



UNIVERSITY OF DELAWARE

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

June 30, 2015

(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:

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Delaware (the University) which comprise the statement of State of Delaware general funds appropriated and received, and expended; the statement of State of Delaware capital improvement funds appropriated and received, and expended; and the statement of State of Delaware agency funds appropriated and received, and expended for the year ended June 30, 2015, and the related note 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 1; 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, 2015, in accordance with the cash basis of accounting described in note 1.

Basis of Accounting

We draw attention to note 1 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 schedules 1 through 3 is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying supplementary information included in schedules 1 through 3 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 schedules 1 through 3 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 October 22, 2015 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.

KPMG LLP

October 22, 2015

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2015

	<u>Cash balance on hand at beginning of year</u>	<u>Funds appropriated and received (a)</u>	<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	\$ —	90,439,500	90,439,500	—	—
College of Agriculture and Natural Resources:					
Agricultural Environmental Quality	—	7,600	7,600	—	—
Agricultural Experiment Station	—	677,100	677,100	—	—
Biotechnology	—	595,595	595,595	—	—
Carvel Research and Education Center	—	957,860	957,860	—	—
Cooperative Extension	—	1,721,605	1,721,605	—	—
Crop Extension	—	55,750	55,750	—	—
Poultry Disease Research	—	1,143,080	1,143,080	—	—
Soil Testing/Pesticide Control	—	159,910	159,910	—	—
	—	<u>5,318,500</u>	<u>5,318,500</u>	—	—
College of Arts and Sciences:					
Associate in Arts Degree	—	162,235	162,235	—	—
Biotechnology	—	28,485	28,485	—	—
Civics Education for Teachers	—	85,685	85,685	—	—
Computer Aided Arts and Science Instruction	—	160,000	160,000	—	—
Computer Aided Math Instruction	—	40,000	40,000	—	—
Center for Community Development and Family Policy	—	223,520	223,520	—	—
Center for Energy & Environmental Policy	—	293,750	293,750	—	—
Center for Translational Cancer Research	—	311,850	311,850	—	—
Delaware Center for Teacher Education	—	247,000	247,000	—	—
Educational Management and Government Training	—	100,045	100,045	—	—
Information Technology Partnership	—	225,100	225,100	—	—
Local Government Research	—	204,410	204,410	—	—
Math/Science Education for Delaware Teachers	—	349,800	349,800	—	—
Public Service Assistantships	—	259,150	259,150	—	—
Research on School Finance Issues	—	77,665	77,665	—	—
Secondary Clinical Teacher Education	—	128,100	128,100	—	—
Urban Agent Program	—	116,085	116,085	—	—
Womens Leadership	—	11,420	11,420	—	—
	—	<u>3,024,300</u>	<u>3,024,300</u>	—	—
College of Business and Economics:					
Information Technology Partnership	—	1,697,800	1,697,800	—	—
	—	<u>1,697,800</u>	<u>1,697,800</u>	—	—
College of Earth Ocean and Environment:					
Biotechnology	—	51,969	51,969	—	—
Coastal Community Development	—	183,710	183,710	—	—
Sea Grant Program	—	577,021	577,021	—	—
	—	<u>812,700</u>	<u>812,700</u>	—	—
College of Education and Human Development:					
Clinical Instruction in Teacher Education	—	252,900	252,900	—	—
The College School	—	97,200	97,200	—	—
Delaware Center for Teacher Education	—	359,500	359,500	—	—
Delaware Education Research/Development Center	—	244,200	244,200	—	—
Early Childhood Education	—	121,000	121,000	—	—
Early Learning Center	—	448,700	448,700	—	—
Educational Management and Government Training	—	187,100	187,100	—	—
Graduate Education-Southern Delaware	—	39,400	39,400	—	—
Math/Science Education for Delaware Teachers	—	478,400	478,400	—	—
Milford Professional Development School	—	124,100	124,100	—	—
Public Service Assistantships	—	68,600	68,600	—	—
	—	<u>2,421,100</u>	<u>2,421,100</u>	—	—
College of Engineering:					
Biotechnology	—	634,470	634,470	—	—
Information Technology Partnership	—	156,030	156,030	—	—
	—	<u>790,500</u>	<u>790,500</u>	—	—
College of Health Sciences:					
Nurse Practitioner	—	250,000	250,000	—	—
Nursing Program Expansion	—	528,700	528,700	—	—
	—	<u>778,700</u>	<u>778,700</u>	—	—
Other Programs:					
Biotechnology Institute	—	523,700	523,700	—	—
Diversity Enhancement	—	262,200	262,200	—	—
Improved Campus Security	—	90,400	90,400	—	—
Library Automation	—	44,200	44,200	—	—

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2015

	Cash balance on hand at beginning of year	Funds appropriated and received (a)	Expended	Returned to State of Delaware	Cash balance on hand at end of year
Software License Support	\$ —	267,400	267,400	—	—
Undergraduate Multimedia Instruction	—	177,900	177,900	—	—
	<u>—</u>	<u>1,365,800</u>	<u>1,365,800</u>	<u>—</u>	<u>—</u>
Government appropriations – State scholarships:					
General Scholarships	—	3,333,531	3,333,531	—	—
Scholarship Fund	—	2,507,300	2,507,300	—	—
Academic Incentive Program	—	114,600	114,600	—	—
Aid to Needy Students	—	1,940,400	1,940,400	—	—
Delaware Scholars Program	—	200,000	200,000	—	—
Service Learning Scholarships	—	200,000	200,000	—	—
Title VI Compliance	—	1,742,400	1,742,400	—	—
Student Employment Program	—	117,469	117,469	—	—
Delaware Research Scholars Program	—	150,000	150,000	—	—
Study Abroad - Delaware residents	—	50,000	50,000	—	—
	<u>—</u>	<u>10,355,700</u>	<u>10,355,700</u>	<u>—</u>	<u>—</u>
Total government appropriation-state	\$ <u>—</u>	<u>117,004,600</u>	<u>117,004,600</u>	<u>—</u>	<u>—</u>

Note:

- (a) In addition to general appropriated funds received, the State of Delaware also provided auto, fire, and other insurance coverage with an estimated premium value of \$1,174,110

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, 2015

	<u>Cash balance on hand at beginning of year</u>	<u>Original Appropriation</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</u>
Plant funds – capital improvements:						
Act of 2014	\$ —	4,000,000	1,971,328	1,807,498	—	163,830
Act of 2015	—	4,300,000	1,443,026	1,443,026	—	—
Grand total plant funds	\$ —	<u>8,300,000</u>	<u>3,414,354</u>	<u>3,250,524</u>	—	<u>—</u>

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2015

	<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</u>
Delaware Geological Survey – 2014/2015:					
Salaries and wages	\$ 155,882	1,540,830	1,433,609	—	263,103
Travel	—	1,500	1,500	—	—
Supplies and expense	—	89,278	89,278	—	—
Federal cooperative program	32,113	69,068	101,181	—	—
Rivermaster program	33,251	157,824	80,917	—	110,158
	<u>\$ 221,246</u>	<u>1,858,500</u>	<u>1,706,485</u>	<u>—</u>	<u>373,261</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 and received, and expended.

Note:

(a) At June 30, 2015, the ending balance consisted of \$112,528 in encumbered funds and \$260,733 to be carried forward to fiscal year 2016.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE

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

Year ended June 30, 2015

(1) **Summary of Significant Accounting Policies**

Basis of Presentation

The statement of State of Delaware general funds appropriated and received, and expended; the statement of State of Delaware capital improvement funds appropriated and received, and expended; and the statement of State of Delaware agency funds appropriated and 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.

(2) **Capital Improvement Appropriations**

In the Capital Improvement Acts of 2014 and 2015, the State of Delaware appropriated \$4,000,000 and \$4,300,000, respectively, to the University of Delaware for laboratories. Funds must be expended by June 30, 2016 and June 30, 2017, respectively. The unexpended appropriations balance of \$212,759 for the Capital Improvement Act of 2014 consists of \$163,830 of cash on hand and \$48,929 of funds held by the State and not drawn by the University as of June 30, 2015. The unexpended appropriations balance of \$2,856,974 consists of funds held by the State and not drawn by the University as of June 30, 2015.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures

Year ended June 30, 2015

Education and general:	
Instruction	\$ 47,095,792
Research	6,770,553
Public service	4,251,382
Academic support	14,615,949
Student services	3,559,663
Operation and maintenance of plant	18,106,880
Institutional support	12,248,681
Student aid – scholarships	8,095,831
Title VI compliance scholarships	1,724,400
Service learning scholarships	25,000
Student employment program	108,094
Study abroad – Delaware residents	50,000
Scholarship – other	352,375
	<u>117,004,600</u>
	<u><u>\$ 117,004,600</u></u>

See accompanying independent auditors' report.

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2015

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Educational and general:			
Instruction:			
College of Agriculture and Natural Resources	\$ 2,499,913	2,499,283	630
College of Arts and Sciences	13,778,472	13,524,232	254,240
Alfred Lerner College of Business and Economics	2,698,615	2,698,615	—
College of Earth, Ocean, and Environment	918,991	918,991	—
College of Engineering	2,389,381	2,389,381	—
College of Education and Human Development	3,472,401	3,302,425	169,976
College of Health Sciences	3,676,969	3,676,969	—
Professional and Continuing Studies	444,073	444,073	—
Special Instructional Projects	2,716,121	2,573,124	142,997
Academic Affairs and International Programs	421,311	421,311	—
Benefits	14,079,545	14,079,545	—
	<u>47,095,792</u>	<u>46,527,949</u>	<u>567,843</u>
Research:			
Agricultural Experiment Station	584,188	270,735	313,453
Sea Grant Program	431,256	431,256	—
Poultry Disease Research	746,571	387,969	358,602
Center for Translational Cancer Research	271,784	123,795	147,989
Delaware Education Research and Development Center	199,212	167,937	31,275
Carvel Research and Education Center	835,443	312,331	523,112
College of Agriculture and Natural Resources	2,168,773	2,168,773	—
Benefits	1,533,326	1,533,326	—
	<u>6,770,553</u>	<u>5,396,122</u>	<u>1,374,431</u>
Public service:			
Agricultural Extension Service	1,875,631	1,506,364	369,267
Agricultural Environmental Quality	7,600	—	7,600
Soil Testing/Pesticide Control	119,977	118,145	1,832
Public Policy	753,462	713,342	40,120
Public Service Assistantships	377,731	377,438	293
Coastal Community Development	141,039	119,564	21,475
Benefits	975,942	975,942	—
	<u>4,251,382</u>	<u>3,810,795</u>	<u>440,587</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2015

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Academic support:			
Library	\$ 5,362,497	5,257,535	104,962
University Media Services	1,110,857	1,110,857	—
Office of Vice President for Information Technologies	188,793	188,793	—
Student Special Services	92,251	92,251	—
Research Coordination	1,466,210	1,466,210	—
Deputy Provost for Academic Programs	141,420	141,420	—
College Administration	1,581,493	1,581,493	—
Graduate Studies	143,934	143,934	—
Benefits	4,528,493	4,528,493	—
	<u>14,615,948</u>	<u>14,510,986</u>	<u>104,962</u>
Student services:			
Student Life	371,936	371,936	—
Admissions and Financial Aid	1,032,923	1,032,923	—
University Registrar	500,600	500,600	—
Counseling and Student Development	105,177	105,177	—
Career Services Center	349,819	349,819	—
Foreign Student and Scholar Services	83,123	83,123	—
Benefits	1,116,085	1,116,085	—
	<u>3,559,663</u>	<u>3,559,663</u>	<u>—</u>
Operation and maintenance of plant:			
Administration and Supervision	511,765	511,765	—
Building Services	5,453,899	5,453,899	—
Repairs and Maintenance	4,888,099	4,888,099	—
Grounds Services	1,360,870	1,360,870	—
Facilities Planning and Construction	35,290	35,290	—
Other Operations and Maintenance	299,937	—	299,937
Benefits	5,557,020	5,557,020	—
	<u>18,106,880</u>	<u>17,806,943</u>	<u>299,937</u>

UNIVERSITY OF DELAWARE

State of Delaware Appropriated Funds Current Funds Expenditures by Function

Year ended June 30, 2015

	<u>Total</u>	<u>Wages and benefits</u>	<u>Other</u>
Institutional support:			
Office of Executive Vice President and University			
Treasurer	\$ 1,104,299	1,104,299	—
Student Life	405,720	405,720	—
Human Resources	887,645	857,645	30,000
Office of Vice President for Information Technologies	1,244,878	977,478	267,400
Public Safety	3,809,132	3,809,132	—
Supporting Services	327,035	327,035	—
Environmental Health and Safety	399,228	399,228	—
Institutional Research and Planning	56,617	56,617	—
Other General Institutional Expense	292,047	292,047	—
Benefits	3,722,079	3,722,079	—
	<u>12,248,680</u>	<u>11,951,280</u>	<u>297,400</u>
Student aid – scholarships	8,095,831	—	8,095,831
Title VI compliance scholarships	1,724,400	—	1,724,400
Service learning scholarships	25,000	—	25,000
Student employment program	108,094	108,094	—
Study abroad – Delaware residents	50,000	—	50,000
Scholarship – other (a)	352,377	82,764	269,613
	<u>10,355,702</u>	<u>190,858</u>	<u>10,164,844</u>
Grand total	<u>\$ 117,004,600</u>	<u>103,754,596</u>	<u>13,250,004</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

As of June 30, 2015

	<u>Original appropriations</u>	<u>Appropriations expended during the year ended June 30, 2015</u>	<u>Appropriations expended through June 30, 2014</u>	<u>Returned to State of Delaware</u>	<u>Unexpended appropriations at June 30, 2015</u>
Capital improvements:					
Act of 2014:					
Laboratories	\$ 4,000,000	(1,807,498)	(1,979,743)	—	212,759
	<u>\$ 4,000,000</u>	<u>(1,807,498)</u>	<u>(1,979,743)</u>	<u>—</u>	<u>212,759</u>
Act of 2015:					
Laboratories	\$ 4,300,000	(1,443,026)	—	—	2,856,974
	<u>\$ 4,300,000</u>	<u>(1,443,026)</u>	<u>—</u>	<u>—</u>	<u>2,856,974</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, 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 statement of State of Delaware general funds appropriated and 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, 2015, and have issued our report thereon dated October 22, 2015.

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 the University's 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
October 22, 2015