



UNIVERSITY OF DELAWARE

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

June 30, 2010

(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, 2010. 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, 2010, on the basis of accounting described in the preceding paragraph.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2010 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, 2010, 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 27, 2010

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended
Year ended June 30, 2010

	Cash balance on hand at beginning of year	Appropriations received	(a) Expended	Returned to State of Delaware	Cash balance on hand at end of year
Current funds:					
Government appropriations – State:					
General Operations	\$ —	90,375,300	90,375,300	—	—
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	—	—
Associate in Arts Degree	—	170,100	170,100	—	—
Science Engineering and Technology Service Program	—	156,300	156,300	—	—
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	—	—
Library Automation	—	52,000	52,000	—	—
Graduate Education – Southern Delaware	—	37,300	37,300	—	—
	—	107,757,900	(a) 107,757,900	—	—
Government appropriations – State scholarships:					
General Scholarships	—	4,033,737	4,033,737	—	—
Scholarship Fund	—	2,903,622	2,903,622	—	—
Aid to Needy Students	—	1,985,032	1,985,032	—	—
Delaware Scholars Program	—	200,000	200,000	—	—
Service Learning Scholarships	—	200,000	200,000	—	—
Title VI Compliance	—	454,009	454,009	—	—
Student Employment Program	—	136,900	136,900	—	—
Delaware Research Scholars Program	—	150,000	150,000	—	—
Study Abroad	—	50,000	50,000	—	—
Academic Incentive Program	—	2,000	2,000	—	—
	—	10,115,300	10,115,300	—	—
Grand total current funds	\$ —	117,873,200	(a) 117,873,200	—	—

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 \$95,889. The State of Delaware also provided auto, fire, and other insurance coverage with an estimated premium value of \$796,000.

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, 2010

	<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	\$ —	900,153	900,153	—	—	(a)
Act of 2010	—	—	—	—	—	(b)
Grand total plant funds	\$ <u>—</u>	<u>900,153</u>	<u>900,153</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, 2011, and the University requests funds from the State of Delaware as they are incurred.
- (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.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2010

	<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 – 2009/2010:					
Salaries and wages	\$ 1,831	1,401,480	1,403,311	—	—
Travel	1,530	1,636	3,062	—	104
Supplies and expense	434	49,168	49,488	—	114
Federal cooperative program	—	87,416	87,416	—	—
Rivermaster program	33,468	91,900	96,552	—	28,816
	<u>\$ 37,263</u>	<u>1,631,600</u>	<u>1,639,829</u>	<u>—</u>	<u>29,034</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, 2010, the ending balance consisted of \$29,034 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, 2010

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, 2010

Education and general:	
Instruction	\$ 49,171,807
Research	7,145,895
Public service	6,246,434
Academic support	14,293,072
Student services	3,605,550
Operation and maintenance of plant	18,104,104
Institutional support	9,191,038
Student aid – scholarships	9,124,391
Title VI compliance scholarships	436,009
Service learning scholarships	25,000
Student employment program	127,525
Study abroad – Delaware residents	50,000
Scholarships – Other	<u>352,375</u>
Grand total	\$ <u><u>117,873,200</u></u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2010

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general:			
Instruction:			
College of Agriculture & Natural Resources	\$ 1,925,989	1,886,327	39,662
College of Arts & Sciences	16,872,093	16,647,311	224,782
Alfred Lerner College of Business & Economics	1,999,957	1,999,957	—
College of Earth, Ocean, and Environment	1,064,520	1,064,520	—
College of Engineering	1,492,261	1,492,261	—
College of Education and Human Development	4,523,361	4,185,535	337,826
College of Health Sciences	3,827,416	3,827,416	—
Professional & Continuing Studies	380,302	379,828	474
Special Instructional Projects	3,179,874	3,082,279	97,595
Academic Affairs & International Programs	394,992	394,992	—
Benefits	13,511,042	13,511,042	—
	<u>49,171,807</u>	<u>48,471,468</u>	<u>700,339</u>
Research:			
Experimental Station	2,013,806	2,013,806	—
Agricultural Experimental Station	715,154	271,324	443,830
Sea Grant Program	420,417	415,417	5,000
Agricultural Research & Education Center	260,196	260,196	—
Poultry Disease Research	900,967	512,986	387,981
Center for Translational Cancer Research	348,327	56,042	292,285
Delaware Education Research and Development Center	188,663	170,021	18,642
Carvel Research and Education Center	374,088	95,584	278,504
College of Agriculture & Natural Resources	148,139	148,139	—
College of Arts & Sciences	263,413	263,413	—
College of Health Sciences	65,312	65,312	—
College of Earth, Ocean, and Environment	26,490	26,490	—
College of Engineering	18,173	18,173	—
Benefits	1,402,750	1,402,750	—
	<u>7,145,895</u>	<u>5,719,653</u>	<u>1,426,242</u>
Public service:			
Agricultural Extension Service	2,242,813	2,103,361	139,452
Agricultural Environmental Quality	157,212	141,139	16,073
Soil Testing/Pesticide Control	286,286	285,546	740
Public Policy	1,478,736	1,382,901	95,835
Public Service Assistantships	435,568	435,568	—
Coastal Community Development	159,741	116,719	43,022
Benefits	1,486,078	1,486,078	—
	<u>6,246,434</u>	<u>5,951,312</u>	<u>295,122</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2010

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Academic support:			
Library	\$ 5,875,860	5,822,035	53,825
University Media Services	1,051,582	992,953	58,629
Student Special Services	209,336	209,336	—
Coordinator of Research	1,212,033	1,212,033	—
Publications Office	—	—	—
College Administration	1,622,042	1,622,042	—
Academic Affairs	194,405	194,405	—
Graduate Studies	148,621	148,621	—
Benefits	3,979,193	3,979,193	—
	<u>14,293,072</u>	<u>14,180,618</u>	<u>112,454</u>
Student services:			
Student Life	80,674	80,674	—
Admissions & Financial Aid (a)	1,504,546	1,504,546	—
University Registrar	426,812	426,812	—
Counseling and Student Development	53,367	53,367	—
Employee Relations	—	—	—
Career Services Center	418,363	418,363	—
Foreign Student and Scholar Services	106,822	106,822	—
Benefits	1,014,966	1,014,966	—
	<u>3,605,550</u>	<u>3,605,550</u>	<u>—</u>
Operations and maintenance of plant:			
Administration & Supervision	438,615	438,615	—
Building Services	4,566,710	4,566,710	—
Repairs and Maintenance	6,018,780	6,018,780	—
Central Plant Operations	398,958	398,958	—
Grounds Services	1,436,720	1,436,720	—
Facilities Planning & Construction	124,180	124,180	—
Library	980	—	980
Agricultural Research and Education Center	270	—	270
Poultry Disease Research	31,901	—	31,901
Benefits	5,086,990	5,086,990	—
	<u>18,104,104</u>	<u>18,070,953</u>	<u>33,151</u>

Note:

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

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2010

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Institutional support:			
Office Executive Vice President and University Treasurer	\$ 1,103,047	1,103,047	—
Office of Vice President for Administration	660,619	660,619	—
Office of Vice President for Information Technologies	1,307,575	992,975	314,600
Public Safety	2,333,096	2,333,096	—
Supporting Services	720,528	720,528	—
Environmental Health and Safety	321,555	321,555	—
Institutional Research and Planning	88,282	88,282	—
Other General Institutional Expense	184,576	184,576	—
Benefits	2,471,760	2,471,760	—
	<u>9,191,038</u>	<u>8,876,438</u>	<u>314,600</u>
Student aid – scholarships	9,124,391	—	9,124,391
Title VI compliance scholarships	436,009	—	436,009
Service learning scholarships	25,000	—	25,000
Student employment program	127,525	127,525	—
Study abroad – Delaware residents	50,000	—	50,000
Scholarship – Other	352,375	86,638	265,737
	<u>10,115,300</u>	<u>214,163</u>	<u>9,901,137</u>
Grand total	<u>\$ 117,873,200</u>	<u>105,090,155</u>	<u>12,783,045</u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Capital Improvements Appropriations

Year ended June 30, 2010

	<u>Original appropriations (a)</u>	<u>Appropriations expended during the year ended June 30, 2010</u>	<u>Returned to State of Delaware</u>	<u>Unexpended appropriations at June 30, 2010</u>
Capital improvements:				
Act of 2009:				
Alison Hall	\$ 5,000,000	(900,153)	—	4,099,847
	<u>\$ 5,000,000</u>	<u>(900,153)</u>	<u>—</u>	<u>4,099,847</u>
Act of 2010:				
Alison Hall	\$ 1,000,000	—	—	1,000,000
	<u>\$ 1,000,000</u>	<u>—</u>	<u>—</u>	<u>1,000,000</u>

See accompanying independent auditors' report.



KPMG LLP
1601 Market Street
Philadelphia, PA 19103-2499

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

The Board of Trustees
University of Delaware:

We have audited the statement of State of Delaware general funds appropriated, received, and expended; the statement of State of Delaware capital improvement funds appropriated, received, and expended; and the statement of State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) as of, and for the year ended June 30, 2010, and have issued our report thereon dated October 27, 2010. 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*.

We noted certain matters that were reported to management of the University in a separate letter dated October 27, 2010.

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 27, 2010