



University of Delaware

Fiscal Year 2021

Kathleen K. McGuinness, RPh, CFE
Delaware State Auditor

Read the full report at auditor.delaware.gov



KATHLEEN
McGUINNESS
DELAWARE
STATE AUDITOR

University of Delaware
State Funds Financial Statement Audit
Fiscal Year 2021

What Was Performed? A financial statement audit to review the University of Delaware's management and spending of state funds for fiscal year 2021.

Why This Engagement? This engagement was performed in accordance with 29 *Del. C.* §2906(h) and 14 *Del. C.* §5109. As required by 29 *Del. C.* §2906(h), an independent audit was conducted for the state-funded portion of the university's finances.

What Was Found? It is my pleasure to report that the financial statements were presented fairly. Of the \$125.2 million of state general funds received, \$111.5 million was spent on payroll and benefits.

The Fiscal Year 2021 State of Delaware Funds Financial Statement Audit for the University of Delaware can be found on our website at auditor.delaware.gov.

Please do not reply to this email. For any questions regarding the attached report, please contact State Auditor Kathleen McGuinness at Kathleen.Mcguinness@delaware.gov.

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, 2021

(With Independent Auditors' Reports Thereon)

UNIVERSITY OF DELAWARE

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Independent Auditors' Report

The Board of Trustees
University of Delaware
Newark, Delaware

Report on the Financial Statements

We have audited the accompanying financial statements of the University of Delaware (the University), which comprise the statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended for the Fiscal Year Ended June 30, 2021, 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 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 audits 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 auditor's 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 University'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 University'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 fund, capital improvement fund, and agency funds received from the State of Delaware and the expenditures therefrom by the University of Delaware for the year ended June 30, 2021, 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 the basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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 December 15, 2021 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.



December 15, 2021
Wilmington, Delaware

UNIVERSITY OF DELAWARE

Statement of State of Delaware General Funds Appropriated, Received, and Expended Year ended June 30, 2021

		Appropriated, received, and expended
Current funds - State appropriations:		
General unrestricted operations	\$	96,860,500
State scholarships		11,542,800
Restricted:		
College of Agriculture and Natural Resources		6,330,200
College of Education and Human Development		2,885,100
College of Business and Economics		1,822,400
College of Arts and Sciences		1,327,978
Biden School ¹		1,067,522
College of Earth, Ocean, and Environment		868,800
College of Engineering		849,300
College of Health Sciences ²		839,100
Other programs		773,800
		<u>16,764,200</u>
Total state appropriations	\$	<u><u>125,167,500</u></u>

¹ The Biden School appropriation was allocated from the College of Arts and Sciences.

² The \$247,000 Nursing Expansion appropriation is included within the College of Health Sciences.

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE
Statement of State of Delaware General Funds Expended
Year ended June 30, 2021

	Salaries and wages	Benefits	Scholarships and awards	Supplies, travel, and other	Total
Current funds - State appropriations:					
General unrestricted operations	\$ 74,396,840	22,463,660	—	—	96,860,500
State Scholarships:	—	—	11,542,800	—	11,542,800
Restricted:					
College of Agriculture and Natural Resources:					
Cooperative Extension	1,618,080	596,523	—	230,397	2,445,000
Carvel Research And Education Center	320,261	121,880	—	677,859	1,120,000
Poultry Disease Research	400,967	166,688	—	275,930	843,585
Agricultural Experiment Station	434,497	126,918	—	270,000	831,415
Biotechnology	450,375	174,745	—	—	625,120
Info Tech Partnership-APEC	227,862	77,218	—	—	305,080
Soil Testing	120,292	39,336	—	372	160,000
	<u>3,572,334</u>	<u>1,303,308</u>	<u>—</u>	<u>1,454,558</u>	<u>6,330,200</u>
College of Education and Human Development:					
Math/Science/Literacy/Social Studies Ed For DE Teachers	661,464	255,040	—	58,625	975,129
Early Learning Center	248,934	147,466	—	—	396,400
Delaware Center For Teacher Education	186,153	73,602	—	64,745	324,500
Clinical Instruction In Teacher Education	220,578	43,122	—	3,400	267,100
Delaware Education Research & Development Center	153,424	57,116	—	42,760	253,300
Delaware Academy For School Leadership	122,416	47,497	—	65,858	235,771
Kent/Sussex Teacher Education Support	111,239	28,232	1,479	—	140,950
Early Childhood Education	99,468	21,093	—	8,939	129,500
The College School	83,537	32,413	—	—	115,950
Graduate Education – Southern Delaware	37,843	8,657	—	—	46,500
	<u>1,925,056</u>	<u>714,238</u>	<u>1,479</u>	<u>244,327</u>	<u>2,885,100</u>
College of Business and Economics:					
Information Technology Partnership	<u>1,241,689</u>	<u>469,738</u>	<u>—</u>	<u>110,973</u>	<u>1,822,400</u>
College of Arts and Sciences:					
Associate In Arts Degree	392,671	152,356	—	—	545,027
Computer Aided Instruction Arts & Sciences	259,444	100,664	—	127,657	487,765
Secondary Clinical Teacher Education - Upstate	174,860	56,104	—	4,856	235,820
Computer Aided Math Instruction	38,459	14,922	—	5,985	59,366
	<u>865,434</u>	<u>324,046</u>	<u>—</u>	<u>138,498</u>	<u>1,327,978</u>
Biden School:					
Student Public Service & Applied Research Projects	221,542	22,233	—	10,775	254,550
Community & Nonprofit Development Program	157,784	60,789	—	3,397	221,970
Local Government Research & Assistance	145,276	52,669	—	5,405	203,350
Healthy Communities Program	79,024	36,616	—	—	115,640
Training and Research in Educational Management	71,919	26,460	—	1,341	99,720
Civics Education For Teachers	64,146	20,953	—	63	85,162
Research On School Finance	55,911	20,860	—	159	76,930
Women's Leadership	7,349	2,851	—	—	10,200
	<u>802,951</u>	<u>243,431</u>	<u>—</u>	<u>21,140</u>	<u>1,067,522</u>
College of Earth, Ocean, and Environment:					
Sea Grant Program	455,008	176,543	—	—	631,551
Coastal Community Development	110,422	34,927	—	38,362	183,711
Biotechnology	38,572	14,966	—	—	53,538
	<u>604,002</u>	<u>226,436</u>	<u>—</u>	<u>38,362</u>	<u>868,800</u>
College of Engineering:					
Information Technology Partnership	293,665	112,337	—	—	406,002
Biotechnology	155,914	60,495	—	—	216,409
Electrical Engineering Biotechnology	86,389	33,519	—	—	119,908
Computer & Information Science Biotechnology	77,065	29,916	—	—	106,981
	<u>613,033</u>	<u>236,267</u>	<u>—</u>	<u>—</u>	<u>849,300</u>
College of Health Sciences:					
State Nursing Expansion Program	342,219	132,781	—	—	475,000
Nurse Practitioner Program	262,320	101,780	—	—	364,100
	<u>604,539</u>	<u>234,561</u>	<u>—</u>	<u>—</u>	<u>839,100</u>
Other Programs:					
Delaware Biotechnology Institute	364,986	153,014	—	—	518,000
Diversity Enhancement	126,479	58,795	—	70,526	255,800
	<u>491,465</u>	<u>211,809</u>	<u>—</u>	<u>70,526</u>	<u>773,800</u>
Total state appropriations	<u>\$ 85,117,343</u>	<u>26,427,494</u>	<u>11,544,279</u>	<u>2,078,384</u>	<u>125,167,500</u>

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE
Statement of State of Delaware Capital Improvement Funds Appropriated and Received, and Expended
Year ended June 30, 2021

	For the year ended June 30, 2021				Inception through June 30, 2021 (unaudited)		
	Cash balance on hand at beginning of year	Funds appropriated and received	Expended	Cash balance on hand at end of year	Original appropriation	Funds expended through June 30, 2021	Unexpended appropriations at June 30, 2021
Plant funds – capital improvements:							
Act of 2017 – Laboratories	\$ —	2,708,085	2,708,085	—	5,500,000	4,492,158	1,007,842
Act of 2018 – Laboratories	—	431,399	431,399	—	5,500,000	431,399	5,068,601
Act of 2019 – Laboratories	—	—	—	—	10,000,000	—	10,000,000
Act of 2020 – Laboratories	—	—	—	—	10,000,000	—	10,000,000
Act of 2021 – Laboratories	—	—	—	—	10,000,000	—	10,000,000
Total plant funds	<u>\$ —</u>	<u>3,139,484</u>	<u>3,139,484</u>	<u>—</u>	<u>41,000,000</u>	<u>4,923,557</u>	<u>36,076,443</u>

See accompanying notes to financial statements.

UNIVERSITY OF DELAWARE
Statement of State of Delaware Agency Funds Appropriated, Received and Expended
Year ended June 30, 2021

	Cash Balance on hand at beginning of year	Appropriations received	Expended	Returned to State of Delaware	Cash Balance on hand at end of year ¹
Delaware Geological Survey - 2020/2021:					
Salaries and wages	\$ 135,235	1,781,373	1,658,284	—	258,324
Travel	—	—	—	—	—
Supplies and expense	—	80,527	80,527	—	—
Federal cooperative program	32,292	124,300	138,783	—	17,809
Rivermaster program	204,878	127,300	160,378	—	171,800
	<u>\$ 372,405</u>	<u>2,113,500</u>	<u>2,037,972</u>	<u>—</u>	<u>447,933</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 Delaware general funds appropriated, and received, and expended.

Note:

¹ At June 30, 2021, the ending balance consisted of \$189,609 in encumbered funds and \$258,324 to be carried forward to fiscal year 2022.

See accompanying notes to financial statements.

**UNIVERSITY OF DELAWARE
STATE OF DELAWARE FUNDS**

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

Year ended June 30, 2021

(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 \$ 981,375 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 2021 was \$2,113,500.

(2) Basis of Presentation

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

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

(3) General and Restricted Appropriations

In the Senate Bill No. 242 Act of 2021, the State appropriated \$108,403,300 to the University for unrestricted use in its operations and student scholarships. Additionally, in the Senate Bill No. 242 Act of 2021, the State appropriated \$16,764,200 for restricted programmatic support for the related colleges within the University. All 2021 appropriations were received and expended during fiscal year 2021. Restricted appropriations are subject to annual reporting requirements to the State.

**UNIVERSITY OF DELAWARE
STATE OF DELAWARE FUNDS**

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

Year ended June 30, 2021

(4) Capital Improvement Appropriations

In the Capital Improvement Act of 2017, the State appropriated \$5,500,000. The unexpended appropriations balance of \$1,007,842 consists of funds held by the State and not drawn by the University as of June 30, 2021 which must be expended by June 30, 2022. In the Capital Improvement Act of 2018, the State appropriated \$5,500,000. The unexpended appropriations balance of \$5,068,601 consists of funds held by the State and not drawn by the University as of June 30, 2021 which must be expended by June 30, 2022. In the Capital Improvement Act of 2019, the State appropriated \$10,000,000. As of June 30, 2021, the University has not drawn on these funds, which must be expended by June 30, 2022. In the Capital Improvement Act of 2020, the State appropriated \$10,000,000. As of June 30, 2021, the University has not drawn on these funds, which must be expended by June 30, 2022. In the Capital Improvement Act of 2021, the State appropriated \$10,000,000. As of June 30, 2021, the University has not drawn on these funds, which must be expended by June 30, 2023.

(5) Expended Funds

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

(6) Subsequent Events

Events and transactions subsequent to year end have been evaluated for potential recognition in the financial statements or disclosure in the Notes to Financial Statements. All events and transactions have been evaluated through December 15, 2021, which is the date the financial statements were available to be issued.

UNIVERSITY OF DELAWARE
State of Delaware Appropriated Funds – Current Funds Expenditures by Function
Year ended June 30, 2021

	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 ¹	\$ 96,860,500	—	—	—	—	—	—	—	96,860,500
State scholarships	—	—	—	—	—	—	11,542,800	—	11,542,800
Restricted:									
College of Agriculture and Natural Resources	305,080	3,224,368	2,604,850	—	—	—	—	195,902	6,330,200
College of Education and Human Development	2,233,921	253,300	396,400	—	—	—	1,479	—	2,885,100
College of Business and Economics	1,822,400	—	—	—	—	—	—	—	1,822,400
College of Arts and Sciences	1,327,978	—	—	—	—	—	—	—	1,327,978
Biden School	303,070	—	764,452	—	—	—	—	—	1,067,522
College of Earth, Ocean, and Environment	53,538	631,552	183,710	—	—	—	—	—	868,800
College of Engineering	835,931	13,369	—	—	—	—	—	—	849,300
College of Health Sciences	839,100	—	—	—	—	—	—	—	839,100
Other Programs	671,900	—	—	—	—	101,900	—	—	773,800
Total expenses	<u>\$ 105,253,418</u>	<u>4,122,589</u>	<u>3,949,412</u>	<u>—</u>	<u>—</u>	<u>101,900</u>	<u>11,544,279</u>	<u>195,902</u>	<u>125,167,500</u>

Note:

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

See accompanying independent auditors' report.

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

The Board of Trustees
University of Delaware
Newark, Delaware

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the statements of State of Delaware general funds appropriated, received, and expended; State of Delaware general funds expended; State of Delaware capital improvement funds appropriated, received, and expended; and State of Delaware agency funds appropriated, received, and expended of the University of Delaware (the University) for the Fiscal Year Ended June 30, 2021, and have issued our report thereon dated December 15, 2021.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the University's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the University's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gunnip & Company LLP

December 15, 2021
Wilmington, Delaware