



RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
(A Component Unit of the State of New Jersey)

Financial Statements, Management's Discussion
and Analysis and Schedule of Expenditures
of Federal Awards

June 30, 2006

(With Independent Auditors' Reports Thereon)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
(A Component Unit of the State of New Jersey)

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Independent Auditors' Report on Basic Financial Statements and Schedule of Expenditures of Federal Awards

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the accompanying statements of net assets of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2006 and 2005, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the years then ended. 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 audits.

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 of material misstatement. The financial statements of Rutgers University Foundation, a component unit of Rutgers, The State University of New Jersey, were not audited in accordance with *Government Auditing Standards*. 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 audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Rutgers, The State University of New Jersey as of June 30, 2006 and 2005, and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2007 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* and should be considered in assessing the results of our audits.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by U.S. generally accepted accounting principles. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2006 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2006 basic financial statements taken as a whole.

KPMG LLP

January 10, 2007

Rutgers, The State University of New Jersey

Management's Discussion and Analysis

JUNE 30, 2006 and 2005

The following management discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, the State University of New Jersey (the University) at June 30, 2006 and 2005, and its results of operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the University, which directly follow the MD&A.

The University's financial report includes three basic financial statements: the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows. These statements focus on the financial condition of the University, the changes in financial position, and cash flows of the University as a whole rather than the accountability of funds.

The financial reporting entity of Rutgers includes its 29 degree granting schools, of which 16 offer graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, which administers the fundraising activities for the University.

Statement of Net Assets

The Statement of Net Assets presents the financial position of the University at the end of the fiscal year and includes all assets (current and noncurrent), liabilities (current and noncurrent) and net assets (the difference between total assets and total liabilities) of the University. Net assets is one indicator of the financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

Current assets include unrestricted cash and cash equivalents, investments that mature within a year, receivables and pledges due within a year, inventories and other short-term assets. Non-current assets include unrestricted investments that mature in more than a year as well as all cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Receivables and pledges deemed to be collectable in more than a year are also included as noncurrent.

Current liabilities include all liabilities that are payable within the next fiscal year. Deferred revenues, principally from summer programs, are also presented as current liabilities. Liabilities that are due to be paid beyond the next fiscal year are reported as noncurrent liabilities.

Net assets consist of three major categories. The first category, invested in capital assets, net of related debt, represents the institution's equity in property, plant and equipment. The next category is restricted net assets, which is divided into two categories, non-expendable and expendable. Nonexpendable net assets are those resources that have been set aside and invested as required by the provider of the resources. These funds are not available for expenditures, but rather must be invested in perpetuity with the earnings on those investments to be used as specified by the external entity at the time the resources are received. Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as specified by external entities. The final category is unrestricted net assets. Unrestricted net assets are available to the institution for any lawful purpose. Substantially all of the University's unrestricted net assets have been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The University, therefore, has an obligation to its students to maintain these funds for the purposes that they were received.

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2006, 2005 and 2004 is as follows (dollars in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Assets			
Current assets	\$550,104	\$481,884	\$425,950
Noncurrent assets:			
Endowment, restricted and other noncurrent cash and investments	633,320	690,390	666,601
Capital assets (Property, plant and equipment), net	1,592,726	1,546,964	1,481,862
Other assets	48,299	54,818	53,277
Total assets	<u>2,824,449</u>	<u>2,774,056</u>	<u>2,627,690</u>

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Liabilities			
Current liabilities	175,530	190,056	175,784
Noncurrent liabilities	608,093	637,665	572,332
Total liabilities	<u>783,623</u>	<u>827,721</u>	<u>748,116</u>
Net assets (assets less liabilities)			
Invested in capital assets, net of debt	1,017,840	1,012,432	1,001,582
Restricted - expendable	359,006	333,853	327,554
Restricted - nonexpendable	273,558	243,581	220,131
Unrestricted	<u>390,422</u>	<u>356,469</u>	<u>330,307</u>
Total net assets	<u>\$2,040,826</u>	<u>\$1,946,335</u>	<u>\$1,879,574</u>

A review of the University's statement of net assets at June 30, 2006 reflects an increase in total assets of \$50.4 million in 2006. This increase was primarily due to an increase \$45.8 million in capital assets caused by the capitalization of completed construction projects including University Square housing in Newark, the Biomedical Engineering facility, the Public Safety building, Olson Hall Life Science facility, and the Administrative Services Building II.

In 2005, total assets increased \$146.4 million. This increase was primarily due to an increase of \$74.7 million in the University's cash and investments resulting primarily from an increase in market value of \$29.3 million and increases to the University's permanent endowments of \$12.0 million. Capital assets also increased by \$65.1 million. Included in this increase was the capitalization of the new Life Sciences Building, improvements at the Sociology Building in Camden, and the Loree Building on the Douglass Campus.

Total liabilities for the year 2006 decreased by \$44.1 million. Total debt obligations decreased \$27.9 million as a result of principal payments made on our bonds and capital lease obligations. A decrease in accounts payable and accrued expenses of \$19.8 million occurred primarily as a result of a decrease in the accrual for salaries. Salaries were paid on June 30 in fiscal 2006, therefore, no accrual was required for unpaid salaries. In fiscal 2005, salaries were paid on June 24 requiring an accrual for the remaining salaries owed through June 30. Offsetting these decreases, the University's compensated absence liability was increased by \$3.0 million to meet the University's potential obligation for unused vacation time for its employees.

In 2005, total liabilities increased by \$79.6 million. The primary cause for the increase was due to the issuance of Series 2004E bonds in the amount of \$86.7 million. The New Jersey Economic Development Authority (NJEDA) also refinanced general obligation bonds, Series 1994 Civic Square resulting in an increase of \$0.6 million to the University's debt obligation. The net effect of these new issues resulted in a net increase of \$87.3 million to our outstanding debt obligation. This was offset by payments to our existing debt totaling \$25.6 million. In addition, Accounts Payable increased by \$11.9 million primarily as a result of outstanding payments due on several construction projects, particularly University Square Housing on the Newark Campus, Olson Hall Life Science facility on the Newark Campus and Modular Classrooms on the New Brunswick Campus. The University's compensated absence liability was also increased by \$2.0 million to meet the University's potential obligation for unused vacation time for its employees.

Net assets increased by \$94.5 million in 2006 primarily as a result of a \$34.0 million increase in the University's unrestricted net assets, a \$33.7 million increase in permanent endowments and a \$25.2 million increase in the University's restricted assets. The increase in unrestricted funds partially resulted from the University setting aside \$15.0 million for academic and student aid initiatives to be used in fiscal 2007, as well as, \$8.0 million received on a litigation settlement for the stadium. Permanent endowments increased as a result of \$19.6 million received from fundraising efforts, in addition to an increase in market value. The most significant increase in restricted funds resulted from \$18.0 million provided by the state for a facility for the Rutgers Business School.

In 2005, net assets increased by \$66.8 million primarily as a result of the \$26.2 million increase in the University's unrestricted net assets and \$23.5 million increase in permanent endowments. The increase in unrestricted funds partially resulted from additional funds provided to researchers to assist in obtaining new grants for their projects. The University also set aside \$3.8 million for academic and student aid initiatives to be used in fiscal 2006. The increase in endowments resulted from the addition of \$12.0 million from fundraising efforts and the increase in market value.

Statement of Revenues, Expenses, and Changes in Net Assets

The Statement of Revenues, Expenses, and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are classified as either operating or nonoperating. Revenues received and expenses incurred as a result

of the University providing goods and services to its customers are considered operating. Nonoperating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as non-operating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University, specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenue.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2006, 2005 and 2004 is as follows (dollars in thousands):

	<u>2006</u>	<u>2005</u>	<u>2004</u>
Operating revenues			
Student tuition and fees (net of scholarship allowance)	\$386,823	\$361,123	\$338,445
Grants and contracts	344,284	344,689	328,347
Auxiliary enterprises	181,079	170,123	161,351
Other operating revenues	51,916	50,660	46,134
Total operating revenues	<u>964,102</u>	<u>926,595</u>	<u>874,277</u>
Operating expenses	1,459,888	1,394,052	1,319,923
Operating loss	<u>(495,786)</u>	<u>(467,457)</u>	<u>(445,646)</u>
Nonoperating revenues and (expenses)			
State appropriations (including fringe benefits paid directly by the state)	495,934	455,033	435,347
Contributions	10,050	27,659	36,941
Endowment and investment income	35,815	22,426	13,332
Unrealized and realized gain on marketable securities	30,600	29,265	45,403
Interest on capital asset related debt	(24,525)	(22,423)	(21,486)
Net other nonoperating revenues	11,051	3,455	4,030
Net nonoperating revenues	<u>558,925</u>	<u>515,415</u>	<u>513,567</u>
Income before other revenues, expenses, gains and losses	63,139	47,958	67,921
Other revenues, expenses, gains and losses	31,352	18,803	16,518
Increase in net assets	<u>94,491</u>	<u>66,761</u>	<u>84,439</u>
Net assets at beginning of year	1,946,335	1,879,574	1,795,135
Net assets at end of year	<u>\$2,040,826</u>	<u>\$1,946,335</u>	<u>\$1,879,574</u>

The University's net assets increased by \$94.5 million in 2006. An increase in market value of the University's investments of \$30.6 million, \$35.8 million in Endowment and Investment Income, \$11.8 million in grants and gifts used to construct, renovate or acquire capital assets contributed to this increase. In addition, \$19.6 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

In 2005, net assets increased by \$66.8 million. A major part of that increase resulted from an increase in market value of the University's investments of \$29.3 million. Another \$6.8 million of this increase was attributable to grants and gifts that were used to construct, renovate or acquire capital assets. In addition, \$12.0 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

Tuition and fees are reflected net of scholarship allowances. Scholarship allowances represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs and gifts raised by the University. The University provided \$114.6 million of a total \$146.3 million of student aid directly to student accounts. The remaining \$31.7 million was paid to students and is reflected as scholarship and fellowship expense. Scholarship allowances allocated to tuition and fees amounted to \$91.5 million. Another \$23.1 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$25.7 million in 2006. The increase resulted primarily from an increase in tuition rates of 8.00% offset by a slight decrease in enrollment and an increase of 3.0% in the scholarship allowance for additional aid awarded to students. In 2005, tuition and fees net of scholarship allowances, increased \$22.7 million. The increase in 2005 resulted from a 8.00% increase in tuition rates offset by an 4.7% increase in the scholarship allowance.

Total grant and contract activity remained relatively flat in 2006 with a slight decrease of \$0.4 million. Federal and State funds received as support for student aid are included as grant revenue. Federal support for student aid decreased \$1.3 million while State support increased \$2.7 million for a net increase of \$1.4 million in governmental student support. The federal support decreased primarily as a result of a decrease in the number of Pell grants awarded in 2006. The State support increased primarily due to a \$2.3 million increase in Tuition Aid Grant (TAG) awards.

In 2005, grant and contract activity grew with an increase of \$16.3 million. Federal support for student aid decreased by \$1.4 million while state support increased by \$3.9 million in 2005. The federal support decreased primarily as a result of a decrease in the number of Pell grants awarded in 2005. The State support increased primarily due to an increase in the maximum amount of the Tuition Aid Grant award offset by a decline in the number of awards made this year.

Federal grants for research decreased \$8.5 million in 2006 primarily from a decrease of \$4.3 million in funding from the National Institutes of Health (NIH). Decreases in grants from other federal agencies, included \$1.1 million from the National Science Foundation, and \$1.0 million each from the Department of Defense, the Department of Energy and the Department of Agriculture.

State support for research increased by \$6.6 million this year. A major cause of this increase was a \$1.9 million grant for stem cell research, along with a \$1.9 million increase in awards from the Commission on Science & Technology and a \$1.1 million increase in awards from the Department of Human Services.

Finally, non-governmental grants and contracts remained relatively constant in 2006. Total grant and contract revenue from all three sources, federal, state and non-governmental, for research decreased \$1.8 million. As a result of this decrease in revenue, total expenses for research decreased \$1.9 million.

In 2005, Federal grants for research increased by \$6.2 million. This increase resulted primarily from increased grant activity from the National Institute of Health (NIH). Grants from NIH increased this year by \$12.9 million. This increase was offset by decreases in grants from other federal agencies, in particular, the Department of Education decreased \$2.5 million, the Department of Defense decreased \$1.1 million and grants from NASA decreased \$0.9 million.

In 2005, State support for research increased by \$2.0 million. This increase is primarily attributed to an increase in grant activity from the Department of Education. The University received a \$0.5 million grant from the Department of Education for the evaluation of career and technical education programs and a grant of \$0.4 million for the statewide systemic initiative to assist elementary schools in improving the math and science skills of their students.

In 2005, non-governmental grants and contracts increased by \$5.5 million. A significant cause of this increase is the result of an increase in awards from foundations, particularly a \$5.1 million grant from the Robert Wood Johnson Foundation. Total grant and contract revenue from all three sources, federal, state and non-governmental, for research increased therefore by \$13.7 million. As a result of this increase in revenue, total expenses for research increased by \$4.7 million.

Auxiliary revenue, net of scholarship allowances, increased in 2006 by \$11.0 million while expenditures increased by \$10.0 million. The increase in revenue resulted primarily from an increase in housing rates which ranged between 5% and 7%. In addition, dining revenue increased due to student board rate increase of 6.5% and the purchases of more meal plans. Revenues for Athletics increased \$2.3 million due to an increase of 10% for Intercollegiate Athletics fees, the football team's participation in the Insight Bowl and greater revenue sharing from the Big East as a result of increased TV exposure of the football team. Total auxiliary expenses increased due to salary increases and an increase in the fringe benefit cost on those salaries, increasing fuel and utility costs, increased food costs due to an increased participation in the meal plans by students as well as rising food costs and an increase in repair and maintenance costs of housing units. Athletic expenses also increased due to the football team's participation in the Insight Bowl.

In 2005, auxiliary revenue, net of scholarship allowances, increased by \$8.8 million while expenditures increased by \$13.7 million. The increase in revenue resulted primarily from an increase in housing rates of between 6% to 7% and dining rates of 3.5%. Expenses increased due to salary increases and an increase in the fringe benefit cost on those salaries, increasing utility costs, increased food costs due to an increased participation in the meal plans by students as well as rising food costs and an increase in repair and maintenance costs.

Total state appropriations, including fringe benefits paid directly by the state, increased \$40.9 million in 2006. The appropriation by the state for University operations increased \$29.2 million primarily as a result of an \$18.0 million appropriation for the Rutgers Business School in Newark and an increase in the base appropriation of \$10.6 million. State payments on behalf of the University for fringe benefits, also increased by \$11.7 million. This increase in benefits was primarily attributable to increases in total pensions, FICA and prescription plans combined with increases in costs and enrollment in health plans.

In 2005, total state appropriations, including fringe benefits paid directly by the state, increased \$19.7 million. The appropriation by the state for University operations increased \$13.7 million primarily as a result of increased funding of University salaries, as well as funding for the Food Innovation Research and Extension Center and the Camden Law School. State payments on behalf of the University for fringe benefits also increased by \$6.0 million. This increase in benefits was primarily attributable to an increase in the cost of health and prescription plan coverage as well as an increase in the number of employees enrolled in the plans.

Instruction and departmental research expenses increased by \$32.3 million this year. Salary increases and increased fringe benefit costs on those salaries accounted for a total of \$25.0 million. The remaining increase is attributable to non-salary expenses related to modifying and equipping academic offices which were moved to new locations. These included the Center for European Studies, the Center for Bio-Materials Devices, and the establishment of the Bionomics Research and Technology Center at EOHSI.

In 2006, student service expenditures increased minimally at \$1.5 million. However, student service expenditures increased by \$6.7 million in 2005. This increase was primarily due to salary increases and increased fringe benefits costs on those salaries totaling \$3.2 million. In addition, \$0.8 million was incurred to produce new brochures to improve student recruitment.

Expenditures for operation and maintenance of plant increased by \$13.0 million in 2006. This increase is primarily attributable to an increase of \$10.0 million in fuel and utilities. Fuel charges for the Busch Cogeneration Plant increased 53%, as well as, utilities required for new facilities, such as, the new Life Sciences Building in Newark. Salary increases and increased fringe benefits costs on those salaries accounted for an increase of \$3.2 million.

In 2005, expenditures for operation and maintenance of plant increased by \$12.9 million. This increase was primarily attributable to an increase of \$5.9 million in fuel and utilities. Salary increases and increased fringe benefits costs on those salaries accounted for an increase of \$4.4 million. Insurance costs increased \$0.6 million as a result of losses sustained from the fire in the Brower Commons Dining Hall and a flood at the Wright-Rieman Chemistry Lab.

The University's endowment and investment income increased by \$13.4 million in 2006 primarily as a result of short-term interest rates increasing from 3% to 5%. In 2005, the University's endowment and investment income increased by \$9.1 million as a result of increasing interest rates.

Other nonoperating revenues net of nonoperating expenses increased \$7.6 million in 2006. This increase primarily was the result of \$8.9 million received as a litigation settlement for the stadium. In 2005 there was a slight decrease in this category of .6 million.

Other revenues, expenses, gains and losses increased in 2006 by \$12.5 million. Additions to permanent endowments increased \$7.6 million from \$12.0 million in 2005 to 19.6 million in 2006. In addition, capital grants and gifts increased \$5.0 million due to gifts received for the Lab for Cancer Research and the baseball field turf, as well as, fine arts and moveable equipment donations.

In 2005, other revenues, expenses, gains and losses increased by \$2.3 million. This increase was primarily due to an increase of \$4.5 million in additions to permanent endowments resulting from the recent capital campaign. This increase was offset by the lack of any capital appropriations in 2005 resulting in a decrease of \$2.7 million.

Capital and Debt Activities

In order to meet the needs of the University's academic and research activities, the University must continually reinvest resources in its capital assets to maintain adequate facilities for these programs. The University has implemented a capital planning process to identify and prioritize our capital needs.

Capital asset increases totaled \$45.8 million in 2006, as compared to \$65.1 million in 2005. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities as well as significant investments in equipment, including information technology. Several major projects completed during 2006 include:

- Construction of the University Square housing building in Newark, the Biomedical Engineering facility on the Busch Campus, the Public Safety headquarters building in New Brunswick, the Olson hall Life Science facility in Newark, and the Aquaculture Cape May facility.
- Several deferred maintenance projects to upgrade and improve existing facilities, such as the Administrative Services Building II, the Marryott Music building, the Hurtado Health Center HVAC, and the Camden Science building.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the State under the Higher Education Capital Improvement Program. As of June 30, 2006, the University had various projects under construction or in the design stage. Significant projects include:

- The renovation and expansion of the existing Law building on the Camden campus.
- Construction of a new building for the College of Nursing which will be relocated from the Newark campus to the College Avenue Campus.
- Construction of a new building for the Institute for Health and for the Food Innovation Center.
- Addition of an endocrine research lab at Bartlett Hall on the Cook Campus.
- The expansion of the stem cell research area on the Busch Campus.

In 2005, the University issued general obligation bonds, 2004 Series E, in the amount of \$86.7 million. The proceeds of this debt issue will be used to fund capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the University, which include: (i) the construction of a student-housing facility with ancillary student-related and retail space on the Newark Campus; (ii) the expansion to and renovation of the Camden Law School; (iii) the complete interior and exterior reconstruction of the Administrative Services Building II located on the New Brunswick Campus; (iv) the fit-out and equipping of the Public Safety Building being constructed on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

Economic Outlook

As the State University of New Jersey, the appropriation from the State represents a vital part of University's funding. The base state appropriation to the University for 2006 increased by 2.6%. The University also received a separate appropriation from the State of \$18.0 million for the construction of a facility for the Business School on the Newark Campus. In fiscal 2007, the State reduced the University's base appropriation by 4.6% and eliminated the funding of salary program increases, which the University received \$13.6 million for in 2006. The University has addressed this shortfall through various means such as an increase in tuition and fee charges, elimination of positions, and a reduction of non-salary expenditures.

Rutgers, The State University of New Jersey

STATEMENTS OF NET ASSETS

June 30, 2006 and 2005

(dollars in thousands)

	2006	2005
ASSETS:		
Current Assets		
Cash and Cash Equivalents	\$32,133	\$52,394
Short-Term Investments	416,818	323,466
Accounts Receivable, net	67,553	70,679
Student Notes Receivable, net - Current Portion	6,226	7,697
Contributions Receivable, net - Current Portion	13,055	16,061
Inventories	4,376	3,676
Prepaid Expenses and Deferred Charges	9,651	7,431
Construction Costs Reimbursable	292	480
Total Current Assets	<u>550,104</u>	<u>481,884</u>
Noncurrent Assets		
Cash and Cash Equivalents	57,292	47,784
Endowment Investments	471,374	440,371
Other Investments	104,654	202,235
Student Notes Receivable, net	29,502	29,519
Contributions Receivable, net	7,744	13,603
Bond Issuance Costs, net	11,053	11,696
Capital Assets, net	1,592,726	1,546,964
Total Noncurrent Assets	<u>2,274,345</u>	<u>2,292,172</u>
TOTAL ASSETS	<u>2,824,449</u>	<u>2,774,056</u>
LIABILITIES:		
Current Liabilities		
Accounts Payable and Accrued Expenses - Current Portion	94,990	113,885
Deferred Revenue	38,476	37,195
Payroll Withholdings	10,060	8,254
Other Payables	1,736	1,259
Annuities Payable - Current Portion	1,011	947
Long-Term Liabilities - Current Portion	29,257	28,516
Total Current Liabilities	<u>175,530</u>	<u>190,056</u>
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	14,887	15,757
Annuities Payable	6,309	6,328
Long-Term Liabilities	586,897	615,580
Total Noncurrent Liabilities	<u>608,093</u>	<u>637,665</u>
TOTAL LIABILITIES	<u>783,623</u>	<u>827,721</u>
NET ASSETS:		
Invested in Capital Assets, Net of Related Debt	1,017,840	1,012,432
Restricted for		
Nonexpendable		
Instruction	129,914	110,430
Scholarships and Fellowships	128,381	118,725
Libraries	7,332	6,883
Other	7,931	7,543
Expendable		
Instruction	128,033	127,869
Research	54,782	43,571
Scholarships and Fellowships	60,123	61,615
Libraries	12,040	10,870
Loans	38,768	38,813
Capital Projects	36,667	19,934
Debt Service Reserve	11,766	12,107
Renewal and Replacement Reserve	7,393	7,393
Other	9,434	11,681
Unrestricted	390,422	356,469
TOTAL NET ASSETS	<u>\$2,040,826</u>	<u>\$1,946,335</u>

See accompanying notes to the financial statements

Rutgers, The State University of New Jersey

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2006 and 2005

(dollars in thousands)

	<u>2006</u>	<u>2005</u>
OPERATING REVENUES		
Student Tuition and Fees (net of scholarship allowances of \$91,523 in 2006 and \$88,898 in 2005)	\$386,823	\$361,123
Federal Appropriations	6,009	7,106
Federal Grants & Contracts	191,707	201,537
State & Municipal Grants & Contracts	100,591	91,389
Nongovernmental Grants & Contracts	51,986	51,763
Auxiliary Enterprises (net of scholarship allowances of \$23,122 in 2006 and \$22,653 in 2005)	181,079	170,123
Other Operating Revenues	45,907	43,554
Total Operating Revenues	<u>964,102</u>	<u>926,595</u>
OPERATING EXPENSES		
Educational and General		
Instruction	509,842	477,546
Sponsored Research	151,886	154,575
Other Separately Budgeted Research	68,383	65,800
Other Sponsored Programs	66,747	66,176
Extension and Public Service	30,400	29,045
Libraries	35,857	34,864
Student Services	61,425	59,968
Operations and Maintenance of Plant	133,869	120,846
General Administration and Institutional	95,936	93,755
Scholarships and Fellowships	31,629	30,644
Depreciation	91,145	88,160
Auxiliary Enterprises	181,296	171,341
Other Operating Expenses	1,473	1,332
Total Operating Expenses	<u>1,459,888</u>	<u>1,394,052</u>
Operating Loss	<u>(495,786)</u>	<u>(467,457)</u>
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	361,495	332,300
State Paid Fringe Benefits	134,439	122,733
Contributions	10,050	27,659
Endowment and Investment Income (net of investment management fees of \$2,690 in 2006 and \$2,206 in 2005)	35,815	22,426
Unrealized and Realized Gain on Marketable Securities	30,600	29,265
Interest on Capital Asset Related Debt	(24,525)	(22,423)
Loss on Disposal of Capital Assets	(643)	(621)
Other Nonoperating Revenues	11,694	4,076
Net Nonoperating Revenues	<u>558,925</u>	<u>515,415</u>
Income before Other Revenues and Expenses	63,139	47,958
Capital Grants and Gifts	11,752	6,762
Additions to Permanent Endowments	19,600	12,041
Increase in Net Assets	94,491	66,761
Net Assets - Beginning of the Year	<u>1,946,335</u>	<u>1,879,574</u>
Net Assets - End of the Year	<u>\$2,040,826</u>	<u>\$1,946,335</u>

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2006 and 2005
(dollars in thousands)

	2006	2005
Cash Flows from Operating Activities		
Student Tuition and Fees	\$429,557	\$403,117
Research Grants and Contracts	366,062	359,451
Federal Appropriations	6,090	9,057
Payments to Employees and for Benefits	(751,925)	(709,944)
Payments to Suppliers	(398,089)	(384,162)
Payments for Utilities	(72,919)	(57,604)
Payments for Scholarships and Fellowships	(64,480)	(64,998)
Collection of Loans to Students and Employees	9,949	9,294
Auxiliary Enterprise Receipts:		
Housing	79,618	71,902
Dining	44,177	41,036
Athletics	11,003	9,628
Parking	5,762	5,643
Other	19,154	18,912
Other Receipts	46,164	40,161
Net Cash Used by Operating Activities	(269,877)	(248,507)
Cash Flows from Noncapital Financing Activities		
State Appropriations	357,323	330,780
Contributions for other than Capital Purposes	31,450	23,322
Contributions for Endowment Purposes	18,646	16,751
Net Cash Provided by Noncapital Financing Activities	407,419	370,853
Cash Flows from Financing Activities		
Proceeds from Capital Debt and Leases		103,820
Capital Grants and Gifts Received	4,168	4,745
Purchases of Capital Assets and Construction	(149,035)	(137,648)
Principal Paid on Capital Debt and Leases	(25,833)	(24,908)
Interest Paid on Capital Debt and Leases	(27,854)	(29,187)
Debt Defeasance		(15,233)
Bond Issuance Costs	(120)	(1,274)
Other Receipts	10,242	1,299
Net Cash Used by Financing Activities	(188,432)	(98,386)
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	5,249,082	4,482,321
Investment Income	37,555	22,770
Purchases of Investments	(5,246,500)	(4,553,299)
Net Cash Provided (Used) by Investing Activities	40,137	(48,208)
Net Decrease in Cash and Cash Equivalents	(10,753)	(24,248)
Cash and Cash Equivalents - Beginning of the Year	100,178	124,426
Cash and Cash Equivalents - End of the Year	\$89,425	\$100,178

Rutgers, The State University of New Jersey

STATEMENTS OF CASH FLOWS (cont'd)

For the Years Ended June 30, 2006 and 2005
(dollars in thousands)

	<u>2006</u>	<u>2005</u>
Reconciliation of operating loss to net cash used by operating activities:		
Operating Loss	(\$495,786)	(\$467,457)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	134,439	122,733
Depreciation	91,145	88,160
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	45	
Changes in Assets and Liabilities:		
Receivables, net	9,580	22
Inventories	(700)	53
Prepaid Expenses and Deferred Charges	(1,808)	(1,112)
Accounts Payable and Accrued Expenses	(10,994)	8,951
Deferred Revenue	1,260	100
Payroll Withholdings	1,806	(238)
Other Payables	436	(419)
Net Cash Used by Operating Activities	<u>(\$269,877)</u>	<u>(\$248,507)</u>

Rutgers, The State University of New Jersey

Notes to the Financial Statements

JUNE 30, 2006 and 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

The financial statements of Rutgers, the State University of New Jersey (the "University") have been prepared on the accrual basis of accounting and in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB"). The University reports as a special purpose government engaged only in business type activities as defined in GASB Statement No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments as amended by GASB Statement No. 35 "Basic Financial Statement's – and Management's Discussion and Analysis – Public Colleges and Universities".

GASB Statement No. 34 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the University as an economic unit.

The University has the option to apply all Financial Accounting Standards Board ("FASB") pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The University has elected to not apply FASB pronouncements issued after the applicable date.

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the "Foundation"). The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University. Although the Foundation is a legally separate, not-for-profit organization, it exists for the benefit of the University and is considered a component unit of the University. The balances and transactions of the Foundation were blended with those of the University for reporting purposes, in accordance with GASB Statement No. 14, "The Financial Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units". Copies of the Foundation's financial statements can be obtained by writing to the Foundation at Rutgers University Foundation, Winants Hall, 7 College Avenue, New Brunswick, NJ 08901, Attention: Janine Purcaro.

Under GASB Statement No. 14, as amended by GASB Statement No. 39, the University is considered a component unit of the State of New Jersey for financial reporting purposes. Accordingly, the University's financial statements are included in the State of New Jersey's Comprehensive Annual Financial Report.

Measurement Focus and Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting using the economic resources measurement focus. The University reports as a business type activity, as defined by GASB Statement No. 34. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, and all highly liquid investments with an original maturity of three months or less (cash on deposit with money market funds, treasury bills and repurchase agreements). Cash and cash equivalents that are externally restricted to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the Statements of Net Assets.

Investments

Investments are recorded at fair value in the Statements of Net Assets. The year-to-year change in the fair value of investments is reported in the Statements of Revenues, Expenses, and Changes in Net Assets.

The fair value of investments is based on the last sale price on the last business day of the fiscal year as quoted by an industry standard pricing service. Securities for which no sale was reported as of the close of the last business day of the fiscal year are valued by this pricing service based on market evaluations using standard trade publications and other quote devices. Investments with a maturity greater than one year and investments externally restricted for endowment purposes and to maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the Statements of Net Assets.

Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the University are not included in the University's cash and investments. The market value of such funds aggregated approximately \$67.2 million at June 30, 2006 (\$69.0 million in 2005). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.5 million in 2006 and \$2.8 million in 2005, is reported in the accompanying financial statements as non-operating revenues.

Inventories

Inventories are stated at lower of cost or market. Cost is determined principally on a first-in, first-out basis.

Bond Issuance Costs

The University capitalizes costs incurred in connection with its bond issues and amortizes these costs over the life of the respective obligations.

Capital Assets

Capital assets consist of land, buildings, land improvements and infrastructure, equipment, construction in progress and art collections. Capital assets are recorded at cost at the date of acquisition, or fair market value on the date of gift if donated, and are shown net of accumulated depreciation. Depreciation on buildings, land improvements and infrastructure, and equipment is calculated using the straight line method over the assets' estimated useful lives, ranging from 5 to 50 years. Library books totaling approximately 5.1 million (5.1 million in 2005) volumes have not been capitalized.

Deferred Revenue and Deferred Charges

Deferred revenue and deferred charges include summer session activity which will be recognized as revenue and expense in the following fiscal year.

Net Assets

Net assets is the difference between the University's assets and its liabilities. GASB Statement No. 34 requires that these resources be classified for accounting and reporting purposes into four categories as follows:

Invested in capital assets, net of related debt represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

Restricted net assets – nonexpendable consist of endowment and similar type funds for which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing income, which may either be expended or added to principal.

Restricted net assets – expendable includes all resources for which the University is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external third parties as well as Perkins loans U.S. Government grants refundable.

Unrestricted net assets represent resources available to the University for educational and general operations and spendable endowment income. These resources are derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Auxiliary enterprises and several academic programs, such as summer session and continuing education, are substantially self-supporting activities that provide services for students, faculty and staff.

Under the University's decentralized management structure, it is the responsibility of individual departments to determine whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Revenue Recognition

Revenues from student tuition and fees and auxiliary enterprises are presented net of scholarships applied to student accounts and are recognized in the period earned. Other payments made directly to students are presented as scholarships and are included in operating expenses in the period incurred.

Grants and contracts revenue is comprised mainly of funds received from grants from the Federal, State of New Jersey and municipal and other nongovernmental sources and is recognized as the related expenses are incurred.

Revenue from State appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University. The University is fiscally dependent upon these appropriations.

Contributions, including pledges other than endowment, are recognized as revenues in the period donated. Additions to permanent endowments are recognized upon receipt. Endowment and investment income is recognized in the period earned.

Classification of Revenue

The University's policy for defining operating activities in the Statements of Revenues, Expenses, and Changes in Net Assets are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, and (3) most Federal, State and municipal and other nongovernmental grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the State, endowment and investment income and contributions.

Scholarships and Fellowships

Scholarships, fellowships or stipends include payments made directly to students in the form of student aid. Any aid applied directly to the students' accounts in payment of tuition and fees, housing charges and dining services is reflected as a scholarship allowance and is deducted from the University's revenues. Certain governmental grants, such as Pell grants, and other Federal, State or nongovernmental programs, are recorded as operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

The University distributes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2006, the University disbursed \$155.5 million (\$151.3 million in 2005) under the Federal Direct Loan Program. Direct student loans receivable are not included in the University's Statements of Net Assets since they are repayable directly to the U.S. Department of Education.

Income Taxes

The University is exempt from income taxes on related income pursuant to Federal and State tax laws as an instrumentality of the State of New Jersey.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principals requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Effective July 1, 2004, the University and Foundation adopted Statement No. 40 of the Governmental Accounting Standards Board (GASB), "Deposit and Investment Risk Disclosures", an amendment of GASB Statement No. 3. This statement establishes and modifies disclosure requirements related to investment and deposit risks.

Cash and Cash Equivalents

The University's cash and cash equivalents balance at June 30, 2006 includes a cash book balance negative \$0.5 million (\$1.0 million in 2005). The actual amount of cash on deposit in the University's bank accounts at June 30, 2006 was \$21.1 million (\$19.0 million in 2005). Of this amount, \$0.4 million (\$0.4 million in 2005) was insured by the Federal Deposit Insurance Corporation at June 30, 2006. \$20.6 million (\$18.5 million in 2005) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes at June 30, 2006, and \$0.1 million (\$0.1 million in 2005) was uninsured and uncollateralized at June 30, 2006.

The University and Foundation's cash and cash equivalents are carried in the financial statements at fair value and consist of the following as of June 30, 2006 and 2005 (dollars in thousands):

	<u>2006</u>	<u>2005</u>
Money Market Funds	\$46,023	\$79,435
Repurchase Agreements	26,821	4,894
Cash and Deposits	<u>16,581</u>	<u>15,849</u>
Total Cash and Cash Equivalents	<u>\$89,425</u>	<u>\$100,178</u>

Investments

The Board of Governors and the Board of Trustees, through a Joint Investment Committee, have authority over the investment of University funds. Professional investment managers are engaged by the University to manage the investment of funds in accordance with the investment policies and objectives established by the Joint Investment Committee. In addition, under the terms of the University's bond indentures, bond proceeds and debt service funds may be invested and reinvested only in obligations which will by their terms mature on or before the date funds are needed for expenditure or withdrawal.

The primary financial objective of the investment management of the University's endowment is to preserve and enhance the endowment's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the endowment is to attain an average annual real total return of at least 5%, as measured over rolling five-year periods and current income adjusted for inflation. The University's annual spending policy is to spend an amount not to exceed 4.5% of a trailing 13-quarter average of the endowment's market values. Current earned income will be used for ongoing spending requirements. The endowment's assets are divided into an Equity fund, a Fixed Income Fund and other investment classes. The endowment's investments are diversified by asset class. The Equity Fund, the Fixed Income Fund and other asset classes are placed with professional managers with different investment philosophies to ensure that no single security or class of securities will have a disproportionate impact on the endowment's aggregate results.

The University's investments are carried in the financial statements at fair value and consist of the following at June 30, 2006 and 2005 (dollars in thousands):

	<u>2006</u>	<u>2005</u>
Commercial Paper	\$280,106	\$232,144
US Government Direct Securities	93,124	85,393
US Government Agency Securities	155,683	214,235
Commodities	40,361	18,924
US Corporate Debt Securities	655	675
Foreign Corporate Debt Securities	371	397
US Corporate Equities	216,986	204,884
Foreign Corporate Equities	99,336	88,042
Real Estate	<u>85,345</u>	<u>98,474</u>
Total Investments	<u>\$971,967</u>	<u>\$943,168</u>

The Board of Overseers, through its Investment Committee, has authority over the investment of Foundation funds. Professional investment managers are engaged by the Foundation at full discretion to buy, sell, invest and reinvest portions of the assets in accordance with the investment policies and objectives established by the Investment Committee.

The primary financial objective of the Foundation's investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principal. To achieve the goals of safety, liquidity and return, the assets in the General Endowment Fund are invested in laddered high quality short term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long-term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving Portfolio are divided into an Equity Portion (equities including convertibles and cash devoted to equities) and a Fixed income Portion (bonds, notes, nonconvertible preferred stock and cash devoted to fixed income).

Foundation investments are carried in the financial statements at fair value, based on quoted market values, and consist of the following as of June 30, 2006 and 2005 (dollars in thousands):

	<u>2006</u>	<u>2005</u>
US Treasury Securities	\$782	\$1,591
US Agency Securities	986	2,103
Corporate Bonds	2,318	4,334
Mortgage-backed Securities	3,483	3,075
Common Stock	6,671	10,638
Other Investments	<u>6,639</u>	<u>1,163</u>
Total Investments	<u><u>\$20,879</u></u>	<u><u>\$22,904</u></u>

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The operating funds of the University are managed against the expected cash requirements of these funds. The University projects its cash requirements and arranges investment maturities accordingly. Special attention is given to the interest rate environment in times of economic growth or downturns. The table below reflects the operation of this process. Endowment funds have a much longer outlook and are invested by professional managers against an index as provided in the University's investment guidelines. For the University, the following table summarizes the maturities as of June 30, 2006 and 2005 (dollars in thousands):

Investment Type	Market Value	<u>2006</u>			
		<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
US Treasury	\$93,124	\$73,200	\$19,009		\$915
US Agencies	71,573	48,019	23,150	\$2	402
Corporate Bonds	1,026	500	269	257	
Commercial Paper	<u>364,117</u>	<u>364,117</u>			
Total	529,840	<u><u>\$485,836</u></u>	<u><u>\$42,428</u></u>	<u><u>\$259</u></u>	<u><u>\$1,317</u></u>
Common Stock	314,855				
Other Investments	<u>127,272</u>				
Total	<u><u>\$971,967</u></u>				

Investment Type	Market Value	<u>2005</u>			
		<u>Investment Maturities (in years)</u>			
		<u>Less Than 1</u>	<u>1-5</u>	<u>6-10</u>	<u>More Than 10</u>
US Treasury	\$85,394	\$53,197	\$31,159		\$1,038
US Agencies	100,866	53,142	47,202		522
Corporate Bonds	1,072		789	\$107	176
Commercial Paper	<u>345,513</u>	<u>345,513</u>			
Total	532,845	<u><u>\$451,852</u></u>	<u><u>\$79,150</u></u>	<u><u>\$107</u></u>	<u><u>\$1,736</u></u>
Common Stock	290,967				
Other Investments	<u>119,356</u>				
Total	<u><u>\$943,168</u></u>				

The Foundation does not have a provision in the investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. While the general provisions of the investment strategy should be implemented with a long-term prospective, all holdings must be sufficiently liquid so as to allow liquidation of the entire portfolio on one month's notice. In addition, annuity pooled investments in the planned giving portion of the portfolio are governed by the New Jersey Prudent Investor Act. The required reserves for this pool are reviewed utilizing actuarial assumptions of the charitable gift annuity assets. For the Foundation, the following table summarizes the maturities as of June 30, 2006 and 2005 (dollars in thousands):

Investment Type	2006				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
US Treasury	\$782		\$77	\$496	\$209
US Agencies	986		157	287	542
Corporate Bonds	2,318		213	694	1,411
Mortgage-backed Securities	3,483		184	536	2,763
Total	\$7,569		\$631	\$2,013	\$4,925

Investment Type	2005				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
US Treasury	\$1,591	\$424	\$424	\$352	\$391
US Agencies	2,103		336	708	1,059
Corporate Bonds	4,334	275	1,035	1,264	1,760
Mortgage-backed Securities	3,075		278	346	2,451
Total	\$11,103	\$699	\$2,073	\$2,670	\$5,661

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The University's Investment Policy states that individual bonds shall be rated investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's). The average credit quality of the Core Fixed Income Fund shall be maintained at "AA" (by S&P or equivalent rating by Moody's or Fitch) or higher. The prospect of credit risk or risk of permanent loss shall be avoided in the Core Fixed Income Fund. Issues of state or municipal agencies shall not be purchased except in unusual circumstances. A fixed income manager may invest in foreign securities up to a limit of 20% of the portfolio. At June 30, 2006 and 2005, the University's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

Investment Type	Quality Rating	2006	2005
US Government Agencies	AAA	\$164,697	\$186,260
Corporate Bonds	AA+	73	81
Corporate Bonds	AA	298	317
Corporate Bonds	A	9	
Corporate Bonds	A-	548	558
Corporate Bonds	BBB+	98	107
Corporate Bonds	BB+		9
Commercial Paper	A-1+	242,804	221,326
Commercial Paper	A-1	121,313	124,187
Total		\$529,840	\$532,845

The Foundation's Investment Policy states that individual bonds shall be rated investment grade by at least two rating agencies (Moody's and Standard & Poor's). The average credit quality of the Fixed Income Securities must be maintained at a class "BBB/Baa" or higher as rated by both standard services (Moody's and Standard & Poor's). Up to 10% of the investment manager's portfolio may be invested in securities rated "BBB/Baa" or higher as rated by both standard services (Moody's and Standard &

Poor's). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be "A/A" or better.

As of June 30, 2006 and 2005, the Foundation's investment quality ratings, at fair value, as rated by Standards & Poors were as follows (dollars in thousands):

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2006</u>	<u>2005</u>
US Government Agencies	AAA	\$1,768	\$3,694
Mortgage-backed Securities	AAA	3,483	3,075
Corporate Bonds	AA	1,741	2,929
Corporate Bonds	A	418	884
Corporate Bonds	A1	71	316
Corporate Bonds	BBB+	56	137
Corporate Bonds	BB+	32	68
Total		<u>\$7,569</u>	<u>\$11,103</u>

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the University will not be able to recover the value of the investments that are in the possession of an outside party. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. The University's investment securities are exposed to custodial credit risk if the securities are uninsured and unregistered and held by the counterparty, or by its trust department or agent but not in the University's name. Money market and mutual funds are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2006 and 2005, the University had \$349.6 million and \$247.2 million respectively, of investments that were uninsured or unregistered but not in the University's name.

The custodial credit risk associated with the Foundation's cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by a pledging financial institution, or by its trust department or agent but not in the Foundation's name. As of June 30, 2006 and 2005, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation ("FDIC") coverage limits totaling \$0.3 million and \$0.3 million, respectively. Cash and cash equivalents in excess of those balances are uncollateralized.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer that exceeds 5 percent or more of its total investments. Investments issued or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The University and the Foundation limit the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No single transaction may exceed 5% of the portfolio nor shall a single security exceed 10% of the market value of the equity fund at purchase. Additionally, no single industry shall represent more than 25% of the market value of the Equity Fund.

Investments - Endowment Funds

The majority of endowment funds assets are combined into two separate investment pools. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2006, the pooled cash, receivables and investments had a total market value of \$436.5 million (\$386.2 million in 2005). In addition, the aggregate market value of endowment funds, cash, receivables and investments separately invested was \$61.4 million at June 30, 2006 (\$55.4 million in 2005). The investment appreciation was \$37.5 million at June 30, 2006 (appreciation of \$39.7 million in 2005). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net assets.

The University employs a spending policy which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principal, while any shortfall is covered by capital appreciation.

NOTE 3 - RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and are comprised of the following at June 30, 2006 and 2005 (dollars in thousands):

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2006</u>	<u>Net 2005</u>
Government Grants Receivable and Other Sponsored Programs	\$44,273	\$430	\$43,843	\$50,114
Student Accounts Receivable	4,248	1,731	2,517	2,518
Other	<u>22,262</u>	<u>1,069</u>	<u>21,193</u>	<u>18,047</u>
Total	<u>\$70,783</u>	<u>\$3,230</u>	<u>\$67,553</u>	<u>\$70,679</u>

Students' notes receivable in the Statements of Net Assets are also shown net of the allowance for doubtful notes which amounted to \$3.3 million at June 30, 2006 (\$3.7 million in 2005).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2006 and 2005, considering type, age, collection history and other appropriate factors.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

The anticipated receipt of contributions receivable is as follows (dollars in thousands):

Year Ending June 30:	<u>2006</u>	<u>2005</u>
Within one year	\$17,730	\$18,248
Two to five years	<u>7,744</u>	<u>13,603</u>
	25,474	31,851
Less allowance for uncollectible contributions receivables	<u>(4,675)</u>	<u>(2,187)</u>
Total Contributions Receivable	<u>\$20,799</u>	<u>\$29,664</u>

Contributions receivable related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33. These contributions receivable, which approximated \$27.0 million at June 30, 2006 (\$34.8 million in 2005) have not been included in the accompanying Statements of Net Assets.

NOTE 5 – CAPITAL ASSETS

The detail of Capital Assets activity for the years ended June 30, 2006 and 2005 is as follows (dollars in thousands):

	<u>Balance 2005</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>Balance 2006</u>
Capital Assets Not Being Depreciated:				
Land	\$51,637	\$231	\$9	\$51,859
Capitalized Collections	44,998	2,329		47,327
Construction in Progress	118,587	100,740	177,948	41,379
Total	<u>215,222</u>	<u>103,300</u>	<u>177,957</u>	<u>140,565</u>
Capital Assets Being Depreciated:				
Land Improvements	200,586	10,201		210,787
Buildings	1,608,154	179,116	69	1,787,201
Equipment	426,056	22,941	24,107	424,890
Total	<u>2,234,796</u>	<u>212,258</u>	<u>24,176</u>	<u>2,422,878</u>
Less Accumulated Depreciation:				
Land Improvements	88,141	16,502		104,643
Buildings	525,259	40,692	19	565,932
Equipment	289,654	33,951	23,463	300,142
Total	<u>903,054</u>	<u>91,145</u>	<u>23,482</u>	<u>970,717</u>
Net Capital Assets Being Depreciated	<u>1,331,742</u>	<u>121,113</u>	<u>694</u>	<u>1,452,161</u>
Total Capital Assets (net)	<u><u>\$1,546,964</u></u>	<u><u>\$224,413</u></u>	<u><u>\$178,651</u></u>	<u><u>\$1,592,726</u></u>

During 2006, the University has capitalized interest income of \$920 thousand and interest expense of \$3,213 thousand in construction in progress in the accompanying Statement of Net Assets.

	<u>Balance 2004</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>Balance 2005</u>
Capital Assets Not Being Depreciated:				
Land	\$45,088	\$6,549		\$51,637
Capitalized Collections	44,396	602		44,998
Construction in Progress	74,437	121,797	\$77,647	118,587
Total	<u>163,921</u>	<u>128,948</u>	<u>77,647</u>	<u>215,222</u>
Capital Assets Being Depreciated:				
Land Improvements	187,923	12,663		200,586
Buildings	1,538,898	69,256		1,608,154
Equipment	435,454	20,664	30,062	426,056
Total	<u>2,162,275</u>	<u>102,583</u>	<u>30,062</u>	<u>2,234,796</u>
Less Accumulated Depreciation:				
Land Improvements	72,630	15,511		88,141
Buildings	486,389	38,870		525,259
Equipment	285,315	33,779	29,440	289,654
Total	<u>844,334</u>	<u>88,160</u>	<u>29,440</u>	<u>903,054</u>
Net Capital Assets Being Depreciated	<u>1,317,941</u>	<u>14,423</u>	<u>622</u>	<u>1,331,742</u>
Total Capital Assets (net)	<u><u>\$1,481,862</u></u>	<u><u>\$143,371</u></u>	<u><u>\$78,269</u></u>	<u><u>\$1,546,964</u></u>

During 2005, the University has capitalized interest income of \$1,920 thousand and interest expense of \$5,894 thousand in construction in progress in the accompanying Statement of Net Assets.

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2006 and 2005 (dollars in thousands):

	<u>2006</u>	<u>2005</u>
Compensated Absences	\$41,076	\$38,074
Vendors	31,294	37,716
Accrued Salaries and Benefits	12,961	28,188
Workers Compensation	8,859	9,076
Retainage	6,164	6,513
Interest Payable	3,572	3,499
Other Accrued Expenses	<u>5,951</u>	<u>6,576</u>
Total Accounts Payable and Accrued Expenses	<u>\$109,877</u>	<u>\$129,642</u>

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the years ended June 30, 2006 and 2005 is as follows (dollars in thousands):

	<u>Balance 2005</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2006</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$129,642		\$19,765	\$109,877	\$94,990
Annuities Payable	7,275	\$45		7,320	1,011
Long-Term Liabilities	644,096	1,106	29,048	616,154	29,257
Total Noncurrent Liabilities	<u>\$781,013</u>	<u>\$1,151</u>	<u>\$48,813</u>	<u>\$733,351</u>	<u>\$125,258</u>

	<u>Balance 2004</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2005</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$110,986	\$18,656		\$129,642	\$113,885
Annuities Payable	7,362		\$87	7,275	947
Long-Term Liabilities	582,907	104,142	42,953	644,096	28,516
Total Noncurrent Liabilities	<u>\$701,255</u>	<u>\$122,798</u>	<u>\$43,040</u>	<u>\$781,013</u>	<u>\$143,348</u>

NOTE 8 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2006 and 2005 is as follows (dollars in thousands):

	<u>Balance</u> <u>2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>2006</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds Payable	\$443,232	\$68	\$18,291	\$425,009	\$19,093
Revenue Bonds Payable	31,272	9	2,360	28,921	2,466
Lease Obligations	167,316	1,029	8,293	160,052	7,589
Notes Payable	2,276		104	2,172	109
Total Long-Term Liabilities	<u>\$644,096</u>	<u>\$1,106</u>	<u>\$29,048</u>	<u>\$616,154</u>	<u>\$29,257</u>

	<u>Balance</u> <u>2004</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>2005</u>	<u>Current</u> <u>Portion</u>
General Obligation Bonds Payable	\$373,730	\$88,053	\$18,551	\$443,232	\$18,291
Revenue Bonds Payable	33,523	9	2,260	31,272	2,283
Lease Obligations	173,278	16,080	22,042	167,316	7,838
Notes Payable	2,376		100	2,276	104
Total Long-Term Liabilities	<u>\$582,907</u>	<u>\$104,142</u>	<u>\$42,953</u>	<u>\$644,096</u>	<u>\$28,516</u>

OTHER OBLIGATIONS OF THE UNIVERSITY

Notes Payable

Notes payable at June 30, 2006 and 2005 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

The University has an unsecured \$20.0 million line of credit with a bank to be used for interim financing requirements for construction projects. The amount available under the line of credit is reduced by a \$0.1 million letter of credit which is collateral for a lease obligation. No portion of the line of credit is in use, and no funds have been drawn on the letter of credit at June 30, 2006 or 2005.

Rutgers Community Park

In 1999, the University and the City of Camden entered into a joint venture for the acquisition, development and construction of an outdoor recreational complex designated the "Rutgers Community Park" which was made available to University students and the public. On June 26, 2002, the University agreed to assume the obligation for debt service payable on an aggregate of \$1.0 million in loans that the City of Camden received from the Green Acres Program of the State of New Jersey in connection with the Rutgers Community Park, pursuant to an Amended and Restated Interlocal Services Agreement between the City of Camden and the University. The assumption of the debt service payable on the Green Acres Program of the State of New Jersey loan is a general obligation of the University secured by the full faith and credit of the University. At June 30, 2006, the outstanding amount due on the loans was \$0.8 million (\$0.8 million in 2005).

Guaranty of LEAP School Bond Financing

The Delaware River Port Authority (the "Authority") issued \$8.5 million of Charter School Project Bonds, Series 2003 (LEAP Academy University Charter School, Inc.) on October 2, 2003 pursuant to the Compact, the New Jersey Act, the Pennsylvania Act and an Indenture of Trust dated as of September 1, 2003, by and between the Authority and Commerce Bank, National Association, as trustee (the "Guaranty"), for the purpose of financing the costs of the design, development, construction and equipping of the LEAP Academy University Charter School (the "LEAP School") in Camden, New Jersey. The LEAP School will be owned and managed by the LEAP Academy University Charter School, Inc., a New Jersey not-for-profit corporation, and will serve approximately 216 students in grades 9-12. The LEAP school site is adjacent to the Camden Campus. The University's obligations under the Guaranty are a general obligation of the University secured by the full faith and credit of the University.

College Hall Student Housing Project

The University entered into a Limited Minimum Revenue Guaranty, dated January 22, 2004, pursuant to which the University agreed to pay the debt service payable for a two-year period on, and thereafter to replenish the debt service reserve account

established in connection with, the Middlesex County Improvement Authority's (the "MCIA") \$4.2 million aggregate principal amount of Revenue Bonds (George Street Student Housing Project), 2003 Series B. The 2004 Series B Bonds mature on August 15, 2011 and were issued, together with the MCIA's \$49.9 million Revenue Bonds (George Street Student Housing Project), 2004 Series A, to finance the cost of the planning, design, development, supervision, construction, furnishing, equipping and opening of a student housing facility for use primarily by the University's students. The University's obligations under the Limited Revenue Guaranty are a general obligation of the University secured by the full faith and credit of the University.

Bonds Payable – General Obligation and Revenue

A summary of bonds issued and outstanding at June 30, 2006 and 2005 is as follows (dollars in thousands):

	Date Of Series	Original Amount	Outstanding June 30,	
			2006	2005
Revenue Refunding Bonds:				
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	\$40,015	\$27,220	\$28,920
Total Revenue Refunding Bonds		40,015	27,220	28,920
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	450	485
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	800	870
Series H, 5.90% effective, due serially to May 1, 2007	Nov. 1, 1970	8,300	585	1,140
Total Revenue Bonds		11,850	1,835	2,495
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013 and 2018	Feb. 1, 1992	94,370	26,605	26,605
2002 Series A, 3.96% effective, due serially to May 1, 2018	Feb. 1, 2002	110,000	83,300	90,100
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	87,700	94,540
Total General Obligation Refunding Bonds		315,690	197,605	211,245
General Obligation Bonds:				
1997 Series A, 5.34% effective, due serially to May 1, 2017 and term bonds due May 1, 2002 and 2027	June 1, 1997	25,385	21,245	21,795
1998 Series A, 4.89% effective, due serially to May 1, 2018 and term bonds due May 1, 2020, 2023 and 2029	Nov. 1, 1998	50,000	43,395	44,455
2002 Series B, 4.60% effective, due serially to May 1, 2023 and term bonds due May 1, 2027, 2032 and 2034	Nov. 1, 2002	50,000	47,340	48,245
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	20,930	22,250
2004 Series E, 4.69% effective, due serially to May 1, 2029 and term bonds due May 1, 2031 and 2034	July 1, 2004	86,725	86,550	86,725
Total General Obligation Bonds		236,915	219,460	223,470
Total Bonds		\$604,470	\$446,120	\$466,130

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of \$7.9 million at June 30, 2006 (\$8.5 million in 2005, discount on bonds, net of bond premium) related to Series 1992 A, Series 1997 A, Series 1998 A, Series 2002 B, Series 2003 C, Series 2003 D and Series 2004 E.

The Revenue Refunding Bonds Payable are net of \$134 thousand at June 30, 2006 (\$143 thousand in 2005) of unamortized bond discounts related to Series U.

The Revenue Refunding Bonds, Series U, and the Revenue Bonds, Series E, F and H, were issued under an open-ended Indenture of Trust dated May 1, 1967 to finance the construction of auxiliary enterprise facilities and to consolidate previously outstanding bond indebtedness. Under the terms of the indenture, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey. All revenues from auxiliary enterprise facilities constructed from the proceeds of the bonds, together with revenues from certain other such facilities, are pledged to secure the indebtedness and must be applied to (1) annual interest and amortization payments, (2) debt service reserve deficiencies, if any, (3) operating and maintenance expenses and (4) the funding of repair and replacement reserves. The excess of funds, after satisfying these requirements, is

available to the University. The University has covenanted that so long as the bonds are outstanding it will not incur any other indebtedness secured by a pledge of the facility revenues, nor sell, mortgage or otherwise dispose of such facilities.

The General Obligation Refunding Bonds, 1992 Series A, and General Obligation Bonds, 1997 and 1998 Series A, were issued under an open-ended Indenture of Trust, dated May 1, 1987, as supplemented; the General Obligation Refunding Bonds, 2002 Series A, were issued under an Indenture of Trust, dated February 1, 2002. These bonds were issued to finance a portion of the cost of the renovation, construction and equipping of certain academic, research support and other facilities, as well as infrastructure development and land acquisitions of the University. Under the terms of the indentures, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey.

In September 2001, the University entered into an interest rate swap agreement, effective February 4, 2002, with the intention of lowering its effective interest rate related to the \$110.0 million of its 2002 Series A General Obligation Refunding Bonds. The swap's notional amount is \$83.3 million. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.96% to the counterparty to the swap. In return, the counterparty owes the University floating rate interest based on the BMA Municipal Swap Index. Only the net difference in interest payments is actually exchanged with the counterparty. The \$110.0 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The swap had a negative fair value of \$0.2 million at June 30, 2006 (negative \$4.6 million in 2005). The swap's negative fair value may be countered by a reduction in total interest payments required under the floating-rate bonds, creating a lower synthetic rate. Because the coupons on the University's floating-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was provided by the counterparty and derived from proprietary models based on estimates about relevant future market conditions.

At June 30, 2006 and June 30, 2005, the University was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA-1 by Standard & Poor's at June 30, 2006 (AA+ by Standard & Poor's in 2005).

The swap exposes the University to basis risk should the relationship between the floating rate and the BMA converge, changing the synthetic rate of the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate of 3.96% and the synthetic rate at June 30, 2006 of 3.90% (3.75% in 2005). If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. At June 30, 2006, the BMA rate was 3.68% (2.43% in 2005).

The swap terminates on February 4, 2018, but is cancelable at the option of the counterparty under certain circumstances. Effective on May 1, 2005, the counterparty may terminate the swap on each day that the average of the BMA index for the immediately preceding 180 day period exceeds 7.0%. In the unlikely event that the counterparty fails to perform under the contract, the University bears the credit risk that payments due to the University may not be collected. If at the time of termination the swap has a negative fair value, the University would be liable to the counterparty for a payment equal to the swap's fair value. At June 30, 2006, the average of the BMA index did not exceed 7.0%, therefore, the counterparty has not terminated the swap.

Using rates as of June 30, 2006, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows (dollars in thousands). As rates vary, floating-rate bond interest payments and net swap payments will vary.

Year	Floating Rate Bonds		Interest Rate	Total
	Principal	Interest	Swap, Net	
2007	\$7,000	\$3,015	\$233	\$10,248
2008	3,500	2,762	214	6,476
2009	3,700	2,635	204	6,539
2010	3,800	2,501	193	6,494
2011	3,900	2,364	183	6,447
2012-2016	39,000	8,978	694	48,672
2017-2018	22,400	1,224	95	23,719
Total	<u>\$83,300</u>	<u>\$23,479</u>	<u>\$1,816</u>	<u>\$108,595</u>

The General Obligation Bonds, 2002 Series B, were issued in the amount of \$50.0 million and dated November 1, 2002. The 2002 Series B Bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2002, each between the University and First Union National Bank (now known as Wachovia Bank, National Association), as trustee and a Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the University and the Trustee. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the University, are being used to finance, in part, the costs of the construction of new buildings for the Department of Biomedical Engineering and the Department of Human Genetics on the Busch Campus; the renovation of Olson Hall on the Newark

Campus to upgrade and expand laboratory space, conference room space, classroom space and faculty offices for the Biological Sciences and Chemistry Departments; implementation of the Housing Fire Safety Program mandating installation of automatic fire suspension systems in all student residences and certain environmental remediation, health and safety and infrastructure support in accordance with State regulations; and the financing of certain deferred maintenance and other capital improvements in accordance with the State Higher Education Capital Improvement Fund Act of 1999.

The General Obligation Refunding Bonds, 2003 Series C, were issued in the amount of \$111.3 million and dated July 15, 2003. The bonds were issued under the terms of an Indenture of Trust, dated February 1, 2002, as supplemented, and a Third Supplemental Indenture of Trust, dated as of July 1, 2003. The 2003 Series C Bonds were issued to refund in whole the University's outstanding (i) Revenue Refunding Bonds, Series S, (ii) Revenue Refunding Bonds, Series T, (iii) General Obligation Refunding Bonds, 1993 Series 1, (iv) General Obligation Refunding Bonds, 1993 Series A, and (v) General Obligation Bonds, 1993 Series B. The proceeds of the 2003 Series C Bonds, along with certain other monies provided, were used to (i) redeem the above mentioned bonds prior to maturity, in whole on July 31, 2003, at their appropriate respective principal amounts plus the applicable redemption premium, if any and interest, and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2003 Series C Bonds. The University completed the advance refunding to reduce its total debt service payments over the next 16 years by \$33.8 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$12.0 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$4.4 million, is being deferred and amortized as interest expense through the year 2019 using the effective interest method. In 2006, \$0.3 million has been expensed leaving \$3.6 million as deferred charges.

The General Obligation Bonds, 2003 Series D, were issued in the amount of \$24.8 million and dated November 1, 2003. The Series 2003 D Bonds are secured under the provisions of the Indenture of Trust, dated as of February 1, 2002, as supplemented between the University and First Union National Bank (now known as Wachovia Bank, National Association), as trustee and a Fourth Supplemental Indenture of Trust, dated as of December 1, 2003, between the University and the Trustee. The proceeds of the 2003 Series D Bonds are being used to finance (i) the costs of construction of certain deferred capital maintenance projects on the New Brunswick Campus, the Camden Campus and the Newark Campus, each project with a minimum economic life of ten years, and (ii) certain administrative, legal, financing and incidental expenses relating to the issuance of these Bonds.

The General Obligation Bonds, 2004 Series E, were issued in the amount of \$86.7 million on July 1, 2004. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002, as supplemented, between the University and the First Union National Bank (now known as Wachovia Bank, National Association), as trustee, and a Fifth Supplemental Indenture of Trust, dated July 1, 2004, between the University and the Trustee. The 2004 Series E Bonds are authorized to be issued pursuant to the terms of the Fifth Supplemental Indenture, supplemental to and amendatory of the Master Indenture. The 2004 Series E Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated, and the Indenture. The 2004 Series E Bonds were issued to fund capital projects for sites and buildings located at the New Brunswick, Newark and Camden campuses of the University, which include: (i) the construction of a student-housing facility with ancillary student-related and retail space on the Newark Campus; (ii) the expansion to and renovation of the Camden Law School; (iii) the complete interior and exterior reconstruction of the Administrative Services Building II located on the New Brunswick Campus; (iv) the fit-out and equipping of the Public Safety Building being constructed on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

Debt service payments to maturity at June 30, 2006 on the University's bonds are as follows (dollars in thousands):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$20,995	\$20,575	\$41,570
2008	22,655	19,672	42,327
2009	23,640	18,772	42,412
2010	24,765	17,623	42,388
2011	25,900	16,453	42,353
2012-2016	133,860	63,737	197,597
2017-2021	81,580	36,702	118,282
2022-2026	45,055	23,359	68,414
2027-2031	43,485	11,900	55,385
2032-2034	24,185	2,415	26,600
Total	<u>\$446,120</u>	<u>\$231,208</u>	<u>\$677,328</u>

CAPITALIZED LEASE OBLIGATIONS

Facilities Authority

Dormitories — Pursuant to the terms of a lease and agreement dated September 1, 1971 between the University and the New Jersey Educational Facilities Authority (the "Facilities Authority"), the University transferred to the Facilities Authority title to certain land, upon which dormitories have been constructed. In 1974, the Facilities Authority issued bonds in the aggregate amount of \$6.7 million at an effective interest cost of 5.95% per annum, for the purpose of providing long-term financing for the aforementioned facilities. Such bonds mature serially through 2008. In accordance with the agreement, the University is required to pay an annual rental to the Facilities Authority over the life of the agreement in amounts necessary to retire the bonds, including interest, provide sinking fund and reserve account requirements and reimburse the Facilities Authority for its administrative costs. As security for its obligation under the agreement, the University has pledged the revenues arising from the financed facilities. Upon retirement of the bonds, title to the land and facilities will revert to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capitalized lease obligation. At June 30, 2006, this liability was \$0.8 million (\$1.2 million in 2005).

Higher Education Capital Improvement Fund (HECIP) — Under the provisions of the State of New Jersey Higher Education Capital Improvement Fund Act (the "HECIP Act") of 1999 (P.L. 1999, c. 217), the University has been allocated \$169.0 million to help finance certain of its deferred maintenance and other capital needs. The funds are provided through bonds issued by the Facilities Authority. The University is obligated to pay one-third of the debt service on the bonds. On December 20, 2000, the Facilities Authority issued bonds, the University's portion of which amounted to \$75.0 million. The bonds bear an effective interest rate of 5.06% per annum and mature on September 1, 2020. Additional bonds, Series 2002 A, were issued by the Facilities Authority on November 21, 2002. The University's portion and remaining balance of the \$169.0 million amounted to \$94.0 million. The bonds bear an effective interest rate of 3.47% per annum and mature on September 1, 2022. In accordance with the act, the University is required to make annual lease payments to retire 33.3% of the bonds, representing the University's portion, including interest. The State of New Jersey is obligated to pay the remaining 66.7% of the annual debt service. At June 30, 2006, the University had a capital lease obligation of \$52.3 million (\$53.3 million in 2005).

Equipment Leasing Fund (ELF) - Under the terms of the Higher Education Equipment Leasing Fund Act of 1993 (ELF), the State issued bonds to finance additional equipment for laboratory and instructional facilities at state institutions of higher education. The University received \$22.3 million from this bond issue. The bonds were issued on October 11, 2001 and bear interest at a rate of 3.089%. In accordance with this act, the University is required to make annual lease payments to retire 25% of the University's portion of the bonds, including interest. The State of New Jersey is obligated to pay the remaining 75% of the annual debt service. Title to all equipment purchased under this lease agreement will be transferred to the University at the conclusion of the lease. At June 30, 2006, the University had a capital lease obligation of \$2.6 million for equipment purchased under the terms of this agreement (\$3.4 million in 2005).

Dormitory Safety Trust Fund (DSTF) - Under the provisions of the Dormitory Safety Trust Fund Act (the "DSTF Act") (P.L. 2000, c.56), the University received a \$29.0 million interest free loan to finance the installation of fire suppression systems in buildings used as student dormitories. The New Jersey Educational Facilities Authority issued two series of bonds on August 14, 2001 to finance these loans. Series 2001A (Tax Exempt) bears an effective interest rate of 4.8% per annum, and Series 2001B (Federally Taxable) bears an effective interest rate of 6.1% per annum. Both series mature on March 1, 2016. At June 30, 2006, the University had a capital lease obligation of \$20.7 million (\$22.8 million in 2005).

Housing Authority

In connection with a redevelopment project undertaken by the Housing and Urban Development Authority of the City of New Brunswick (the "Housing Authority"), a series of agreements were entered into by the University, the Housing Authority and Robert Wood Johnson University Hospital, Inc., the outcome of which was the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. Pursuant to the terms of the capital lease and agreement dated July 1, 1992 between the University and the Housing Authority, the Housing Authority issued bonds in the aggregate amount of \$55.3 million on July 23, 1992, at an effective interest rate of 6.23% per annum, for the purpose of providing long-term financing for the project. On December 1, 1998, these bonds were refinanced in the aggregate amount of \$54.5 million, at an effective interest rate of 4.83% per annum. Such bonds mature serially through 2024. In accordance with the agreement, the University is required to pay an annual rental to the Housing Authority over the life of the agreement in amounts necessary to retire the University's portion of the bonds, including interest, to provide for sinking fund and reserve account requirements and to reimburse the Housing Authority for its administrative costs. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capital lease obligation. At June 30, 2006, this liability was \$40.3 million (\$41.8 million in 2005). As discussed more fully below, a portion of this capital lease obligation is being funded under a sublease agreement.

Hospital Sublease

In conjunction with the Housing Authority capital lease and agreement, the University simultaneously entered into a sublease and agreement with the Robert Wood Johnson University Hospital, Inc. (the "Hospital"), dated July 1, 1992, whereby the Hospital agreed to lease a portion of the parking facility from the University. The sublease provides for an initial term of two years which commenced July 1992, renewable in six consecutive five year terms. In accordance with the sublease, the Hospital is required to pay an annual rental to the University over the life of the agreement, subject to termination payments to the University should the options to renew not be exercised. The payments received under this sublease are being used by the University to cover a proportional amount of the lease payments due to the Housing Authority. Upon retirement of the bonds, title to the Hospital's portion of the parking deck will be transferred to the Hospital. At June 30, 2006, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$7.2 million (\$7.4 million in 2005). Payments required under the lease and agreement between the University and the Housing Authority are in no way conditional upon the receipt of payments from the Hospital under the sublease and agreement.

Development Authority

In April 2005, the New Jersey Economic Development Authority offered \$15.3 million of its Revenue Refunding Bonds (Rutgers, The State University – Civic Square Project), 2005 series (the "Bonds"). The Bonds are being issued to refund the Authority's outstanding Revenue Bonds (Rutgers, The State University-Civic Square Project), 1994 Series (the "Refunded Bonds") which were issued to finance a redevelopment project located in City of New Brunswick. A facility was constructed to house the Visual Arts Department of the Mason Gross School of the Arts, the Edward J. Bloustein School of Planning and Public Policy and the Center for Urban Policy Research and is leased to the University pursuant to a Lease and Agreement dated as of September 1, 1993 between the Authority and the University, as amended and supplemented (the "Lease Agreement"). The Bonds were initially issued as Auction Rate Certificates ("ARCs") bearing interest at an Auction Rate. The interest rate on the Bonds may be converted from time to time at the option of the University to a Daily Rate, a Weekly Rate, a Short-Term Rate, a Long-Term Rate or a Fixed Rate. The Bonds are being issued to provide funds that will be used, together with other available funds of the University, to (i) pay at maturity the Refunded Bonds maturing on July 1, 2005 and currently refund, on July 1, 2005, the Refunded Bonds maturing on and after July 1, 2006 and (ii) pay certain costs of issuance. At June 30, 2006, the outstanding balance of this obligation was \$14.8 million (\$15.3 in 2005).

Certificates of Participation, Series 2004

Pursuant to an Agent Agreement, dated April 1, 2004, between the University, as Lessee, Lower George Street University Redevelopment Associates, LLC, a New Jersey limited liability company, as Lessor, and Wachovia Bank, National Association, as Agent, Certificates of Participation were issued in the amount of \$30.6 million on April 15, 2004. The Certificates of Participation represent undivided proportionate interests in the fixed rent payable by the University pursuant to the Master Lease Agreement, dated April 1, 2004, between the Lessee and Lower George Street University Redevelopment Associates, LLC. The University is obligated under the Lease to make payments of fixed rent that comprise amounts designated as interest and as principal and that are payable to the owners of the 2004 Certificates. The 2004 Certificates are being issued to finance the acquisition of the land, the preparation of the land for construction, including demolition and clearing of existing improvements, and the construction of improvements and costs of acquisition and installation of equipment. This area will primarily serve as the University's Division of Public Safety headquarters, provide additional office space for the University and provide a parking garage, all to support the University's educational functions. In addition, the 2004 Certificates are to provide for capitalized interest on the 2004 Certificates from the dates of delivery to July 1, 2005 and to pay the costs of issuance associated with the authorization, sale, execution and delivery of the 2004 Certificates. At June 30, 2006, the University had a capital lease obligation of \$30.2 million (\$30.6 million in 2005).

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2006 are as follows (dollars in thousands):

Year	Facilities Authority					Housing Authority	Hospital Sublease	Development Authority	Certificates of Participation	Total
	Dorms	HECIP	ELF	DSTF (2001A)	DSTF (2001B)					
2007	\$461	\$4,486	\$939	\$2,040	\$33	\$3,667	(\$653)	\$1,062	\$1,863	\$13,898
2008	461	4,488	939	2,040	32	3,660	(652)	1,068	1,865	13,901
2009		4,488	939	2,040	32	3,664	(652)	1,098	1,862	13,471
2010		4,488		2,040	32	3,665	(653)	1,077	1,861	12,510
2011		4,487		2,039	33	3,666	(652)	1,105	1,863	12,541
2012-2016		22,451		10,199	163	18,322	(3,261)	5,692	9,303	62,869
2017-2021		22,439				18,324	(3,262)	6,015	9,285	52,801
2022-2026		12,195				7,324	(1,306)	3,825	9,265	31,303
2027-2031									9,230	9,230
2032-2036									9,187	9,187
2037-2041									3,661	3,661
Total Lease Payments	922	79,522	2,817	20,398	325	62,292	(11,091)	20,942	59,245	235,372
Less Amount Representing Interest	77	27,176	201			22,016	(3,940)	6,142	29,035	80,707
Present Value of Lease Payments	\$845	\$52,346	\$2,616	\$20,398	\$325	\$40,276	(\$7,151)	\$14,800	\$30,210	\$154,665

Miscellaneous Equipment Leases

The University has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2006, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$4.5 million (\$5.4 million in 2005). The annual rentals for these capitalized lease obligations are provided for in the University's operating budget and in the aggregate are not considered material.

NOTE 9 - COMMITMENTS

At June 30, 2006, the estimated cost of capital projects under construction, in the design stage with approved sources of funding, and in the design stage pending determination of sources of funding, aggregated approximately \$188.6 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	Total Project Funding		
	Received at June 30, 2006	Additional Funding Required at June 30, 2006	Estimated Total Cost
Borrowing	\$58,202	\$26,500	\$84,702
State Bond Issues and Capital Appropriations	26,535	11,000	37,535
Gifts and Other Sources	58,741	7,584	66,325
Total	\$143,478	\$45,084	\$188,562

The University leases certain space used in general operations. Rental expense was approximately \$3.9 million in 2006 (\$3.2 million in 2005). The leases are non-cancelable and have been classified as operating leases which are expected to expire through 2031. Minimum annual rental commitments approximate the following (dollar in thousands):

Year	Amount
2007	\$3,057
2008	2,044
2009	1,659
2010	1,613
2011	1,351
2012-2016	4,036
2017-2021	451
2022-2026	564
2027-2031	410
Total	<u>\$15,185</u>

NOTE 10 - EMPLOYEE BENEFITS

Retirement Plans

The University has primarily two retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, a defined benefit plan, and the Alternate Benefit Program, a defined contribution plan. The State of New Jersey, in accordance with State statutes, makes employer contributions on behalf of the University for these plans. Pension expense paid directly by the State of New Jersey for 2006 aggregated \$36.1 million (\$31.8 and \$29.2 million in 2005 and 2004, respectively) of which \$3.8 million (\$4.1 and \$3.3 million in 2005 and 2004, respectively) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

Public Employees Retirement System ("PERS")

Plan Description — PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey. The payroll for employees covered by PERS for the year ended June 30, 2006 was \$155.4 million (\$150.4 million in 2005).

University employees of a certain classification are required as a condition of employment to be members of PERS. The formula for benefits is an annual allowance in the amount equal to years of service, divided by 55, times the final average salary. Final average salary means the average of the salaries received by the member for the last three years of membership service or the three highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching ten years of credited service. Members are eligible for retirement at age 60 with no minimum years of service required. Members who have 25 years or more of credited service may also select early retirement without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Contributions — Covered University employees were required by PERS to contribute 5.0% of their annual compensation during fiscal year 2006 and 2005. The State contributes the remaining amounts necessary to pay benefits when due. The State contribution is based upon annual actuarially determined percentages of total compensation of all active members. The State's annual contribution approximates the actuarially determined pension cost for the year.

Employees can also make voluntary contributions to two optional State of New Jersey tax-deferred investment plans, the Supplemental Annuity Collective Trust ("SACT") and the Additional Contributions Tax Sheltered ("ACTS") programs. Both plans are subject to limits within the Internal Revenue Code.

Financial statements for the PERS are included in the State of New Jersey's Comprehensive Annual Financial Report, which may be obtained by writing to the State of New Jersey, Department of the Treasury, Office of Management and Budget, CN 221, Trenton, NJ 08625-0221.

Alternate Benefit Program ("ABP")

Plan Description — ABP is a multiple-employer, State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2006 was \$436.5 million (\$396.0 million in 2005).

Faculty, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer (State) contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is re-employed in another institution which participates in ABP.

Contributions — The employee mandatory contribution rate for ABP is 5.0% of base salary and is matched by the State at 8.0% of base salary. Contributions can be invested with up to six investment carriers available under the plan for fiscal year 2006. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code.

Other Retirement Plans

The University has a small number of employees enrolled in the State of New Jersey Police and Firemen's Retirement System ("PFRS") and two Federal retirement plans, the Civil Service Retirement System ("CSRS") and the Federal Employees Retirement System ("FERS"). All three of the plans are defined benefit plans and cover the University's police (PFRS) and selected positions related to the University's Cook College/New Jersey Agricultural Experiment Station (CSRS or FERS). The University also has a small number of Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund ("TIAA-CREF"), which provides for the purchase of annuities for the covered employees. Participation in all of these plans is limited, and the associated amounts are not significant.

Post-Retirement Health Care Benefits

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the University's retired employees, in accordance with State statutes. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey mandatory pension plans. Employees retiring with 25 years of service credited after June 30, 1997 may share in the cost of the health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, the amounts are not available to the University and no expenses or liabilities for these benefits are reflected in the University's financial statements.

Additional detailed information about these programs is provided in the State of New Jersey's Comprehensive Annual Financial Report.

Deferred Compensation Plan

University employees with membership in PERS, ABP or PFRS are eligible to participate in the State of New Jersey's Employees Deferred Compensation Plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to tax defer and invest a portion of their base salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The plan was administered by the State of New Jersey, but effective January 1, 2006, Prudential Financial administers this plan. The plan does not include any matching employer (State) contributions. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts and all income attributable to those amounts, property or rights are held in trust by the State for the exclusive benefit of the participating employees and their beneficiaries.

NOTE 11 - COMPENSATED ABSENCES

The University accounts for compensated absences as directed by GASB Statement No. 16. A liability for compensated absences (i.e. unused vacation, sick leave) attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The University recorded a liability for accumulated vacation time in the amount of \$32.3 million at June 30, 2006 (\$29.3 million in 2005). The liability is calculated based upon employees' accrued vacation time as of the Statements of Net Assets date and is recorded in accounts payable and accrued expenses in the accompanying Statements of Net Assets.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The pay out to retirees for unused accumulated sick time is calculated at the lesser of ½ the value of earned time or \$15,000. Employees separating from the University service prior to retirement are not entitled to payments for accumulated sick leave balances. The University recorded a liability for accumulated sick leave balances in the amount of \$8.8 million at June 30, 2006 (\$8.7 million in 2005) which is included in accounts payable and accrued expenses in the accompanying Statements of Net Assets.

NOTE 12 - RISK MANAGEMENT

The University manages property and liability risks through the purchase of insurance policies which have deductibles that vary by policy, the most significant of which provides for the payment of general liability and workers compensation benefits.

The University has accrued expenses for deductibles and incurred but not reported liabilities in the Statements of Net Assets. The accrued expenses are based on estimates by management and third party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims incurred but not reported.

NOTE 13 - CONTINGENCIES

The University is a party to various legal actions arising in the ordinary course of its operations. While it is not feasible to predict the ultimate outcome of these actions, it is the opinion of management that the resolution of these matters will not have a material adverse effect on the University's financial statements.

The University receives funds from Federal, State and private agencies under grants and contracts for research, training and other activities. The costs, both direct and indirect, charged to these grants and contracts are subject to audit and possible disallowance by the sponsoring agency. It is the University's belief that any disallowances or adjustments would not have a significant effect on the University's financial statements.

NOTE 14 – SUBSEQUENT EVENT

On September 28, 2006, the University entered into the purchase of a building at 1 Washington Park in Newark, New Jersey in the amount of \$31.4 million. The building is to be converted into a condominium in which 11 floors along with a proposed 15,000 square foot addition will be established as the "Rutgers Business School Space". An \$18.0 million State Appropriation was used to acquire this building. The remaining funds were advanced by the University and will be funded by future bonds.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Bureau of Alcohol, Tobacco & Firearms		
Various	21.RD	15,785
Subtotal		15,785
Department of Agriculture		
Agricultural Research Basic and Applied Research	10.001	94,284
Biotechnology Risk Assessment Research	10.219	48,928
Community Food Projects	10.225	23,572
Cooperative Forestry Assistance	10.664	177,860
Forest Stewardship Program	10.678	24,940
Forestry Research	10.652	133,461
Grants for Agricultural Research Competitive Research Grants	10.206	561,957
Grants for Agricultural Research, Special Research Grants	10.200	3,531,705
Higher Education Challenge Grants	10.217	63,514
Initiative for Future Agriculture and Food Systems	10.302	304,959
Integrated Programs	10.303	975,008
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	2,820,730
Various	10.RD	689,522
Subtotal		9,450,440
Department of Commerce-NIST		
Measurement and Engineering Research and Standards	11.609	264,250
Subtotal		264,250
Department of Commerce-NOAA		
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	108,853
Chesapeake Bay Studies	11.457	321,999
Climate and Atmospheric Research	11.431	324,201

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of Commerce-NOAA		
Coastal Zone Management Estuarine Research Reserves	11.420	899,170
Cooperative Science and Education Program	11.455	1,042,759
Financial Assistance for National Centers for Coastal Ocean Science	11.426	46,101
Marine Fisheries Initiative	11.433	39,729
Special Oceanic and Atmospheric Projects	11.460	144,355
Undersea Research	11.430	998,865
Various	11.RD	39,720
Subtotal		3,965,752
Department of Defense		
Military Medical Research and Development	12.420	140,907
Various	12.RD	679,412
Subtotal		820,319
Department of Education		
National Assessment of Educational Progress	84.902	48,393
Subtotal		48,393
Department of Energy		
Office of Science Financial Assistance Program	81.049	157,202
Various	81.RD	3,342,216
Weatherization Assistance for Low-Income Persons	81.042	155,665
Subtotal		3,655,083
Department of Health and Human Services		
Center for Research for Mothers and Children	93.865	132,435
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	567,244
Various	93.RD	36,778

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of Health and Human Services		
Subtotal		736,457
Department of Homeland Security-TSA		
Various	97.RD	29,664
Subtotal		29,664
Department of Housing and Urban Development		
Community Development Work-Study Program	14.512	19,032
Community Outreach Partnership Center Program	14.511	11,614
Doctoral Dissertation Research Grants	14.516	23,092
Early Doctoral Student Research Grants	14.517	8,935
Subtotal		62,673
Department of Justice		
Community Prosecution and Project Safe Neighborhoods	16.609	2,712
Subtotal		2,712
Department of Justice-NIJ		
Various	16.RD	102,015
Subtotal		102,015
Department of the Interior		
Various	15.RD	(8,123)
Subtotal		(8,123)
Department of the Interior-FWS		
Conservation Grants Private Stewardship for Imperiled Species	15.632	60,301
Wildlife Services	15.RD	789
Subtotal		61,090

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of the Interior-NPS		
Various	15.AB1	17,751
Various	15.RD	290,527
Subtotal		308,278
Department of the Interior-USGS		
Assistance to State Water Resources Research Institutes	15.805	16,124
Various	15.RD	117,273
Subtotal		133,397
Department of Transportation		
Various	20.RD	225,410
Subtotal		225,410
Department of Transportation-FAA		
Aviation Research Grants	20.108	94,882
Subtotal		94,882
Department of Veterans Affairs		
Various	64.RD	85,351
Subtotal		85,351
DHHS-Agency for Healthcare Research and Quality		
Research on Healthcare Costs, Quality and Outcomes	93.226	236,155
Subtotal		236,155
DHHS-CMS		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1,063,066
Subtotal		1,063,066
DHHS-NIH-Nat'l Library of Medicine		
Medical Library Assistance	93.879	133,377

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-NIH-Nat'l Library of Medicine		
Subtotal		133,377
DHHS-PHS-CDC		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	23,057
Injury Prevention and Control Research and State and Community Based Programs	93.136	128,183
Subtotal		151,240
DHHS-PHS-CDC-NIOSH		
Occupational Safety and Health Research Grants	93.262	75,908
Subtotal		75,908
DHHS-PHS-FDA		
Various	93.RD	(8,078)
Subtotal		(8,078)
DHHS-PHS-NIH		
Aging Research	93.866	406,353
Allergy, Immunology and Transplantation Research	93.855	950,458
Biological Response to Environmental Health Hazards	93.113	144,645
Biomedical Research and Research Training	93.859	1,162,944
Cancer Cause and Prevention Research	93.393	202,793
Cancer Detection and Diagnosis Research	93.394	245,335
Cell Biology and Biophysics Research	93.821	(849)
Center for Research for Mothers and Children	93.865	208,085
Clinical Research	93.333	15,357
Diabetes, Endocrinology and Metabolism Research	93.847	(2,421)
Drug Abuse Research Programs	93.279	77,146

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	746,500
Human Genome Research	93.172	1,140
Mental Health Research Grants	93.242	91,013
Microbiology and Infectious Diseases Research	93.856	98,574
Research and Training in Complementary and Alternative Medicine	93.213	67,496
Research on Healthcare Costs, Quality and Outcomes	93.226	4,298
Senior International Fellowships	93.989	249,459
Vision Research	93.867	270,278
Subtotal		4,938,604
DHHS-PHS-NIH-FIC		
Senior International Fellowships	93.989	563,666
Subtotal		563,666
DHHS-PHS-NIH-NCCAM		
Research and Training in Complementary and Alternative Medicine	93.213	99,091
Subtotal		99,091
DHHS-PHS-NIH-NCI		
Cancer Biology Research	93.396	1,097,016
Cancer Cause and Prevention Research	93.393	1,781,965
Cancer Control	93.399	1,676,161
Cancer Research Manpower	93.398	169,133
Cancer Treatment Research	93.395	945,216
Subtotal		5,669,491

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NCRR		
Research Infrastructure	93.389	281,043
Subtotal		281,043
DHHS-PHS-NIH-NEI		
Vision Research	93.867	837,902
Subtotal		837,902
DHHS-PHS-NIH-NHGRI		
Human Genome Research	93.172	35,200
Subtotal		35,200
DHHS-PHS-NIH-NHLBI		
Heart and Vascular Diseases Research	93.837	221,108
Subtotal		221,108
DHHS-PHS-NIH-NIA		
Aging Research	93.866	1,017,248
Subtotal		1,017,248
DHHS-PHS-NIH-NIAAA		
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	97,807
Alcohol Research Programs	93.273	1,680,735
Subtotal		1,778,542
DHHS-PHS-NIH-NIAID		
Allergy, Immunology and Transplantation Research	93.855	673,165
Microbiology and Infectious Diseases Research	93.856	431,046
Subtotal		1,104,211
DHHS-PHS-NIH-NIBIB		
Biomedical Imaging Research	93.286	1,658,965

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NIBIB		
Subtotal		1,658,965
DHHS-PHS-NIH-NICHD		
Center for Medical Rehabilitation Research	93.929	106,282
Center for Research for Mothers and Children	93.865	351,035
Research Related to Deafness and Communication Disorders	93.173	386,428
Subtotal		843,745
DHHS-PHS-NIH-NIDA		
Drug Abuse Research Programs	93.279	1,436,862
Various	93.RD	2,211,961
Subtotal		3,648,823
DHHS-PHS-NIH-NIDCD		
Research Related to Deafness and Communication Disorders	93.173	326,292
Subtotal		326,292
DHHS-PHS-NIH-NIDCR		
Oral Diseases and Disorders Research	93.121	314,391
Subtotal		314,391
DHHS-PHS-NIH-NIDDKD		
Diabetes, Endocrinology and Metabolism Research	93.847	307,964
Digestive Diseases and Nutrition Research	93.848	626,936
Kidney Diseases, Urology and Hematology Research	93.849	580,248
Various	93.RD	2,388,032
Subtotal		3,903,180
DHHS-PHS-NIH-NIEHS		
Biological Response to Environmental Health Hazards	93.113	950,666

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NIEHS		
Subtotal		950,666
DHHS-PHS-NIH-NIGMS		
Academic Research Enhancement Award	93.390	132,347
Bioinformatics and Computational Biology Research	93.309	15,413
Biomedical Research and Research Training	93.859	16,430,986
Cell Biology and Biophysics Research	93.821	27,051
Various	93.RD	7,405
Subtotal		16,613,202
DHHS-PHS-NIH-NIMH		
Biological Basis Research in the Neurosciences	93.854	1,495
Mental Health Research Career/Scientist Development Awards	93.281	116,698
Mental Health Research Grants	93.242	10,848,267
Subtotal		10,966,460
DHHS-PHS-NIH-NINCDS		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	3,762,689
Subtotal		3,762,689
DHHS-PHS-NIH-NINR		
Nursing Research	93.361	192,904
Subtotal		192,904
DHHS-PHS-SAMHSA-CSAP		
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	30,229
Various	93.RD	(1,048)
Subtotal		29,181

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DOD-Army Medical Research Command		
Military Medical Research and Development	12.420	131,817
Various	12.RD	146,529
Subtotal		278,346
DOD-DAF-Air Force Office of Scientific Research		
Air Force Defense Research Sciences Program	12.800	243,210
Various	12.RD	97,683
Subtotal		340,893
DOD-DAF-Air Force Research Laboratory		
Research and Technology Development	12.910	35,899
Subtotal		35,899
DOD-DARPA		
Research and Technology Development	12.910	410,959
Subtotal		410,959
DOD-Defense Logistics Agency		
Various	12.RD	150,032
Subtotal		150,032
DOD-Department of the Navy		
Research and Technology Development	12.910	13,232
Various	12.RD	10,322
Subtotal		23,554
DOD-Department of Veterans Affairs		
Various	12.RD	31,006
Subtotal		31,006

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DOD-DOA-Army Corps of Engineers		
Various	12.RD	320,693
Subtotal		320,693
DOD-DOA-Army Medical Research Acquisition Activity		
Military Medical Research and Development	12.420	1,074,918
Subtotal		1,074,918
DOD-DOA-Army Research Laboratory		
Various	12.RD	48,953
Subtotal		48,953
DOD-DOA-Army Research Office		
Basic and Applied Scientific Research	12.300	15,500
Basic Scientific Research	12.431	22,464
Various	12.RD	125,880
Subtotal		163,844
DOD-DOA-Army TACOM-ARDEC		
Basic Scientific Research	12.431	13,382
Various	12.RD	478,348
Subtotal		491,730
DOD-DON-Naval Air Warfare Center		
Research and Technology Development	12.910	6,091
Subtotal		6,091
DOD-DON-Naval Research Laboratory		
Basic and Applied Scientific Research	12.300	787,634
Subtotal		787,634

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DOD-DON-Naval Surface Warfare Center		
Various	12.RD	67,910
Subtotal		67,910
DOD-DON-Office of Naval Research		
Basic and Applied Scientific Research	12.300	2,448,798
Various	12.RD	338,004
Subtotal		2,786,802
DOD-National Security Agency		
Mathematical Sciences Grants Program	12.901	95,841
Subtotal		95,841
DOD-SERDP		
Various	12.RD	61,082
Subtotal		61,082
Environmental Protection Agency		
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	44,678
Environmental Protection Consolidated Research	66.500	14,808
P3 Award: National Student Design Competition for Sustainability	66.516	14,054
Pollution Prevention Grants Program	66.708	64,038
Science To Achieve Results (STAR) Program	66.509	402,558
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	24,457
Surveys, Studies, Investigations and Special Purpose Grants	66.606	30,859
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements Section 1442 of the Clean Water Act	66.436	11,171

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Environmental Protection Agency		
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716	45,152
Targeted Watershed Grants	66.439	71,958
Various	66.RD	68,876
Subtotal		792,609
Federal Mediation Conciliation Service		
Research on Healthcare Costs, Quality and Outcomes	93.226	289,241
Subtotal		289,241
Federal Railroad Administration		
Various	20.RD	14,585
Subtotal		14,585
Institute of Museum and Library Services		
Institute of Museum and Library Services National Leadership Grants	45.312	262,045
Subtotal		262,045
National Aeronautics and Space Administration		
Aerospace Education Services Program	43.001	102,300
Various	43.RD	1,969,235
Subtotal		2,071,535
National Council on Disability		
Various	17.RD	115,205
Subtotal		115,205
National Endowment for the Arts		
Promotion of the Arts Grants to Organizations and Individuals	45.024	9,513
Subtotal		9,513

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
National Endowment for the Humanities		
Promotion of the Humanities Research	45.161	16,687
Various	45.RD	146,500
Subtotal		163,187
National Historical Publications and Records Commission		
National Historical Publications and Records Grants	89.003	80,628
Subtotal		80,628
National Science Foundation		
Biological Sciences	47.074	11,719,479
Computer and Information Science and Engineering	47.070	9,319,657
Education and Human Resources	47.076	1,498,410
Engineering Grants	47.041	1,286,828
Geosciences	47.050	3,496,583
International Science And Engineering (OISE International)	47.079	12,774
Mathematical and Physical Sciences	47.049	7,340,931
Polar Programs	47.078	229,851
Social, Behavioral, and Economic Sciences	47.075	1,255,421
Various	47.040	28,121
Various	47.RD	2,080,340
Subtotal		38,268,395
Smithsonian Astrophysical Observatory		
Various	43.RD	22,568
Subtotal		22,568
U.S. Election Assistance Commission		
Various	90.RD	521,939
Subtotal		521,939

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
USDA-Natural Resources Conservation Service		
Environmental Quality Incentives Program	10.912	6,355
Subtotal		<u>6,355</u>
Subtotal Direct Research and Development		<u>\$131,256,092</u>

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Abt Associates, Inc.		
Various	93.RD	17,126
		<hr/>
Subtotal		17,126
Advanced Animal Diagnostics		
Various	10.RD	4,200
		<hr/>
Subtotal		4,200
Advanced Information Engineering Services		
Various	12.RD	56,592
		<hr/>
Subtotal		56,592
Advanced Materials Corporation		
Various	81.089	94,723
		<hr/>
Subtotal		94,723
Advanced Projects Research, Inc.		
Various	43.RD	32,742
		<hr/>
Subtotal		32,742
Albert Einstein College of Medicine		
Allergy, Immunology and Transplantation Research	93.855	32,488
Cancer Control	93.399	22,333
Microbiology and Infectious Diseases Research	93.856	58,310
		<hr/>
Subtotal		113,131

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Altair Nanomaterials, Inc.		
Various	47.RD	162,829
Subtotal		162,829
American Association of Motor Vehicle Administrators		
Various	20.RD	5,148
Subtotal		5,148
American Council on Education		
Various	98.RD	159,834
Subtotal		159,834
Arkansas Department of Health & Human Services		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	29,669
Subtotal		29,669
Atlantic States Marine Fisheries Commission		
Atlantic Coastal Fisheries Cooperative Management Act	11.474	9,896
Subtotal		9,896
Auburn University		
Grants for Agricultural Research Competitive Research Grants	10.206	40,039
Sea Grant Support	11.417	4,338
Subtotal		44,377

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Battelle		
Various	12.RD	47,240
Subtotal		47,240
Baylor College		
Cancer Detection and Diagnosis Research	93.394	21,450
Research Infrastructure	93.389	120,175
Subtotal		141,625
Boston University		
Computer and Information Science and Engineering	47.070	20,670
Subtotal		20,670
Brookhaven National Labs		
Various	81.RD	65,697
Subtotal		65,697
California Institute of Technology		
Various	12.RD	77,437
Various	43.RD	126,063
Various	81.RD	129,808
Subtotal		333,308
California Polytechnic State University		
National Institute on Student Achievement, Curriculum, and Assessment	84.305	(2,403)

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
California Polytechnic State University		
Subtotal		(2,403)
Cambridge Health Alliance		
Mental Health Research Grants	93.242	3,213
Subtotal		3,213
Ceramatec, Inc		
Various	12.RD	50,665
Various	81.RD	25,000
Subtotal		75,665
Children's Hospital of Philadelphia		
Blood Diseases and Resources Research	93.839	94,836
Subtotal		94,836
City of Newark, NJ		
Demolition and Revitalization of Severely Distressed Public Housing	14.866	7,250
Subtotal		7,250
Clemson University		
Biological Sciences	47.074	50,793
Various	12.RD	112,555
Subtotal		163,348

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
College of William and Mary		
Basic and Applied Scientific Research	12.300	125,628
Subtotal		125,628
Columbia University		
Computer and Information Science and Engineering	47.070	111,115
Subtotal		111,115
Consortium for Oceanographic Research and Education		
Marine Sanctuary Program	11.429	5,542
Various	11.RD	11,565
Subtotal		17,107
Cornell University		
Grants for Agricultural Research, Special Research Grants	10.200	30,226
Integrated Programs	10.303	15,958
Various	93.RD	32,402
Subtotal		78,586
CUNY-Research Foundation		
Federal Transit Grants for University Research and Training	20.502	45,193
Subtotal		45,193
CUNY-Transportation Research Center		
Federal Transit Grants for University Research and Training	20.502	160,358
Subtotal		160,358

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Dana-Farber Cancer Institute		
Various	93.RD	59,574
Subtotal		59,574
Dartmouth College		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	82,693
Subtotal		82,693
Delaware River Basin Commission		
Various	66.RD	21,211
Subtotal		21,211
Department of Commerce-NOAA		
Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	11.427	27,410
Various	81.RD	1,718
Subtotal		29,128
Diamond Materials Incorporated		
Various	43.RD	24,721
Subtotal		24,721
DOD-DAF-Air Force Office of Scientific Research		
Air Force Defense Research Sciences Program	12.800	59,430
Subtotal		59,430

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
DOD-DON-Office of Naval Research		
Various	12.RD	6,866
Subtotal		6,866
EEI		
Various	13.RD	194,569
Subtotal		194,569
Florida State University		
Office of Science Financial Assistance Program	81.049	107,199
Subtotal		107,199
Garden State Engineering, LLC		
Various	66.RD	6,942
Subtotal		6,942
Georgia Institute of Technology		
Computer and Information Science and Engineering	47.070	115,927
Various	47.RD	(2,536)
Subtotal		113,391
Harvard University		
Education and Human Resources	47.076	152,209
Eisenhower Professional Development State Grants	84.281	(822)
Various	84.RD	399,565
Subtotal		550,952

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Health Research Inc.		
Microbiology and Infectious Diseases Research	93.856	14,306
Subtotal		14,306
Hospital for Special Surgery		
Aging Research	93.866	25,455
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	31,712
Subtotal		57,167
Institute for Responsible Management at RWJMS		
Office of Science and Technology for Environmental Management	81.104	227,152
Various	81.RD	332,035
Subtotal		559,187
Institute for the Study of Learning and Expertise		
Various	12.RD	31,812
Subtotal		31,812
Iowa State University		
Various	43.RD	25,000
Subtotal		25,000
ITT Industries		
Basic and Applied Scientific Research	12.300	272,733
Various	12.RD	171,998

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
ITT Industries		
Subtotal		444,731
Jefferson Lab		
Various	81.RD	76,331
Subtotal		76,331
Johns Hopkins University		
Various	12.RD	46,261
Subtotal		46,261
L3 Communication Corp		
Various	20.RD	89,505
Subtotal		89,505
Laser Energetics		
Various	12.RD	(14,666)
Subtotal		(14,666)
Louisiana State University		
Various	93.RD	3,703
Subtotal		3,703
Massachusetts General Hospital		
Cancer Centers Support Grants	93.397	31,502
Subtotal		31,502

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Massachusetts Institute of Technology		
Mathematical and Physical Sciences	47.049	21,247
Various	43.RD	54,179
Subtotal		75,426
MaxPower Inc.		
Various	12.RD	6,446
Subtotal		6,446
Mayflower Communications Company, Inc		
Various	12.RD	73,803
Subtotal		73,803
McKessonHBOC Bioservices		
Various	93.RD	17,274
Subtotal		17,274
Michigan State University		
Head Start	93.600	1,049
Various	93.RD	152,456
Subtotal		153,505
Mississippi State University		
Undersea Research	11.430	92,877
Subtotal		92,877

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Montefiore Medical Center		
Microbiology and Infectious Diseases Research	93.856	4,978
Subtotal		4,978
Mount Sinai Medical Center		
Various	93.RD	85,601
Subtotal		85,601
Mt. Sinai School of Medicine		
Diabetes, Endocrinology and Metabolism Research	93.847	30,979
Subtotal		30,979
Multi-Phase Technologies, LLC		
Various	81.RD	18,635
Subtotal		18,635
Nano Engineered Innovation Corporation		
Various	12.RD	122,213
Various	81.RD	(18,900)
Subtotal		103,313
Nanoprobes, Inc.		
Various	93.RD	41,147
Subtotal		41,147
National Academy of Sciences		
Various	20.RD	19,112

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
National Academy of Sciences		
Subtotal		19,112
National Alliance for Autism Research		
Various	93.RD	41,252
Subtotal		41,252
National Fish and Wildlife Foundation		
Office of Administration Special Programs	11.470	6,603
Subtotal		6,603
National Opinion Research Center		
Various	93.RD	76,376
Subtotal		76,376
NEI Corporation		
Various	12.RD	13,801
Subtotal		13,801
NESCAUM		
Various	66.RD	12,353
Subtotal		12,353
New Jersey Higher Education Consortium		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	846
Subtotal		846

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
New Jersey Institute of Technology		
National Institute on Disability and Rehabilitation Research	84.133	9,240
Various	20.RD	73,631
Subtotal		82,871
New Jersey Marine Sciences Consortium		
Sea Grant Support	11.417	246,740
Various	11.RD	198,253
Subtotal		444,993
New Jersey Space Grant Consortium		
Various	43.RD	50,660
Subtotal		50,660
New York Blood Center		
Various	93.RD	68,176
Subtotal		68,176
New York University		
Research Projects	97.002	30,000
Subtotal		30,000
New York University School of Medicine		
Various	93.RD	224,033
Subtotal		224,033

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Nian-Crae, Inc.		
National Institute on Disability and Rehabilitation Research	84.133	105,999
Various	93.RD	(1,500)
Subtotal		104,499
Northeastern University		
Engineering Grants	47.041	95,422
Various	43.RD	34,398
Subtotal		129,820
Oberlin College		
Various	47.RD	21,195
Subtotal		21,195
Ocean County College-Barnegat Bay NEP		
National Estuary Program	66.456	87,256
Subtotal		87,256
Ohio State University		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	10,417
Initiative for Future Agriculture and Food Systems	10.302	3,497
Various	93.RD	85,107
Subtotal		99,021
Old Dominion University Research Foundation		
Various	43.RD	15,000

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Old Dominion University Research Foundation		15,000
Subtotal		15,000
OLI Systems, Inc.		
Various	12.RD	(2,631)
Subtotal		(2,631)
Oregon Health & Science University		
Research Related to Deafness and Communication Disorders	93.173	62,579
Subtotal		62,579
Penn State University		
Grants for Agricultural Research Competitive Research Grants	10.206	3,922
Mathematical and Physical Sciences	47.049	28,272
Various	47.RD	24,859
Various	84.RD	43,644
Subtotal		100,697
Penn State University-Northeast IPM Center		
Integrated Programs	10.303	52,089
Subtotal		52,089
Pliant Corporation		
Various	12.RD	136,015
Subtotal		136,015

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Princeton University		
Climate and Atmospheric Research	11.431	34,925
Mathematical and Physical Sciences	47.049	154,538
Office of Science Financial Assistance Program	81.049	38,617
Various	81.RD	48,937
Various	93.RD	57,525
Subtotal		334,542
Purdue University		
Biological Sciences	47.074	26,655
Health Professions Pregraduate Scholarship Program for Indians	93.123	4,512
Research and Training in Complementary and Alternative Medicine	93.213	59,429
Subtotal		90,596
Research Foundation for Mental Hygiene, Inc.		
Drug Abuse Research Programs	93.279	27,085
Subtotal		27,085
Santa Fe Institute		
Various	47.RD	11,302
Subtotal		11,302
Simquest International LLC		
Military Medical Research and Development	12.420	2,903
Various	12.RD	9,300

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Simquest International LLC		12,203
Subtotal		12,203
Sleepy Hollow Farm		
Various	10.RD	6,992
Subtotal		6,992
Smithsonian Astrophysical Observatory		
Various	43.RD	299,263
Subtotal		299,263
Smithsonian Institution		
Biological Sciences	47.074	3,029
Social, Behavioral, and Economic Sciences	47.075	(8,573)
Various	47.RD	41,594
Subtotal		36,050
SNJ-Board of Public Utilities		
State Energy Program	81.041	122,331
Subtotal		122,331
SNJ-Department of Agriculture		
Various	10.RD	18,355
Subtotal		18,355
SNJ-Department of Community Affairs		
Community Services Block Grant	93.569	5,000

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
SNJ-Department of Community Affairs		
Subtotal		5,000
SNJ-Department of Education		
Teacher Quality Enhancement Grants	84.336	10,696
Various	84.RD	73,534
Various	93.RD	69,055
Subtotal		153,285
SNJ-Department of Environmental Protection		
Nonpoint Source Implementation Grants	66.460	228,701
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	9,765
Various	66.RD	60,896
Subtotal		299,362
SNJ-Department of Health and Senior Services		
Center for Research for Mothers and Children	93.865	(2,688)
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	94,748
HIV Prevention Activities Health Department Based	93.940	(698)
Various	93.RD	625,943
Subtotal		717,305
SNJ-Department of Human Services		
State Planning Grant Health Care Access for the Uninsured	93.256	89,954
Various	93.RD	118,430

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
SNJ-Department of Human Services		208,384
Subtotal		208,384
SNJ-Department of Labor		
Various	17.RD	237,339
Subtotal		237,339
SNJ-Department of Transportation		
Federal Transit Capital Investment Grants	20.500	23,431
University Transportation Centers Program	20.701	(1,175)
Various	20.NJ80X021	(520)
Various	20.RD	1,052,303
Subtotal		1,074,039
SNJ-DHS-Developmental Disabilities Council		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	25,322
Subtotal		25,322
SNJ-DHS-Division of Disability Services		
Various	93.RD	45,288
Subtotal		45,288
SNJ-DHSS-Division of HIV/AIDS Services		
HIV Demonstration, Research, Public and Professional Education Projects	93.941	261,234
Subtotal		261,234

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Space Telescope Science Institute		
Various	43.RD	10,298
Subtotal		10,298
Spectrum Consulting Associates, Inc.		
Various	93.RD	(852)
Subtotal		(852)
Stanford University		
Biomedical Research and Research Training	93.859	68,638
Geosciences	47.050	68,106
Various	47.RD	112,206
Subtotal		248,950
State of Maryland-Maryland Energy Administration		
Various	81.RD	24,096
Subtotal		24,096
SUNY-Albany		
Various	15.RD	1,913
Subtotal		1,913
SUNY-Stony Brook		
Cancer Cause and Prevention Research	93.393	(821)
Subtotal		(821)

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
SUNY-The Research Foundation		
Cancer Cause and Prevention Research	93.393	183,683
Various	11.RD	35,243
Various	12.RD	1,438
Various	93.RD	292,318
Subtotal		512,682
Syracuse University		
Geosciences	47.050	60,328
Subtotal		60,328
Texas Tech University		
Grants for Agricultural Research Competitive Research Grants	10.206	20,762
Subtotal		20,762
The Public Health Research Institute		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	28,878
Subtotal		28,878
The Sharing Network		
Grants to Increase Organ Donations	93.134	28,897
Subtotal		28,897
The Shaw Group		
Various	12.RD	68,476

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
The Shaw Group		
Subtotal		68,476
The Urban Institute		
Various	93.RD	(3,844)
Subtotal		(3,844)
UMDNJ		
Biomedical Imaging Research	93.286	73,888
Center for Research for Mothers and Children	93.865	140,104
Drug Abuse Research Programs	93.279	59,935
NIEHS Superfund Hazardous Substances Basic Research and Education	93.143	(39,478)
Resource and Manpower Development in the Environmental Health Sciences	93.894	369,259
Various	93.RD	224,173
Subtotal		827,881
UMDNJ-Cancer Institute of New Jersey		
Various	93.RD	189,407
Subtotal		189,407
UMDNJ-Robert Wood Johnson Medical School		
Allergy, Immunology and Transplantation Research	93.855	211,893
Biometry and Risk Estimation Health Risks from Environmental Exposures	93.115	165,418
Center for Research for Mothers and Children	93.865	65,535

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
UMDNJ-Robert Wood Johnson Medical School		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	29,987
Resource and Manpower Development in the Environmental Health Sciences	93.894	244,304
Various	12.RD	101,892
Various	93.RD	197,968
Subtotal		1,016,997
University Corporation for Atmospheric Research		
Climate and Atmospheric Research	11.431	42,009
Subtotal		42,009
University of Alaska		
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	41,668
Subtotal		41,668
University of California		
Cancer Control	93.399	8,891
Various	47.RD	5,734
Various	81.RD	1,937
Subtotal		16,562
University of California-Berkeley		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	102,318

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of California-Berkeley		
Subtotal		102,318
University of California-San Diego		
Social, Behavioral, and Economic Sciences	47.075	3,442
Subtotal		3,442
University of Delaware		
Cooperative Extension Service	10.500	5,075
Subtotal		5,075
University of Florida		
Biological Sciences	47.074	40,042
Subtotal		40,042
University of Georgia		
Center for Research for Mothers and Children	93.865	97,991
Integrated Programs	10.303	96,261
Various	93.RD	(1,014)
Subtotal		193,238
University of Hawaii		
Various	93.RD	19,813
Subtotal		19,813
University of Illinois		
Social Security Research and Demonstration	96.007	13,036

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Illinois		
Various	96.RD	7,104
Subtotal		20,140
University of Maine		
Cooperative Research Units Program	15.812	8,706
Grants for Agricultural Research, Special Research Grants	10.200	9,510
Subtotal		18,216
University of Maryland		
Health Professions Pregraduate Scholarship Program for Indians	93.123	25,842
National Motor Carrier Safety	20.218	5,180
Various	43.RD	23,588
Various	47.RD	156,781
Subtotal		211,391
University of Massachusetts		
Education and Human Resources	47.076	99,422
Integrated Programs	10.303	1,579
Mental Health Research Grants	93.242	23,585
Subtotal		124,586
University of Miami		
Basic and Applied Scientific Research	12.300	84,186
Subtotal		84,186

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Minnesota		
Basic and Applied Scientific Research	12.300	50,281
Subtotal		50,281
University of New Hampshire		
Coastal Zone Management Administration Awards	11.419	23,694
Unallied Science Program	11.472	42,677
Various	43.RD	9,490
Subtotal		75,861
University of New Hampshire-CICEET		
Coastal Zone Management Administration Awards	11.419	54,912
Various	11.RD	3,761
Subtotal		58,673
University of Oklahoma Health Sciences Center		
Various	93.RD	22,436
Subtotal		22,436
University of Pennsylvania		
Biomedical Imaging Research	93.286	55,022
Computer and Information Science and Engineering	47.070	1,627
Subtotal		56,649
University of Pittsburgh		
Various	93.RD	109,940

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Pittsburgh		
Subtotal		109,940
University of Rhode Island		
Basic and Applied Scientific Research	12.300	73,885
Subtotal		73,885
University of Southern California		
Geosciences	47.050	10,462
Subtotal		10,462
University of Tennessee		
Education and Human Resources	47.076	77,926
Subtotal		77,926
University of Vermont		
Cooperative Extension Service	10.500	7,167
Grants for Agricultural Research, Special Research Grants	10.200	10,000
Various	10.RD	13,355
Subtotal		30,522
University of Washington		
Cancer Cause and Prevention Research	93.393	4,856
Microbiology and Infectious Diseases Research	93.856	61,599
Various	47.RD	105,145
Subtotal		171,600

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Wisconsin		
Aging Research	93.866	198,973
Grants for Agricultural Research Competitive Research Grants	10.206	1,399
Various	47.RD	490
Subtotal		200,862
US Infrastructure, Inc.		
Various	66.RD	1,199
Subtotal		1,199
Vanderbilt University		
Air Force Defense Research Sciences Program	12.800	75,852
Subtotal		75,852
Virginia Institute of Marine Science		
Cooperative Science and Education Program	11.455	2,932
Sea Grant Support	11.417	18,470
Subtotal		21,402
Washington State University		
Various	47.RD	38,976
Subtotal		38,976
Washington University - St. Louis		
Research and Training in Complementary and Alternative Medicine	93.213	171,926
Various	93.RD	182,359

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Washington University - St. Louis		
Subtotal		354,285
Woods Hole Oceanographic Institution		
Various	43.RD	7,743
Subtotal		7,743
Yale University		
Office of Science Financial Assistance Program	81.049	20,206
Research and Training in Complementary and Alternative Medicine	93.213	89,079
Subtotal		109,285
ZN Technology		
Various	12.RD	42,361
Subtotal		42,361
Subtotal Pass-Through Research and Development		16,953,029
Subtotal Research and Development Cluster		\$148,209,121

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
STUDENT FINANCIAL AID CLUSTER:		
Direct:		
Department of Education		
Federal Supplemental Educational Opportunity Grant Program	84.007	2,203,562
Federal Work Study Program	84.033	4,715,939
Perkins Loan Program (Including Administrative Cost of \$541,514)	84.038	8,708,791
Federal Pell Grant Program	84.063	27,791,404
Federal Direct Loan Program	84.268	155,497,580
Department of Health and Human Services-Public Health Service		
Nursing Faculty Loan Program	93.264	78,995
Scholarships for Disadvantaged Students	93.925	96,164
Subtotal Student Financial Aid Cluster		<u>\$199,092,435</u>

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Agency for International Development		
Various	98.UNK	798,724
Subtotal		798,724
Department of Agriculture		
Cooperative Extension Service	10.500	3,132,964
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	23,583
Higher Education Challenge Grants	10.217	38,105
Rural Cooperative Development Grants	10.771	17,280
Various	10.UNK	45,838
Subtotal		3,257,770
Department of Commerce-EDA		
Economic Development Technical Assistance	11.303	98,593
Subtotal		98,593
Department of Commerce-NIST		
Measurement and Engineering Research and Standards	11.609	1,050
Subtotal		1,050
Department of Commerce-NOAA		
Coastal Zone Management Estuarine Research Reserves	11.420	500,911
Subtotal		500,911
Department of Defense		
Various	12.UNK	(805)
Subtotal		(805)

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of Education		
Fund for the Improvement of Postsecondary Education	84.116	376,117
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	171,485
Gaining Early Awareness and Readiness for Undergraduate Programs	84.344	152,896
Graduate Assistance in Areas of National Need	84.200	767,284
International: Overseas Doctoral Dissertation	84.022	57,709
International: Overseas Faculty Research Abroad	84.019	136,037
TRIO McNair Post-Baccalaureate Achievement	84.217	265,766
TRIO Student Support Services	84.042	381,085
TRIO Upward Bound	84.047	589,588
Various	84.170B	111,175
Various	84.184H	171,639
Various	84.P200A000107	(1,078)
Various	84.UNK	149,354
Subtotal		3,329,057
Department of Education-IES		
Graduate Assistance in Areas of National Need	84.200	223,095
Subtotal		223,095
Department of Energy		
Various	81.UNK	18,500
Subtotal		18,500
Department of Health and Human Services		

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of Health and Human Services		
Various	93.UNK	15,247
Subtotal		<u>15,247</u>
Department of Homeland Security		
Various	97.UNK	52,162
Subtotal		<u>52,162</u>
Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	159,353
Various	14.UNK	204,745
Subtotal		<u>364,098</u>
Department of Justice		
Various	16.UNK	68,964
Subtotal		<u>68,964</u>
Department of Labor		
Various	17.UNK	2,000
Subtotal		<u>2,000</u>
Department of Labor-OSHA		
Occupational Safety and Health Susan Harwood Training Grants	17.502	82,186
Various	17.UNK	44,134
Subtotal		<u>126,320</u>
Department of State		

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of State		
College and University Partnerships Program	19.405	103,634
Subtotal		103,634
Department of Transportation		
University Transportation Centers Program	20.701	701,430
Subtotal		701,430
Department of Transportation-FAA		
Aviation Research Grants	20.108	171,862
Subtotal		171,862
Department of Transportation-FHA		
Various	20.UNK	(1,259)
Subtotal		(1,259)
Department of Transportation-FTA		
Transit Planning and Research	20.514	4,515,658
Various	20.UNK	51,941
Subtotal		4,567,599
DHHS-Administration for Children and Families		
Various	93.UNK	224,183
Subtotal		224,183
DHHS-PHS-HRSA		
Advanced Education Nursing Traineeships	93.358	65,201
Biomedical Research and Research Training	93.887	126,688

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-HRSA		
Health Care and Other Facilities	93.887	378,412
Subtotal		570,301
DHHS-PHS-NIH		
Biomedical Research and Research Training	93.859	220,255
Diabetes, Endocrinology and Metabolism Research	93.847	77,428
Various	93.UNK	164,580
Subtotal		462,263
DHHS-PHS-NIH-NCI		
Cancer Research Manpower	93.398	11,709
Subtotal		11,709
DHHS-PHS-NIH-NHLBI		
Heart and Vascular Diseases Research	93.837	126,991
Subtotal		126,991
DHHS-PHS-NIH-NIAAA		
Alcohol National Research Service Awards for Research Training	93.272	203,760
Subtotal		203,760
DHHS-PHS-NIH-NIAID		
Allergy, Immunology and Transplantation Research	93.855	53,194
Subtotal		53,194
DHHS-PHS-NIH-NIBIB		
Heart and Vascular Diseases Research	93.837	12,306

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-NIH-NIBIB		
Subtotal		12,306
DHHS-PHS-NIH-NIDA		
Drug Abuse Research Programs	93.279	192,487
Subtotal		192,487
DHHS-PHS-NIH-NIDCD		
Research Related to Deafness and Communication Disorders	93.173	17,771
Subtotal		17,771
DHHS-PHS-NIH-NIDDKD		
Diabetes, Endocrinology and Metabolism Research	93.847	188,090
Subtotal		188,090
DHHS-PHS-NIH-NIEHS		
Resource and Manpower Development in the Environmental Health Sciences	93.894	399,743
Subtotal		399,743
DHHS-PHS-NIH-NIGMS		
Biomedical Research and Research Training	93.859	333,625
Cell Biology and Biophysics Research	93.821	925
Minority Biomedical Research Support	93.375	1,431
Special Minority Initiatives	93.960	12,088
Subtotal		348,069
DHHS-PHS-NIH-NIMH		

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-NIH-NIMH		
Mental Health National Research Service Awards for Research Training	93.282	478,445
Subtotal		478,445
DHHS-PHS-NIH-NINCDS		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	36,704
Subtotal		36,704
DHHS-PHS-NIH-NINR		
Nursing Research	93.361	4,627
Subtotal		4,627
DOD-DARPA		
Research and Technology Development	12.910	236,548
Subtotal		236,548
DOD-Department of Veterans Affairs		
Various	12.UNK	14,241
Subtotal		14,241
DOD-DOA-Army Research Office		
Basic Scientific Research	12.431	10,000
Subtotal		10,000
DOD-DON-Office of Naval Research		
Basic and Applied Scientific Research	12.300	126,630

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DOD-DON-Office of Naval Research		
Subtotal		126,630
Environmental Protection Agency		
Environmental Education Grants	66.951	16,984
Pollution Prevention Grants Program	66.708	43,281
Solid Waste Management Assistance	66.808	24,932
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	47,452
Training and Fellowships for the Environmental Protection Agency	66.607	273,665
Subtotal		406,314
Institute of Museum and Library Services		
Institute of Museum and Library Services National Leadership Grants	45.312	144,119
Institute of Museum and Library Services Recruiting and Educating Librarians for the 21st Century	45.313	326,907
Subtotal		471,026
Internal Revenue Service		
Low-Income Taxpayer Clinics	21.008	82,254
Subtotal		82,254
National Aeronautics and Space Administration		
Aerospace Education Services Program	43.001	25,440
Various	43.UNK	186,858
Subtotal		212,298

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
National Endowment for the Arts		
Promotion of the Arts Grants to Organizations and Individuals	45.024	28,185
Subtotal		28,185
National Endowment for the Humanities		
Promotion of the Humanities Division of Preservation and Access	45.149	94,749
Subtotal		94,749
National Historical Publications and Records Commission		
National Historical Publications and Records Grants	89.003	66,498
Subtotal		66,498
National Science Foundation		
Biological Sciences	47.074	25,332
Computer and Information Science and Engineering	47.070	585
Education and Human Resources	47.076	6,124,005
Engineering Grants	47.041	197,232
International Science And Engineering (OISE International)	47.079	990
Mathematical and Physical Sciences	47.049	51,040
Social, Behavioral, and Economic Sciences	47.075	65,120
Various	47.UNK	72,437
Subtotal		6,536,741
Small Business Administration		
Small Business Development Center	59.037	2,257,443

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Small Business Administration		
Subtotal		2,257,443
USDA-Natural Resources Conservation Service		
Various	10.UNK	43,760
Subtotal		43,760
Subtotal Direct Other Programs		\$28,316,282

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Academy of Applied Science		
Various	12.UNK	33,954
Subtotal		33,954
Auburn University		
Various	12.UNK	23,107
Subtotal		23,107
City of Camden		
Community Development Block Grants/Entitlement Grants	14.218	39,406
Subtotal		39,406
Columbia University		
AIDS Education and Training Centers	93.145	55,632
Subtotal		55,632
Cornell University		
Grants for Agricultural Research, Special Research Grants	10.200	106,415
Homeland Security Agricultural	10.304	45,477
Integrated Programs	10.303	11,755
National Institute on Disability and Rehabilitation Research	84.133	(16,083)
Subtotal		147,564
Cumberland County Empowerment Zone Corporation		
Various	14.UNK	2,362
Subtotal		2,362

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
CUNY-Research Foundation		
Criminal Justice Research and Development Graduate Research Fellowships	16.562	3,861
Subtotal		3,861
CUNY-Transportation Research Center		
Federal Transit Grants for University Research and Training	20.502	18,754
Subtotal		18,754
CWRU-Cleveland Clinic Lerner College of Medicine		
Heart and Vascular Diseases Research	93.837	94,657
Subtotal		94,657
East Carolina University		
Various	47.UNK	(1,556)
Subtotal		(1,556)
Fermilab		
Various	81.UNK	33,394
Subtotal		33,394
IBM Corporation		
Various	97.UNK	61,642
Subtotal		61,642
Institute for International Education		
International Education Training And Research	19.430	162,261
Various	19.UNK	17,261

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Institute for International Education		
Subtotal		179,522
Jersey City-DHEDC-Division of Community Development		
Various	14.UNK	15,000
Subtotal		15,000
Joint Oceanographic Institutions, Inc.		
Geosciences	47.050	17,786
Various	47.UNK	41,651
Subtotal		59,437
Kansas State University		
Cooperative Extension Service	10.500	22,915
Subtotal		22,915
LEAP Academy Charter School		
Various	84.UNK	17,559
Subtotal		17,559
Link2Health Solutions, Inc.		
Various	93.UNK	95,603
Subtotal		95,603
Louisiana State University		
Research and Training in Complementary and Alternative Medicine	93.213	300,002

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Louisiana State University		
Subtotal		300,002
Milwaukee School of Engineering		
Education and Human Resources	47.076	7,000
Subtotal		7,000
MTC Technologies		
Various	12.UNK	212,318
Subtotal		212,318
National Academy of Sciences		
Social, Behavioral, and Economic Sciences	47.075	5,017
Subtotal		5,017
National Conference of State Legislatures		
Various	84.UNK	10,285
Subtotal		10,285
National Writing Project		
National Writing Project	84.928	42,906
Subtotal		42,906
National Youth Sports Corporation		
Community Services Block Grant Discretionary Awards	93.570	56,089
Subtotal		56,089

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
New Jersey Space Grant Consortium		
Various	43.UNK	3,000
Subtotal		3,000
New York State - Department of Labor		
Various	17.UNK	13,419
Subtotal		13,419
New York Structural Biology Center		
Various	93.UNK	159,309
Subtotal		159,309
New York University		
Civil Rights Training and Advisory Services	84.004	(8,226)
Subtotal		(8,226)
Newark Public Schools		
Education and Human Resources	47.076	241,381
Subtotal		241,381
NJ Council for the Humanities		
Promotion of the Humanities Federal/State Partnership	45.129	12,445
Subtotal		12,445
North Jersey Community Research Initiative		
Various	93.UNK	49,217

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
North Jersey Community Research Initiative		
Subtotal		49,217
North Jersey Resource Conservation & Development Council		
Nonpoint Source Implementation Grants	66.460	14,892
Subtotal		14,892
North Star Academy Charter School of Newark		
Star Schools	84.203	20,436
Subtotal		20,436
Ocean County College-Barnegat Bay NEP		
National Estuary Program	66.456	9,000
Subtotal		9,000
Ohio State University		
Education and Human Resources	47.076	(33,712)
Subtotal		(33,712)
SNJ-Administrative Office of the Courts		
State Court Improvement Program	93.586	14,337
Subtotal		14,337
SNJ-Board of Public Utilities		
Weatherization Assistance for Low-Income Persons	81.042	6,556
Subtotal		6,556

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-Commerce, Economic Growth and Tourism Commission		
Small Business Development Center	59.037	(1,742)
Subtotal		(1,742)
SNJ-Department of Agriculture		
Various	10.UNK	77,570
Subtotal		77,570
SNJ-Department of Community Affairs		
Injury Prevention and Control Research and State and Community Based Programs	93.136	76,712
Various	93.UNK	75,825
Subtotal		152,537
SNJ-Department of Education		
Goals 2000 State and Local Education Systemic Improvement Grants	84.276	(1,122)
Improving Teacher Quality State Grants	84.367	65,963
Mathematics and Science Partnerships	84.366	191,112
Special Education Grants to States	84.027	14,426
Teacher Quality Enhancement Grants	84.336	638,860
Various	84.UNK	291,571
Various	93.UNK	27,603
Subtotal		1,228,413
SNJ-Department of Environmental Protection		
Air Pollution Control Program Support	66.001	11,453
Capitalization Grants for Drinking Water State Revolving Funds	66.468	24,489

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-Department of Environmental Protection		
Nonpoint Source Implementation Grants	66.460	72,611
Various	66.UNK	104,148
Subtotal		212,701
SNJ-Department of Health		
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	(28,263)
HIV Prevention Activities Health Department Based	93.940	(350)
Subtotal		(28,613)
SNJ-Department of Health and Senior Services		
Various	93.UNK	97,832
Subtotal		97,832
SNJ-Department of Highway Traffic & Safety		
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	9,536
State and Community Highway Safety	20.600	149,041
Subtotal		158,577
SNJ-Department of Human Services		
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	121,013
Sea Grant Support	11.417	2,029,633
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243	87,421
Subtotal		2,238,067

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2006**

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-Department of Law and Public Safety		
Enforcing Underage Drinking Laws Program	16.727	4,458
Safety Incentives to Prevent Operation of Motor Vehicles by Intoxicated Persons	20.605	17,657
State and Community Highway Safety	20.600	22,421
Violence Against Women Formula Grants	16.588	50,308
Subtotal		94,844
SNJ-Department of Transportation		
Various	20.200	394,187
Various	20.UNK	800,358
Subtotal		1,194,545
SNJ-DHS-Division of Disability Services		
Various	93.UNK	19,475
Subtotal		19,475
SNJ-DHS-Division of Family Development		
Sea Grant Support	11.417	769,504
Subtotal		769,504
SNJ-Office of Victim Witness Advocacy		
Violence Against Women Formula Grants	16.588	98,626
Subtotal		98,626
South Carolina State University		
Highway Training and Education	20.215	34,160

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
South Carolina State University		
Subtotal		34,160
Space Telescope Science Institute		
Various	43.UNK	18,993
Subtotal		18,993
Stanford University		
Various	47.UNK	2,000
Subtotal		2,000
Telcordia		
Various	12.UNK	121,440
Subtotal		121,440
Temple University		
Various	84.UNK	67,410
Subtotal		67,410
The Agouron Institute		
Various	47.UNK	9,468
Subtotal		9,468
The Center to Protect Workers' Rights		
Health and Safety Programs for Construction Work	93.955	132,530
Subtotal		132,530

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
The Sharing Network		
Grants to Increase Organ Donations	93.134	30,785
Subtotal		30,785
UMDNJ		
Biological Response to Environmental Health Hazards	93.113	19,780
Bioterrorism Training and Curriculum Development Program	93.996	223,802
Maternal and Child Health Federal Consolidated Programs	93.110	27,522
Resource and Manpower Development in the Environmental Health Sciences	93.894	60,308
Various	93.UNK	90,335
Subtotal		421,747
UMDNJ-Robert Wood Johnson Medical School		
Various	93.UNK	20,558
Subtotal		20,558
United Silicon Carbide, Inc		
Various	12.UNK	345,231
Subtotal		345,231
University of Delaware		
Mathematical and Physical Sciences	47.049	12,120
Subtotal		12,120
University of Illinois		
Social Security Research and Demonstration	96.007	30,653

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2006

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
University of Illinois		
Various	93.UNK	(10,722)
Subtotal		19,931
University of Pennsylvania		
Various	93.UNK	122,138
Subtotal		122,138
University of Vermont		
Cooperative Extension Service	10.500	20,752
Subtotal		20,752
Subtotal Pass-Through Other Programs		9,730,083
Subtotal Other Programs Cluster		237,138,800
Total Expenditures of Federal Awards		\$385,347,921

See accompanying notes to Schedule of Expenditures of Federal Awards.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

(1) Basis of Presentation

The purpose of the schedule of expenditures of Federal awards (the schedule) is to present a summary of those activities of Rutgers, The State University of New Jersey (the University) for the year ended June 30, 2006, which have been financed by the U.S. Government (Federal awards). For purposes of the schedule, Federal awards include all Federal assistance and procurement relationships entered into directly between the University and the Federal Government and sub-awards from non-Federal organizations made under Federally sponsored agreements. The information in this schedule is presented in accordance with the requirements of U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the 2006 basic financial statements. Because the schedule presents only a selected portion of the activities of the University, it is not intended to and does not present either the financial position, changes in financial position, or cash flows of the University. For reporting purposes, Federal expenditures have been classified into three groups:

1. Research and development cluster,
2. Student financial aid cluster, and
3. Awards other than student financial aid and sponsored research, principally development and training activities.

The accounting principles followed by the University in each of these areas and used in preparing the accompanying schedule are as follows:

- Student Financial Aid – Disbursements are recognized on the accrual basis of accounting for awards made to students and for allowable administrative expenses of running such programs.
- Awards Other Than Student Financial Aid – Disbursements (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in the U.S. Office of Management and Budget Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement. Moreover, expenditures include a portion of costs associated with general University activities which are allocated to Federal expenditures under negotiated formulas commonly referred to as facilities and administrative (“F&A”) costs rates. F&A costs applicable to these cost recoveries are classified as unrestricted expenditures in the statements of revenues, expenses, and changes in net assets. Credit disbursement amounts typically result from grant or contract closing adjustments or transfers.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

(2) Subrecipients

Of the Federal expenditures presented in the schedule of expenditures of Federal awards, the University provided Federal awards to subrecipients as follows:

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Agricultural Research Basic and Applied Research	10.001	\$ 65,000
Grants for Agricultural Research, Special Research Grants	10.200	9,003
Grants for Agricultural Research, Competitive Research Grants	10.206	14,578
Higher Education Challenge Grants	10.217	49,326
Initiative for Future Agriculture and Food Systems	10.302	101,613
Integrated Programs	10.303	454,802
Cooperative Forestry Assistance	10.664	53,613
Various	10.RD	63,928
Coastal Zone Management Administration Awards	11.419	15,000
Coastal Zone Management Estuarine Research Reserves	11.420	5,487
Undersea Research	11.430	146,210
Cooperative Science and Education Program	11.455	425,178
Special Oceanic and Atmospheric Projects	11.460	53,487
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	53,212
Various	11.RD	22,961
Basic and Applied Scientific Research	12.300	227,752
Military Medical Research and Development	12.420	280,149
Research and Technology Development	12.910	242,974
Various	12.RD	275,627
Demolition and Revitalization of Severely Distressed Public Housing	14.866	5,000
Various	15.RD	16,322
Various	17.RD	150,014
Various	17.UNK	14,798
College and University Partnerships Program	19.405	18,000
Federal Transit, Capital Investment Grants	20.500	11,984
Federal Transit, Technical Assistance	20.512	11,725
Transit Planning and Research	20.514	1,393,248
University Transportation Centers Program	20.701	57,977
Various	20.RD	285,928
Various	20.UNK	157,057
Aerospace Education Services Program	43.001	41,872
Various	43.RD	161,754
Promotion of the Humanities, Division of Preservation and Access	45.149	87,750
Engineering Grants	47.041	124,061

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

Program Title	Federal CFDA Numbers	Amount Provided to Subrecipients
Mathematical and Physical Sciences	47.049	\$ 43,180
Geosciences	47.050	165,527
Computer and Information Science and Engineering	47.070	1,265,521
Biological Sciences	47.074	3,893,135
Social, Behavioral, and Economic Sciences	47.075	2,535
Education and Human Resources	47.076	1,808,040
Various	47.RD	51,239
Small Business Development Center	59.037	1,116,852
Nonpoint Source Implementation Grants	66.460	15,826
Environmental Protection Consolidated Research	66.500	2,591
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716	14,400
Various	66.RD	47,053
State Energy Program	81.041	13,149
Various	81.RD	460,710
Teacher Quality Enhancement Grants	84.336	30,596
Mathematics and Science Partnerships	84.366	16,729
Various	90.RD	83,673
Oral Diseases and Disorders Research	93.121	84,818
Research and Training in Complementary and Alternative Medicine	93.213	113,266
Research on Healthcare Costs, Quality and Outcomes	93.226	34,940
Mental Health Research Grants	93.242	916,684
State Planning Grant Health Care Access for the Uninsured	93.256	59,012
Occupational Safety and Health Research Grants	93.262	23,369
Alcohol Research Programs	93.273	26,760
Drug Abuse Research Programs	93.279	105,238
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	42,976
Biomedical Imaging Research	93.286	518,429
Clinical Research	93.333	5,000
Cancer Cause and Prevention Research	93.393	328,117
Cancer Control	93.399	58,088
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	843,262
Heart and Vascular Diseases Research	93.837	7,684
Diabetes, Endocrinology and Metabolism Research	93.847	77,981
Digestive Diseases and Nutrition Research	93.848	169,892

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2006

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	\$ 520,252
Allergy, Immunology and Transplantation Research	93.855	168,377
Biomedical Research and Research Training	93.859	5,981,597
Aging Research	93.866	507,952
Vision Research	93.867	30,704
Health and Safety Programs for Construction Work	93.955	55,670
Senior International Fellowships	93.989	317,091
Various	93.RD	199,175
Various	98.RD	80,170
Various	98.UNK	331,419
		<u>\$ 25,736,069</u>

(3) Federal Direct Loan Program

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, these loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the University under this program at June 30, 2006.

(4) Federal Perkins Loan Program, Nursing Faculty Loan Program, and Income Contingent Loan Program

The balance of loans outstanding under the Federal Perkins Loan Program, Nursing Faculty Loan Program, and Income Contingent Loan Program (CFDA # 84.226) at June 30, 2006 was \$36,868,139, \$244,499 and \$94,524, respectively.



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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 Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the financial statements of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of and for the year ended June 30, 2006, and have issued our report thereon dated January 10, 2007. 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. The financial statements of Rutgers University Foundation, a component unit of Rutgers, The State University of New Jersey, were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the University's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses.

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 we reported to management of the University in a separate letter dated January 10, 2007.

This report is intended solely for the information and use of the board of governors, the board of trustees and management of the University and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

January 10, 2007



KPMG LLP
Suite 402
301 Carnegie Center
Princeton, NJ 08540-6227

**Independent Auditors' Report on Compliance With Requirements Applicable
to Each Major Program and on Internal Control Over Compliance in Accordance
With Federal OMB Circular A-133**

The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

Compliance

We have audited the compliance of Rutgers, The State University of New Jersey (the University) with the types of compliance requirements described in the U.S. Office of Management and Budget (Federal OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended June 30, 2006. The University's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major Federal programs is the responsibility of the University's management. Our responsibility is to express an opinion on the University's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Federal OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Federal OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the University's compliance with those requirements.

In our opinion, Rutgers, The State University of New Jersey complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2006. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Federal OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 06-1, 06-2, 06-3, 06-4 and 06-5.

Internal Control Over Compliance

The management of the University is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to Federal programs. In planning and performing our audit, we considered the University's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Federal OMB Circular A-133.

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect the University's ability to administer a major Federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06-1, 06-2, 06-3, 06-4 and 06-5.

A material weakness is a reportable condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that noncompliance with the applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of internal control over compliance would not necessarily disclose all matters in internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

This report is intended solely for the information and use of the board of governors, the board of trustees and management of the University and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 20, 2007

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

(1) Summary of Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements of Rutgers, The State University of New Jersey (the University) as of and for the year ended June 30, 2006.
- (b) The audit disclosed no material weaknesses and no reportable conditions were reported in connection with the financial statements of the University as of and for the year ended June 30, 2006.
- (c) The audit disclosed no instances of noncompliance which are material to the financial statements of the University as of and for the year ended June 30, 2006.
- (d) The audit disclosed no material weaknesses in connection with major Federal programs of the University for the year ended June 30, 2006. Five reportable conditions (06-1, 06-2, 06-3, 06-4 and 06-5) were reported in connection with major Federal programs of the University for the year ended June 30, 2006.
- (e) An unqualified opinion was issued on the University's compliance with its major Federal programs for the year ended June 30, 2006.
- (f) There were five audit findings (06-1, 06-2, 06-3, 06-4 and 06-5) which are required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2006.
- (g) The major Federal programs of the University for the year ended June 30, 2006 were as follows:
 - Research and Development Cluster (various CFDA numbers)
 - Cooperative Extension Service (CFDA #10.500)
- (h) The dollar threshold used to distinguish between type A and type B programs was \$3,000,000 for Federal awards for the year ended June 30, 2006.
- (i) The University qualified as a low risk auditee for Federal awards for the year ended June 30, 2006.

(2) Findings Relating to the Financial Statements Reported in Accordance with *Government Auditing Standards*:

No findings which are required to be reported.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

(3) Findings and Questioned Costs Relating to Federal Awards:

06-1 – Reporting – Reportable Condition

Department of Agriculture – Cooperative Extension Service
(CFDA #10.500)

Criteria:

The Federal awarding agency shall determine the frequency of the Federal Cash Transaction Report for each project or program, considering the size and complexity of the particular project or program.

Condition:

The University did not prepare the SF-272, Federal Cash Transactions Report, for the quarters ended December 31, 2005 and June 30, 2006.

Questioned Costs:

There are no known questioned costs associated with this finding.

Cause:

The SF-272, Federal Cash Transactions Report, for the quarters ended December 31, 2005 and June 30, 2006, was not prepared as a result of staffing problems within the Division of Accounting.

Recommendation:

The University should submit the Federal Cash Transactions Report on a quarterly basis as required by the Department of Agriculture.

View of Responsible Official:

The Federal Cash Transactions Report will be prepared on a quarterly basis as required by the Department of Agriculture. The staff member responsible for preparing the report will have written procedures prepared as guidance. Quarter end and year end filing dates will be monitored, and the supervisor of the employee responsible for this filing, along with the manager of the department, will be expected to ensure the completion and submission of the SF-272 report. A copy of the report and back-up will be kept on file for audit purposes.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

06-2 – Activities Allowed or Unallowed – Reportable Condition

Research and Development Cluster

Criteria:

The University is responsible for establishing and maintaining effective internal controls over compliance with the requirements of activities allowed or unallowed that are applicable to the Research and Development Cluster.

Condition:

The Payroll Authorization Form/Personnel Data Record, utilized to charge employee salary costs to grant accounts, for six out of thirty payroll transactions selected for testwork were not authorized by a Project Director or Principal Investigator.

Questioned Costs:

There are no known questioned costs associated with this finding.

Cause:

Lack of training related to payroll processing in one department resulted in unauthorized Payroll Authorization Forms/Personnel Data Records.

Recommendation:

We recommend that the University implement policies and procedures to ensure that Payroll Authorization Forms and Personnel Data Records are authorized by a Project Director or Principal Investigator.

View of Responsible Official:

The department has been informed of this exception and personnel were notified that only Project Directors or Principal Investigators are authorized to approve Payroll Authorization Forms/Personnel Data Records. Additionally, the department has been instructed to take the University Payroll training workshop.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

06-3 – Reporting – Reportable Condition

Research and Development Cluster

Criteria:

Research and development grants have specific and varying requirements for financial reporting. Recipients should use the standard financial reporting forms or such other forms as may be authorized by OMB (approval is indicated by an OMB paperwork control number on the form). These other forms may include financial, performance, and special reporting. Each recipient must report program outlays and program income on a cash or accrual basis, as prescribed by the Federal awarding agency. The recipient shall adhere to all of the reporting requirements specified by the awarding agency.

Condition:

For eight out of twenty-five reports selected for review, the report was not submitted to the funding agency by the required deadline as specified in the grant agreement. These reports were submitted 2-132 days after the respective deadlines. For one out of the twenty-five reports selected for review, the amounts reported to the funding agency could not be agreed to supporting documentation.

Questioned Costs:

There are no known questioned costs related to the late filing of reports. The questioned costs for the report in which the amounts reported could not be agreed to supporting documentation are \$34,679.

Cause:

Delays in the receipt of information from departments responsible for the grants caused the reports to be filed beyond the sponsor's deadline. Amounts reported to the funding agency that could not be agreed to supporting documentation relate to the inclusion of transactions in the report in which support was not maintained in the department's records.

Recommendation:

We recommend that the University establish procedures to ensure that all reports are prepared and submitted to the funding agency by the required deadline stated in the grant agreement. Additionally, the University should maintain all supporting documentation used to prepare reports submitted to funding agencies.

View of Responsible Official:

Regarding the first finding, there are two types of reports that were not submitted by the required deadlines. They are preliminary and final reports.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

Preliminary (mostly quarterly) reports should be filed from the information in the general ledger unless a major error is known. In several instances, the accountant was seeking agreement from the department before reporting. Since these are preliminary reports, adjustments can be made in subsequent reports, where needed. University management, therefore, instructed the accountants to file the preliminary report based on the information in the general ledger. A copy of the report will be sent to the department with instructions for them to notify University management of any adjustments needed prior to filing the next report.

Final reports must be agreed to by the department. This can result in delays. Late billings from subcontractors and availability of the principal investigator account for many of the delays. The accountants have now been instructed to request an extension to file the final report if some delay is known to potentially hold up the timely filing of the final report.

Regarding the second finding, reports were completed with charges appropriate for billing; however, the support for the charges was not maintained in the department's records. The department has been instructed to maintain support for all reports.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

06-4 – Matching – Reportable Condition

Research and Development Cluster

Criteria:

Non-Federal entities may be required to share in the cost of research either on an overall entity or individual grant basis. The specific program regulations or individual Federal awards will specify matching requirements, if applicable.

Condition:

One out of thirteen matching requirements selected for testwork was not met by the University.

Questioned Costs:

\$39,075

Cause:

The delay in funding the cost sharing is related to a staffing problem in the department.

Recommendation:

We recommend that the University establish policies and procedures to ensure that all matching requirements are met before the end of the grant award period.

View of Responsible Official:

This department has had similar problems in the past. The individual in the department that was responsible for identifying and documenting the cost sharing funds is no longer working in the department. The department is in the process of hiring a new business administrator. The department has been made aware of this specific problem and has identified the appropriate cost sharing funds. The department is also aware of the need to document this on a more timely basis.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

06-5 – Subrecipient Monitoring – Reportable Condition

Research and Development Cluster

Criteria:

A pass-through entity is responsible for:

- *Subrecipient Audits* - (1) Ensuring that subrecipients expending \$300,000 (\$500,000 for fiscal years ending after December 31, 2003 as provided in OMB Circular A-133, as revised) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of OMB Circular A-133 (the revised circular is available on the Internet at <http://www.whitehouse.gov/omb/circulars/a133/a133.html>) and that the required audits are completed within nine months of the end of the subrecipient's audit period, (2) issuing a management decision on audit findings within six months after receipt of the subrecipient's audit report, and (3) ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings. In cases of continued inability or unwillingness of a subrecipient to have the required audits, the pass-through entity shall take appropriate action using sanctions.
- *Pass-Through Entity Impact* - Evaluating the impact of subrecipient activities on the pass-through entity's ability to comply with applicable Federal regulations.

Condition:

For twenty-two out of twenty-nine subrecipients selected for review, the University did not issue a management decision on the audit findings within six months after the receipt of the subrecipient's audit report and the University did not ensure that the subrecipient was taking timely and appropriate corrective action on all audit findings.

Questioned Costs:

There are no known questioned costs associated with this finding.

Cause:

The delay in requesting additional information from the subrecipients was primarily due to a staff shortage within the Division of Grant and Contract Accounting (DGCA). This shortage resulted partially from the recent budget constraints and partially due to turnover within the department.

Recommendation:

We recommend that the University establish policies and procedures to ensure proper monitoring of subrecipients, including issuing a management decision on audit findings within 6 months after receipt of the subrecipient's audit report and ensuring that the subrecipient takes timely and appropriate corrective action on all audit findings

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2006

View of Responsible Official:

Seven of the subrecipients that DGCA did not follow up on had audit findings that were classified as non-material and non-reportable. For the remaining fifteen subrecipients, DGCA performed follow up procedures; however, the follow up did not occur within the six months after receipt of the subrecipients audit report. While the University's policy on subrecipient reviews does not specify the level of review, DGCA focused its attention on those audit reports with more serious findings that could potentially result in a more significant impact on the University.

The University has revised its policy related to subrecipient audits to ensure that a management decision on all audit findings is issued within six months after the receipt of the subrecipient's audit and to ensure that follow up will occur on findings that directly impact the University and on all reportable conditions, material weaknesses and material noncompliance. In addition, the University is currently hiring replacement staff to fill all vacant DGCA positions and DGCA plans on redistributing work efforts to improve the timeliness of the review of all subrecipient audits.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY
Corrective Action Plan/Responses to A-133 Audit Findings
For The Year Ended June 30, 2006

06-1 – Reporting

The Federal Cash Transactions Report will be prepared on a quarterly basis as required by the Department of Agriculture. The staff member responsible for preparing the report will have written procedures prepared as guidance. Quarter end and filing dates will be monitored, and the supervisor of the employee responsible for this filing, along with the manager of the department, will be expected to ensure the completion and submission of the SF-272 report. A copy of the report and back-up will be kept on file for audit purposes.

Responsible University Official: Christina Orlowski

06-2 – Activities Allowed or Unallowed

The department has been informed of this exception and has notified the Administrative Assistant has been notified that she is not authorized to approve these payroll documents. She has also been informed of the proper individuals required to approve these documents. She has further been instructed to take the University Payroll training workshop.

Responsible University Official: Ronald S. Thompson, Assistant Controller

06-3 – Reporting

Several steps are being taken to improving the timeliness of reporting. They include:

1. Accountants are instructed not to prepare preliminary reports from the information in the University's general ledger unless a major error/discrepancy is apparent.
2. There preliminary reports are to be sent to the principal investigator/department with instruction to notify the accountant of any adjustments required prior to the filing of the next report.
3. Accountants are instructed to include in their reporting responsibilities all assigned files including those files out of their possession for negotiation of extensions and modifications.
4. Accountants are instructed to seek final report deadline extensions where key departmental people are unavailable to review and agree to the final financial numbers that are being reported or where some other extenuating circumstance occurs.

In the instance where the reporting did not agree to the general ledger, the departmental staff responsible has been instructed to provide a reconciliation documenting discrepancies with the official records due to timing differences.

Responsible University Official: Ronald S. Thompson, Assistant Controller

06-4 – Matching

In the instance sited, a department was unable to achieve the cost sharing required under the award on a timely basis. The department has identified the source of this problem and is taking appropriate action to ensure that this problem is corrected. The Division of Grant and Contract Accounting will also meet with the department to review cost sharing practices.

Responsible University Official: Ronald S. Thompson, Assistant Controller

06-5 – Subrecipient Monitoring

Staffing levels will be restored by filling all vacant positions. In addition, we plan on redistributing work efforts to improve the timeliness of the review of subrecipient audits.

Our policy on subrecipient monitoring will be changed to specifically exclude subrecipients with non-material and non-reportable findings unless they are known to have a substantial impact University awards.

Summary Schedule of Prior Audit Findings For The Year Ended June 30, 2005

05-1 – Activities Allowed or Unallowed

The appropriate staff has been informed to use the accrual method for awards from the Federal Transit Administration. In addition, the staff has been informed to be especially vigilant for expenditures that might be improperly charged to the wrong year. The manager of the area reviews transactions to insure compliance and proper training of the staff. These actions were fully implemented by the end of fiscal year 2006.

Responsible University Official: Ronald S. Thompson, Assistant Controller

05-2 – Reporting

The appropriate staff has been informed to use the accrual method and calendar year quarterly reporting for awards from the Federal Transit Administration. The manager of the area reviews all reporting to insure compliance and proper training of the staff. These actions were fully implemented by the end of fiscal year 2006.

Responsible University Official: Ronald S. Thompson, Assistant Controller