</u>	<u>49,728</u>	<u>852,600</u>
College of Education and Human Development:					
Math/Science/Literacy/Social Studies Ed for DE Teachers	320,767	116,518	—	176,815	614,100
Early Learning Center	299,919	193,056	—	—	492,975
Clinical Instruction in Teacher Education	221,913	21,529	—	21,158	264,600
Delaware Center for Teacher Education	152,122	56,056	—	69,574	277,752
Delaware Education Research & Development Center	179,828	65,884	—	5,037	250,749
Delaware Academy for School Leadership (Trm/Rsch Ed Mgt)	127,041	30,852	—	37,907	195,800
Secondary Education Southern Delaware – Downstate	203,407	76,602	—	15,591	295,600
Kent/Sussex Teacher Ed Support (formerly Milford PDS)	106,847	23,620	—	7,227	137,694
Early Childhood Education	104,601	22,099	—	—	126,700
The College School	80,574	32,874	—	—	113,448
Public Service and Applied Research	20,000	1,180	—	—	21,180
Graduate Education – Southern Delaware	29,843	9,224	—	4,935	44,002
	<u>1,846,862</u>	<u>649,494</u>	<u>—</u>	<u>338,244</u>	<u>2,834,600</u>

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Expended

Year ended June 30, 2019

	Salaries and wages	Benefits	Scholarships and awards	Supplies, travel, and other	Total
College of Engineering:					
Information Technology Partnership	\$ 282,660	115,325	—	—	397,985
Biotechnology	150,656	61,468	—	—	212,124
Electrical Engineering Biotechnology	83,481	34,060	—	—	117,541
Computer & Information Science Biotechnology	74,467	30,383	—	—	104,850
	<u>591,264</u>	<u>241,236</u>	<u>—</u>	<u>—</u>	<u>832,500</u>
College of Health Sciences:					
State Nursing Expansion Program	408,381	166,619	—	—	575,000
Nurse Practitioner Program	175,781	71,719	—	—	247,500
	<u>584,162</u>	<u>238,338</u>	<u>—</u>	<u>—</u>	<u>822,500</u>
Other programs:					
Delaware Biotechnology Institute	351,148	156,552	—	—	507,700
Diversity Enhancement	77,458	46,955	—	128,887	253,300
	<u>428,606</u>	<u>203,507</u>	<u>—</u>	<u>128,887</u>	<u>761,000</u>
Total state appropriations	\$ <u>84,296,555</u>	<u>25,053,534</u>	<u>10,218,800</u>	<u>2,751,431</u>	<u>122,320,320</u>

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, 2019

	<u>Year ended June 30, 2019</u>			<u>Inception through June 30, 2019 (unaudited)</u>			
	<u>Cash balance on hand at beginning of year</u>	<u>Funds appropriated and received</u>	<u>Expended</u>	<u>Cash balance on hand at end of year</u>	<u>Original appropriation</u>	<u>Funds expended through June 30, 2019</u>	<u>Unexpended appropriations at June 30, 2019</u>
Plant funds – capital improvements:							
Act of 2017 – Laboratories	\$ —	186,565	186,565	—	5,500,000	936,935	4,563,065
Act of 2018 – Laboratories	—	—	—	—	5,500,000	—	5,500,000
Act of 2019 – Laboratories	—	—	—	—	10,000,000	—	10,000,000
Total plant funds	\$ —	186,565	186,565	—	21,000,000	936,935	20,063,065

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2019

	<u>Cash balance on hand at beginning of year</u>	<u>Funds appropriated and received</u>	<u>Expended</u>	<u>Returned to State of Delaware</u>	<u>Cash balance on hand at end of year (a)</u>
Delaware Geological					
Survey – 2018/2019:					
Salaries and wages	\$ 170,726	1,666,103	1,708,349	—	128,480
Travel	—	2,049	2,049	—	—
Supplies and expense	—	54,448	54,448	—	—
Federal cooperative program	50,453	124,300	116,410	—	58,343
Rivermaster program	220,287	127,300	157,403	—	190,184
	<u>\$ 441,466</u>	<u>1,974,200</u>	<u>2,038,659</u>	<u>—</u>	<u>377,007</u>

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.

Note:

- (a) At June 30, 2019, the cash balance on hand at end of year consisted of \$248,527 in encumbered funds and \$128,480 to be carried forward to fiscal year 2020.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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, 2019

(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, 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, 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 provided auto, fire, and other insurance coverage with an estimated premium value of \$723,377, 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 2019 was \$1,974,200.

(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.

(3) General and Restricted Appropriations

In the House Bill No. 235 Act of 2019, the State appropriated \$102,785,300 to the University for unrestricted use in its operations and student scholarships. Additionally, in the Senate Bill No. 235 Act of 2019, the State appropriated \$15,920,600 for restricted programmatic support for the related colleges within the University. The State also provided contingency funds of \$3,614,420 exclusively for personnel costs. All 2019 appropriations were received and expended during fiscal year 2019. Restricted appropriations are subject to annual reporting requirements to the State.

(4) Capital Improvement Appropriations

In the Capital Improvement Act of 2017, the State appropriated \$5,500,000. The unexpended appropriations balance of \$4,563,065 consists of funds held by the State and not drawn by the University as of June 30, 2019. As part of Senate Bill No. 180, continuing appropriation funds must be expended by June 30, 2020. In the Capital Improvement Act of 2018, the State appropriated \$5,500,000. As of June 30, 2019, the University has not drawn on these funds, which must be expended by June 30, 2020. In the Capital Improvement Act of 2019, the State appropriated \$10,000,000. As of June 30, 2019, the University has not drawn on these funds, which must be expended by June 30, 2021.

UNIVERSITY OF DELAWARE

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, 2019

(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.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds – Current Funds Expenditures by Function

Year ended June 30, 2019

	Instruction and departmental research	Sponsored research	Extension and public service	Academic support	Student services	General institutional support	Student aid	Operations and maintenance	Total
Expenses:									
Current funds – state appropriations:									
General unrestricted operations ^(a)	\$ 95,684,420	—	—	—	—	—	—	—	95,684,420
State scholarships	—	—	—	—	9,375	—	10,346,325	—	10,355,700
Restricted:									
College of Agriculture and Natural Resources	—	3,182,341	2,088,911	—	—	—	—	251,548	5,522,800
College of Arts and Sciences	1,501,495	308,700	1,056,861	—	—	—	—	44	2,867,100
College of Business and Economics	1,787,100	—	—	—	—	—	—	—	1,787,100
College of Earth, Ocean, and Environment	53,538	615,352	183,710	—	—	—	—	—	852,600
College of Education and Human Development	2,069,695	250,750	514,155	—	—	—	—	—	2,834,600
College of Engineering	818,449	14,051	—	—	—	—	—	—	832,500
College of Health Sciences	822,500	—	—	—	—	—	—	—	822,500
Other programs	660,500	—	—	—	—	100,500	—	—	761,000
Total expenses	<u>\$ 103,397,697</u>	<u>4,371,194</u>	<u>3,843,637</u>	<u>—</u>	<u>9,375</u>	<u>100,500</u>	<u>10,346,325</u>	<u>251,592</u>	<u>122,320,320</u>

^(a) The University assigns the general operations expenses to Colleges and administrative units annually.

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, 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, 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 year ended June 30, 2019, and have issued our report thereon dated November 14, 2019.

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) to determine the 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 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 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 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 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
November 14, 2019