



**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, 2008

(With Independent Auditors' Reports Thereon)

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

Table of Contents

	<b>Page</b>
Independent Auditors' Report on Basic Financial Statements and Schedule of Expenditures of Federal Awards	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Statements of Net Assets as of June 30, 2008 and 2007	11
Statements of Revenues, Expenses, and Changes in Net Assets for the years ended June 30, 2008 and 2007	12
Statements of Cash Flows for the years ended June 30, 2008 and 2007	13
Notes to the Financial Statements	15
Schedule of Expenditures of Federal Awards for the year ended June 30, 2008	39
Notes to Schedule of Expenditures of Federal Awards	84
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 <i>Government Auditing Standards</i>	88
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	90
Schedule of Findings and Questioned Costs for the year ended June 30, 2008	93



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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, 2008 and 2007, 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 the blended component units 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, 2008 and 2007, 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 26, 2009 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 financial statements that collectively comprise the University's basic financial statements. 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 2008 basic financial statements and, in our opinion, is fairly stated in all material respects, in relation to the 2008 basic financial statements taken as a whole.

KPMG LLP

January 26, 2009



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

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, 2008 and 2007, 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.

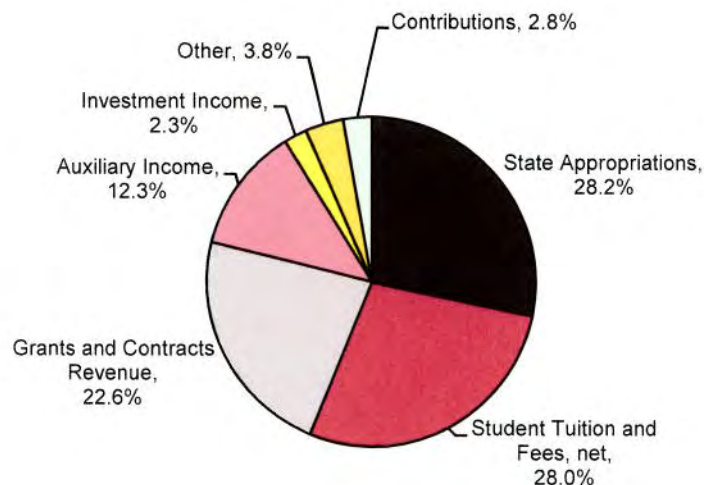
In 2008, the financial reporting entity of Rutgers included 30 degree granting schools, of which 17 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The financial statements also include the financial activity of the Rutgers University Foundation, which administers the fundraising activities for the University.

### Financial Highlights and Economic Outlook

The University's financial condition at June 30, 2008 continues to remain sound with net assets increasing by \$91.0 million or 4.1%. Total operating revenues increased by \$90.9 million or 8.8% with increases of 11.5% in net student tuition and fees, 5.4% in grant and contract revenue, and 9.1% in auxiliary revenues. Operating expenses increased only 7.0% in 2008 while nonoperating revenues decreased 12.0% primarily as a result of market value losses.

As the State University of New Jersey, the appropriation from the State represents a vital part of the University's funding. In fiscal 2008, the State increased the University's base appropriation by 4.0% and provided partial funding of salary program increases. Tuition revenue is another significant source of funding for the University. In fiscal 2008, in addition to an increase in tuition rates averaging 7.8%, enrollment grew by 3.9% for our highest total enrollment of 52,471 students.

As presented in the chart below, net student tuition and fees, state appropriation and grant and contract revenue are the three primary sources of revenue for the University.



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

### 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. Current assets are classified as such if they are available to satisfy current liabilities, which are generally defined as being due within one year of the date of the statement of net assets. 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.

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2008, 2007 and 2006 is as follows (dollars in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Assets			
Current assets	\$626,222	\$589,239	\$550,104
Noncurrent assets:			
Endowment, restricted and other noncurrent cash and investments	835,348	755,001	633,320
Capital assets, net	1,654,905	1,609,842	1,592,726
Other assets	78,811	66,528	48,299
Total assets	<u>3,195,286</u>	<u>3,020,610</u>	<u>2,824,449</u>
Liabilities			
Current liabilities	336,412	226,279	175,530
Noncurrent liabilities	548,438	574,937	608,093
Total liabilities	<u>884,850</u>	<u>801,216</u>	<u>783,623</u>
Net assets (assets less liabilities)			
Invested in capital assets, net of debt	1,045,262	1,032,839	1,017,840
Restricted - expendable	402,998	390,575	359,006
Restricted - nonexpendable	359,348	339,324	273,558
Unrestricted	502,828	456,656	390,422
Total net assets	<u>\$2,310,436</u>	<u>\$2,219,394</u>	<u>\$2,040,826</u>

### Current Assets and Current Liabilities

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. Noncurrent 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 assets increased \$37.0 million in 2008 as opposed to a \$39.1 million increase in 2007.

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.

Current liabilities increased \$110.1 million primarily from the issuance of Commercial Paper in the amount of \$100.1 million in 2008. This commercial paper was issued to refinance the University's capital lease for the Civic Square facility and for temporary financing of several projects approved by the Board.

The University's current assets cover current liabilities by a factor of 1.9 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2007 was 2.6 times. The University's current assets also cover over five months of its total operating expenses, excluding depreciation.

### Endowment and Other Investments

The primary financial objective of the investment management of the Endowment is to preserve and, hopefully, enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings

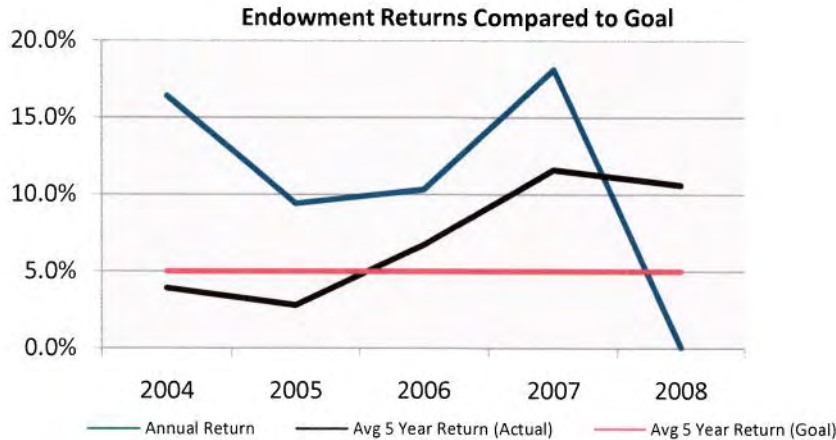


# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

for current use. The long term investment goal of the Endowment is to attain an average annual real total return (net of fees) of at least 5% over rolling 5 year periods. A major portion of the University's endowment is maintained in two long term investment pools managed by the University's Joint Investment Committee. The total annual return for the combined long-term investment pools was 0.03% in 2008 and 18.1% in 2007. The average annual return over the 5 year period ending June 30, 2008 and 2007 was 10.6% and 11.6%, respectively.

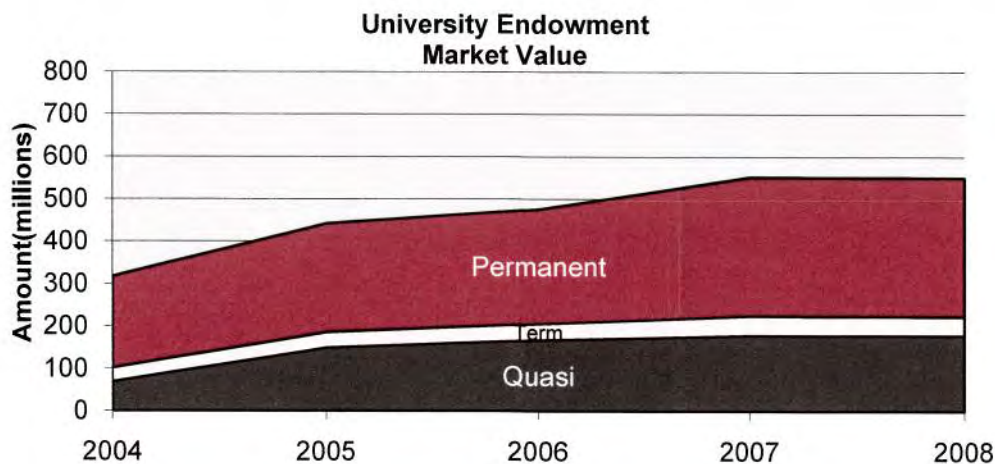


The University distributes endowment earnings in a way that balances the annual support needed for operational purposes against the requirement to preserve the future purchasing power of the endowment. The endowment spending-rate policy is based on total return, not just cash earnings. The total distribution for the endowment was \$20.5 million in 2008 and \$18.2 million in 2007.

The University's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principle gift remain inviolate and be invested in perpetuity with the income generated from the investment to be expended for a specific purpose as designated by the donor. These permanent endowments remained unchanged at \$327.1 million for 2007 and 2008. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The University's term endowments decreased by \$1.1 million to \$45.0 million in 2008 from \$46.1 million in 2007. Quasi endowments consist of restricted gifts and unrestricted funds that have been designated by the University for long-term investment purposes and therefore act as endowments. The University's quasi endowments increased by \$2.2 million to \$178.4 million from \$176.2 million in 2007.

From a net assets perspective, earnings from the endowment, while expendable, are mostly restricted in use by the donors. It is important to note that of the University's endowment funds, only \$102.7 million or 18.7% (\$89.7 million or 16.3% in 2007), can be classified as unrestricted net assets. From this unrestricted endowment, a significant portion of the income is internally designated by the University for scholarships, fellowships, professorships, and research efforts.

The following chart demonstrates the growth in the University's endowment during the last five years.





# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

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### *Capital Assets and Debt Activities*

As a result of increasing student demand and the University's desire to meet such demand with quality academic programs and student life, the University has increased its commitment of resources to infrastructure improvement, construction of new state-of-the-art academic buildings and residential halls as well as technology enhancement initiatives. The University administration, together with faculty, students and the communities in which each campus is located, is actively developing a strategic and capital development plan for the University, which, when completed will serve as the plan for the University's future development and growth.

Capital asset increases totaled \$45.1 million in 2008, as compared to \$17.1 million in 2007. 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 2008 include:

- Renovation and expansion of the existing Law building on the Camden Campus.
- Rutgers Food Innovation Center in Bridgeton, a 23,000 square-foot food business incubator facility.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the State. As of June 30, 2008, the University had various projects under construction or in the design stage. Significant projects include:

- Expansion of the University Stadium on the Busch Campus.
- Renovation to a new facility for the School of Business on the Newark Campus.
- Upgrades to increase the capacity of the Busch/Livingston High Voltage lines.

On June 15, 2006, the Board of Governors and Board of Trustees of the University approved a comprehensive debt policy for the University to provide an internal strategic framework for capital planning and overall debt management. In 2007, the Board of Governors and the Board of Trustees of the University approved a Commercial Paper program. The commercial paper program is being used for the interim financing of capital projects and temporary funding of outstanding debt issues.

In 2008, the University issued commercial paper in the amount of \$14.3 million to refinance the University's capital lease for the Civic Square facility. The University also issued \$68.7 million of tax-exempt and \$17.1 million of taxable commercial paper this year to provide interim financing for several projects approved by the Board.

### *Net Assets*

Net Assets represent the residual interest in the University's assets after the deduction of its liabilities. The change in net assets measures whether the overall financial condition has improved or deteriorated during the year. Net assets consist of three major categories; invested in capital assets (net of related debt), restricted net assets (non-expendable and expendable), and unrestricted net assets. Net assets increased by \$91.0 million in 2008. In 2007, net assets increased \$178.6 million.

The first category, net assets invested in capital assets, net of related debt, represent the University's capital assets of land, buildings and equipment net of accumulated depreciation and net of outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets. The increase of \$12.4 million in 2008 is primarily attributable to construction projects including the construction of the Rutgers Food Innovation Center in Bridgeton. In 2007, there was an increase of \$15.0 million in this category.

The next category is restricted net assets, which is divided into two categories, nonexpendable 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 donor at the time the resources are received. Nonexpendable net assets increased by \$20.0 million in 2008 as a result of additional contributions held at the Foundation for the endowment fund. In 2007, nonexpendable net assets increased by \$65.8 million primarily from additional gifts raised for endowments.

Expendable restricted net assets are available for expenditure by the University but must be spent for purposes as specified by external donors. The increase of \$12.4 million in 2008 is attributable to an increase in contributions received for academic programs of \$12.1 million. In 2007, there was an increase of \$31.6 million in expendable restricted net assets.

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



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

maintain these funds for the purposes that they were received. The increase in unrestricted net assets of \$46.2 million in 2008 is primarily the result of funds designated for deferred maintenance, system improvements and other capital projects totaling \$27.4 million. In addition, \$19.0 million was designated for academic programs for the coming year. In 2007, unrestricted net assets increased \$66.2 million.

### 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 nonoperating 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 revenues.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2008, 2007 and 2006 is as follows (dollars in thousands):

	<u>2008</u>	<u>2007</u>	<u>2006</u>
Operating revenues			
Student tuition and fees (net of scholarship allowances)	\$472,294	\$423,738	\$386,823
Grants and contracts	381,577	362,100	349,529
Auxiliary enterprises (net of scholarship allowances)	207,395	190,107	181,079
Other operating revenues	63,045	57,492	51,916
Total operating revenues	<u>1,124,311</u>	<u>1,033,437</u>	<u>969,347</u>
Operating expenses	<u>1,590,598</u>	<u>1,486,906</u>	<u>1,459,888</u>
Operating loss	<u>(466,287)</u>	<u>(453,469)</u>	<u>(490,541)</u>
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	476,511	455,764	490,689
Contributions	47,929	50,449	10,050
Endowment and investment income	38,317	40,956	35,815
Unrealized and realized gains (losses) on securities	(8,945)	79,165	30,600
Interest on capital asset related debt	(25,892)	(25,940)	(24,525)
Net other nonoperating revenues (expenses)	(531)	(921)	11,051
Net nonoperating revenues	<u>\$527,389</u>	<u>\$599,473</u>	<u>\$553,680</u>
Income before other revenues and expenses	\$61,102	\$146,004	\$63,139
Other revenues and expenses	<u>29,940</u>	<u>32,564</u>	<u>31,352</u>
Increase in net assets	91,042	178,568	94,491
Net assets at beginning of year	<u>2,219,394</u>	<u>2,040,826</u>	<u>1,946,335</u>
Net assets at end of year	<u>\$2,310,436</u>	<u>\$2,219,394</u>	<u>\$2,040,826</u>

In 2008, net assets increased by \$91.0 million. Endowment and investment income of \$38.3 million, \$47.9 million in contributions, and \$12.0 million in grants and gifts used to construct, renovate or acquire capital assets contributed to this increase. In addition, \$17.8 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.



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

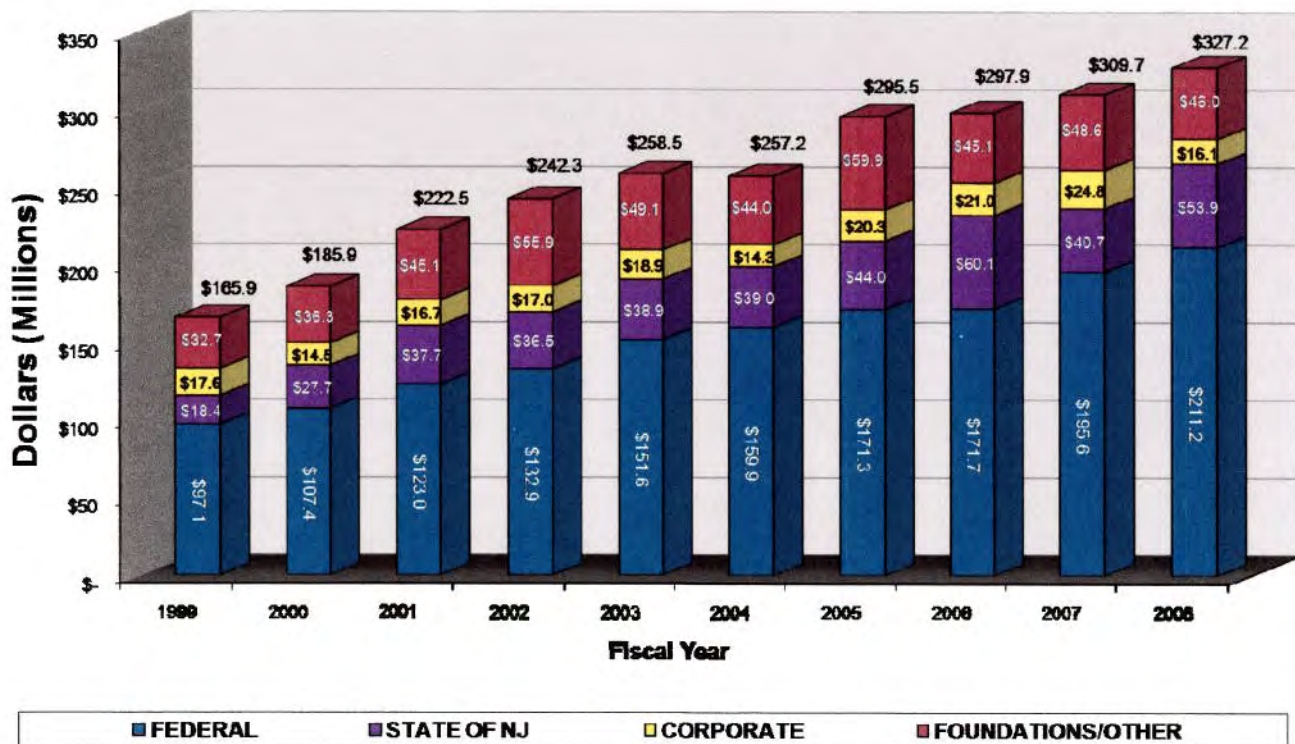
The University's net assets increased by \$178.6 million in 2007. The \$79.2 million increase in market value of the University's investments contributed to this increase. Another \$50.4 million of this increase was attributable to contributions. In addition, \$41.0 million in Endowment and Investment Income was also a part of this increase.

Operating revenues increased \$90.9 million in 2008. Significant components of operating revenues include the following:

*Student tuition and fees, net of scholarship allowances* are the largest component of operating revenues. Tuition and fees are reflected net of scholarship allowances, which 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 \$129.4 million of a total \$170.2 million of student aid directly to student accounts. The remaining \$40.8 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to \$104.0 million. Another \$25.4 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$48.6 million in 2008. The increase resulted primarily from an increase in tuition rates of 7.8% for undergraduates and graduate students, as well as an average increase of 9.6% in student fees. Also, full time enrollment increased by 2.8% while part time enrollment decreased by 1.3%. In 2007, tuition and fees net of scholarship allowances, increased \$36.9 million. The increase in 2007 resulted from an 8.0% undergraduates and 10.0% graduate students increase in tuition rates, as well as an average increase of 9.3% in student fees.

*Grants and Contracts* includes revenues for sponsored programs from federal, state and nongovernmental grants and contracts that normally provide for the recovery of direct and indirect costs, or expenses. In 2008, research grants and contracts increased \$9.7 million. The following table summarizes the research awards received by the University over the last 10 years.

### Research, Education, and Public Service Grants FY 1999-2008



Federal grants for research remained relatively flat in 2008. Funding from the Department of Health and Human Services declined by \$4.8 million in 2008. This decrease was offset by increases from several other agencies, particularly the National Science Foundation, the Department of Commerce and the Federal Transportation Administration, this year. In 2007, Federal grants for



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

JUNE 30, 2008 and 2007

research increased by \$5.6 million. This increase resulted primarily from increases in awards from the Department of Health and Human Services and the Department of Defense offset by decreases in awards from the National Science Foundation.

State support for research increased by \$8.3 million this year. The primary cause of this increase was the result of awards from the Department of Children and Families and the Division of Family Development totaling \$3.0 million and an award from the Department of the Treasury of \$2.3 million for Neuroscience. In 2007, State support for research decreased by \$3.9 million. The primary cause of this decrease was the result of decrease in awards from the Department of the Treasury and the Department of Health and Senior Services.

Finally, nongovernmental grants and contracts increased \$4.7 million in 2008. Revenue was earned from the following large grants this year; \$1.7 million from the Casino Reinvestment Development Authority for construction of the Food Innovation Building, \$1.0 million from Sanofi-Aventis for a postdoctoral Pharmacy fellowship, and \$0.9 million from Raytheon Company for research related to nanomaterials. In 2007, nongovernmental grants and contracts increased \$6.1 million. The University received two major grants in 2007 that caused this increase. A grant of \$3.0 million was received for the Heldrich Center for Workforce Development and a \$2.0 million grant for the Early Learning Research Academy on the University's Camden Campus.

*Auxiliary enterprise revenues* include revenues from the University's housing and dining facilities, as well as other business type activities such as the bookstore and the golf course that provide support to the University's primary missions of education, research and public service. Auxiliary revenues, net of scholarship allowances, increased in 2008 by \$17.3 million while expenditures increased by \$18.4 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 4.9%. There was also a 6.0% increase in occupancy on the Newark campus and a 1.5% increase in occupancy on the New Brunswick campus. There was also an overall increase of 11.6% in meal plans sold. Additionally, intercollegiate athletic revenue increased \$4.9 million as a result of two additional home football games, increased ticket prices for football and basketball games, increased game attendance and increased revenue sharing from the Big East for both men's and women's basketball. In 2007, auxiliary revenues, net of scholarship allowances, increased by \$9.0 million while expenditures decreased by \$1.5 million. Auxiliary revenues increased as a result of an increase in housing and dining rates of 6.0% and 5.0% respectively. There was also a 6.0% increase in occupancy on the Camden campus and a 1.0% increase in occupancy on the New Brunswick campus. There was also an overall increase of 1.0% in meal plans sold.

Operating expenses increased \$103.7 million in 2008 and consist of the following significant components:

*Instruction expenditures* consist of all expenses incurred in providing academic programs for the University's students. These expenses increased by \$36.6 million this year. Salary increases and increased fringe benefit costs on those salaries accounted for a total of \$28.1 million. The remainder of this increase resulted from additional positions to cover an increase in courses offered in areas such as the Graduate School of Social Work and Summer Session Program in New Brunswick. In 2007, these expenditures increased by \$8.1 million. Salary increases and increased fringe benefit costs on those salaries accounted for a total of \$18.4 million. This increase was offset by cost reductions totaling \$11.2 million as a result of a reduction in the state appropriation.

*Expenditures for sponsored programs* funded by grant and contract revenues increased by \$11.2 million in 2008. The primary increases were from corporate contracts which increased \$5.9 million, contracts from the state increased \$2.4 million and contracts from associations increased \$2.0 million. In 2007, these expenditures increased \$18.1 million.

*General Administration and Institutional expenditures* increased \$6.4 million in 2008. This increase was a result of salary increases as well as staff additions at the Foundation as they prepare for another campaign. In 2007 there was a decrease of \$2.4 million in these expenditures.

*Scholarships and fellowships* consist of payments made directly to students as a result of financial aid awarded to the student. In 2008, these expenditures increased \$6.2 million. This increase was due to increases in the maximum award amounts for both the State Tuition Aid Grant Program (TAG) and the Federal Pell grants of 2.8% and 6.4%, respectively. In addition, both programs also saw increases in the number of recipients with an increase of 7.9% for TAG and 9.6% for Pell. The University also continued to increase University funded scholarships. These expenditures increased by \$2.9 million in 2007 primarily as a result of increased funding by the University to offset reductions in state aid as a result of budgetary constraints by the State. In particular, the State eliminated funding of the Outstanding Scholars program. As a result, the University provided the funding for this program.

*Expenditures for operation and maintenance* of plant increased \$16.3 million in 2008. The primary cause of this increase was due to rising utility costs. In 2007, these expenditures remained relatively flat with a slight decrease of \$0.2 million.

Net Nonoperating revenues decreased \$72.1 million in 2008 and consist primarily of the following:

*State appropriations*, including fringe benefits paid directly by the State, increased \$20.7 million in 2008. The appropriation by the State for University operations increased \$19.5 million primarily as a result of an increase in the base appropriation of \$12.4 million and an increase of \$6.5 million in funding of salary program increases. State payments on behalf of the University for fringe



# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

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JUNE 30, 2008 and 2007

benefits, also, increased by \$1.2 million. Increases in program costs for health insurances were offset by the implementation of employee contributions this year.

In 2007, total State appropriations, including fringe benefits paid directly by the State decreased \$34.9 million. The appropriation by the State was reduced by \$46.9 million as a result of budgetary constraints at the State. The reduction to the University's base appropriation and salary funding amounted to \$28.4 million. The remaining reduction resulted from the elimination of other programs funded in 2006, such as the one-time appropriation for the Rutgers Business School in 2006. This was offset by an increase of \$12.0 million in fringe benefits costs covered by the State.

*Contributions* decreased \$2.5 million in 2008. In 2007, the Rutgers University Foundation increased their fundraising activities resulting in several large bequests that year. While contributions were slightly lower this year, they are still significantly higher than prior years due to the Foundation's increased activities. Contributions increased \$40.4 million in 2007.

*Endowment and Investment Income* decreased \$2.6 million in 2008. This decrease resulted primarily from the decline in interest rates during 2008. Endowment and investment income increased by \$5.1 million in 2007.

*Unrealized and realized gains (losses) on securities* decreased \$88.1 million in 2008. This decrease was due to the decline in the market at June 30, 2008 resulting in a \$95.7 million unrealized losses. This was offset by an increase of \$13.6 million in realized gains during the year. Unrealized and realized gains on securities increased \$48.6 million in 2007.

*Other nonoperating revenues, net of nonoperating expenses* increased marginally by \$0.8 million in 2008. Other nonoperating revenues, net of nonoperating expenses decreased \$12.0 million in 2007. This decrease primarily was the result of a one-time payment in the amount of \$8.9 million received in 2006 from the settlement of a litigation for the stadium.

*Other revenues and expenses* consist of grants and gifts received by the University for capital projects, as well as additions to permanent endowments. In 2008, this category decreased \$2.6 million. This decrease primarily resulted from a decrease in capital grants and gifts received this year. This category increased in 2007 modestly by \$1.2 million.



# Rutgers, The State University of New Jersey

## STATEMENTS OF NET ASSETS

June 30, 2008 and 2007

(dollars in thousands)

	<u>2008</u>	<u>2007</u>
<b>ASSETS:</b>		
Current Assets		
Cash and Cash Equivalents	\$73,946	\$34,841
Short-Term Investments	413,757	424,794
Accounts Receivable, net	89,781	78,825
Student Notes Receivable, net	8,397	8,016
Contributions Receivable, net	20,310	17,761
Inventories	4,843	4,408
Prepaid Expenses and Deferred Charges	14,282	13,342
Construction Costs Reimbursable	906	7,252
Total Current Assets	<u>626,222</u>	<u>589,239</u>
Noncurrent Assets		
Cash and Cash Equivalents	149,585	77,694
Long-Term Investments	685,763	677,307
Accounts Receivable, net	24,986	20,692
Student Notes Receivable, net	28,962	29,309
Contributions Receivable, net	11,633	5,839
Bond/Commercial Paper Issuance Costs, net	13,230	10,688
Capital Assets, net	1,654,905	1,609,842
Total Noncurrent Assets	<u>2,569,064</u>	<u>2,431,371</u>
<b>TOTAL ASSETS</b>	<u>3,195,286</u>	<u>3,020,610</u>
<b>LIABILITIES:</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	109,134	98,152
Deferred Revenue	52,585	48,170
Payroll Withholdings	6,873	12,665
Other Payables	1,746	1,640
Annuities Payable	1,052	1,015
Short-Term Liabilities	132,969	33,069
Long-Term Liabilities	32,053	31,568
Total Current Liabilities	<u>336,412</u>	<u>226,279</u>
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	13,542	11,831
Annuities Payable	6,101	6,816
Long-Term Liabilities	528,795	556,290
Total Noncurrent Liabilities	<u>548,438</u>	<u>574,937</u>
<b>TOTAL LIABILITIES</b>	<u>884,850</u>	<u>801,216</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	1,045,262	1,032,839
Restricted for		
Nonexpendable		
Instruction	163,438	161,735
Scholarships and Fellowships	178,833	159,813
Libraries	8,498	8,798
Other	8,579	8,978
Expendable		
Instruction	149,854	137,766
Research	64,441	60,081
Scholarships and Fellowships	70,673	78,574
Libraries	12,032	12,338
Loans	38,552	38,550
Capital Projects	38,756	35,393
Debt Service Reserve	9,542	9,542
Renewal and Replacement Reserve	7,393	7,393
Other	11,755	10,938
Unrestricted	502,828	456,656
<b>TOTAL NET ASSETS</b>	<u>\$2,310,436</u>	<u>\$2,219,394</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, 2008 and 2007

(dollars in thousands)

	<u>2008</u>	<u>2007</u>
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net of scholarship allowances of \$104,011 in 2008 and \$99,174 in 2007)	\$472,294	\$423,738
Federal Appropriations	6,594	6,069
Federal Grants & Contracts	202,795	199,826
State & Municipal Grants & Contracts	118,843	107,005
Nongovernmental Grants & Contracts	59,939	55,269
Auxiliary Enterprises (net of scholarship allowances of \$25,394 in 2008 and \$24,954 in 2007)	207,395	190,107
Other Operating Revenues	56,451	51,423
Total Operating Revenues	<u>1,124,311</u>	<u>1,033,437</u>
<b>OPERATING EXPENSES</b>		
Educational and General		
Instruction	554,470	517,896
Sponsored Research	157,398	153,743
Other Separately Budgeted Research	70,424	66,210
Other Sponsored Programs	90,560	82,976
Extension and Public Service	34,371	31,853
Libraries	37,533	35,970
Student Services	61,498	62,172
Operations and Maintenance of Plant	150,042	133,699
General Administration and Institutional	100,011	93,567
Scholarships and Fellowships	40,804	34,559
Depreciation	94,796	92,611
Auxiliary Enterprises	197,911	179,528
Other Operating Expenses	780	2,122
Total Operating Expenses	<u>1,590,598</u>	<u>1,486,906</u>
Operating Loss	<u>(466,287)</u>	<u>(453,469)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State Appropriations	328,895	309,370
State Paid Fringe Benefits	147,616	146,394
Contributions	47,929	50,449
Endowment and Investment Income (net of investment management fees of \$2,867 in 2008 and \$2,616 in 2007)	38,317	40,956
Unrealized and Realized Gains (Losses) on Securities	(8,945)	79,165
Interest on Capital Asset Related Debt	(25,892)	(25,940)
Loss on Disposal of Capital Assets	(1,171)	(806)
Other Nonoperating Revenues (Expenses)	640	(115)
Net Nonoperating Revenues	<u>527,389</u>	<u>599,473</u>
Income before Other Revenues and Expenses	61,102	146,004
Capital Appropriations	154	377
Capital Grants and Gifts	11,969	14,514
Additions to Permanent Endowments	17,817	17,673
Increase in Net Assets	91,042	178,568
Net Assets - Beginning of the Year	<u>2,219,394</u>	<u>2,040,826</u>
Net Assets - End of the Year	<u>\$2,310,436</u>	<u>\$2,219,394</u>

See accompanying notes to the financial statements.



# Rutgers, The State University of New Jersey

## STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007  
(dollars in thousands)

	<u>2008</u>	<u>2007</u>
<b>Cash Flows from Operating Activities</b>		
Student Tuition and Fees	\$528,531	\$469,749
Research Grants and Contracts	394,475	367,476
Federal Appropriations	5,879	5,823
Payments to Employees and for Benefits	(821,590)	(764,383)
Payments to Suppliers	(438,797)	(400,395)
Payments for Utilities	(80,871)	(70,157)
Payments for Scholarships and Fellowships	(79,730)	(71,954)
Collection of Loans to Students and Employees	6,085	8,509
Auxiliary Enterprises Receipts:		
Housing	96,155	89,747
Dining	53,393	47,600
Athletics	12,839	12,250
Parking	6,468	6,085
Other	17,511	18,008
Other Receipts	69,697	59,435
Net Cash Used by Operating Activities	<u>(229,955)</u>	<u>(222,207)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
State Appropriations	327,805	312,730
Contributions for other than Capital Purposes	39,241	47,928
Contributions for Endowment Purposes	22,744	25,932
Net Cash Provided by Noncapital Financing Activities	<u>389,790</u>	<u>386,590</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Capital Debt and Leases	107,305	34,532
Capital Appropriations	154	519
Capital Grants and Gifts Received	9,853	5,432
Purchases of Capital Assets and Construction	(129,798)	(115,692)
Principal Paid on Capital Debt and Leases	(28,876)	(27,574)
Interest Paid on Capital Debt and Leases	(26,666)	(27,194)
Debt Defeasance	(14,300)	(21,658)
Bond Issuance Costs	(256)	(202)
Other Receipts	2,241	1,591
Net Cash Used by Financing Activities	<u>(80,343)</u>	<u>(150,246)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	4,519,669	5,148,749
Investment Income	38,250	44,449
Purchase of Investments	(4,526,415)	(5,184,225)
Net Cash Provided by Investing Activities	<u>31,504</u>	<u>8,973</u>
<b>Net Increase in Cash and Cash Equivalents</b>	110,996	23,110
<b>Cash and Cash Equivalents - Beginning of the year</b>	<u>112,535</u>	<u>89,425</u>
<b>Cash and Cash Equivalents - End of the year</b>	<u>\$223,531</u>	<u>\$112,535</u>

(Continued)

# Rutgers, The State University of New Jersey

## STATEMENTS OF CASH FLOWS (continued)

For the Years Ended June 30, 2008 and 2007  
(dollars in thousands)

	<u>2008</u>	<u>2007</u>
<b>Reconciliation of Operating Loss to</b>		
<b>Net Cash Used by Operating Activities:</b>		
Operating Loss	(\$466,287)	(\$453,469)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	147,616	146,394
Depreciation	94,796	92,611
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	(678)	(522)
Changes in Assets and Liabilities:		
Receivables, net	(4,583)	(21,123)
Inventories	(435)	(32)
Prepaid Expenses	(1,759)	(3,683)
Accounts Payable and Accrued Expenses	1,789	4,784
Deferred Revenue	4,480	9,671
Payroll Withholdings	(5,792)	2,605
Other Payables	198	(143)
Net Cash Used by Operating Activities	<u>(\$229,955)</u>	<u>(\$222,207)</u>



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### 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 – 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 accounting policies of the University conform to U.S. generally accepted accounting principles as applicable to public colleges and universities. The University's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

#### 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.

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 except for those managed as a component of the University's investment portfolio. 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 in non-marketable securities are reported in the financial statements based upon values provided by external investment managers which are reviewed and evaluated by the University's management for reasonableness. 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.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### 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 \$63.5 million at June 30, 2008 (\$71.7 million in 2007). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.7 million in 2008 and \$2.5 million in 2007, is reported in the accompanying financial statements as nonoperating revenues.

### Inventories

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

### Bond/Commercial Paper Issuance Costs

The University capitalizes costs incurred in connection with its bond/commercial paper 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 5.2 million (5.2 million in 2007) 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 and 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 scholarship allowances 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.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

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JUNE 30, 2008 and 2007

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, 2008, the University disbursed \$169.2 million (\$158.3 million in 2007) under the Federal Direct Student 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.

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## NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

### Cash and Cash Equivalents

The University's cash and cash equivalents balance at June 30, 2008 includes a cash book balance \$6.5 million (\$10.5 million in 2007). The actual amount of cash on deposit in the University's bank accounts at June 30, 2008 was \$18.9 million (\$25.7 million in 2007). Of this amount, \$0.4 million (\$0.4 million in 2007) was insured by the Federal Deposit Insurance Corporation at June 30, 2008. At June 30, 2008, \$18.5 million (\$25.3 million in 2007) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2008 and 2007.

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, 2008 and 2007, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling \$0.1 million and \$0.4 million, respectively. Cash and cash equivalents in excess of those balances are uncollateralized.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

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, 2008 and 2007 (dollars in thousands):

	<u>2008</u>	<u>2007</u>
Money Market Funds	\$161,736	\$74,197
Repurchase Agreements	36,841	4,644
Cash and Deposits	24,954	33,694
Total Cash and Cash Equivalents	<u>\$223,531</u>	<u>\$112,535</u>

### Investments

Effective July 1, 2004, the University and Foundation adopted GASB Statement No. 40, *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.

The Board of Governors and the Board of Trustees, through a Joint Investment Committee, have authority over the investment of the University's 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, 2008 and 2007 (dollars in thousands):

	<u>2008</u>	<u>2007</u>
Commercial Paper	\$198,486	\$308,469
U.S. Government Treasury Securities	221,951	145,162
U.S. Government Agency Securities	95,107	82,954
Commodities	43,061	38,657
U.S. Corporate Equities	271,844	247,869
Foreign Corporate Equities	117,822	138,988
Real Estate	105,720	91,206
Corporate Bonds	640	531
Other Investments	4,277	4,315
Total Investments	<u>\$1,058,908</u>	<u>\$1,058,151</u>

The Board of Overseers, through its Investment Committee, has authority over the investment of the Foundation's funds. Professional investment managers are engaged by the Foundation and have 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 principle. 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



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

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).

The Foundation's investments are carried in the financial statements at fair value, based on quoted market values, and consist of the following as of June 30, 2008 and 2007 (dollars in thousands):

	<u>2008</u>	<u>2007</u>
U.S. Government Treasury Securities	\$5,348	\$27,467
U.S. Government Agency Securities	19,623	2,429
Corporate Bonds	3,829	2,716
Mortgage-backed Securities	3,324	2,149
Common Stock	6,865	7,324
Real Estate	575	
Other Investments	<u>1,048</u>	<u>1,865</u>
Total Investments	<u>\$40,612</u>	<u>\$43,950</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, 2008 and 2007 (dollars in thousands):

Investment Type	Market Value	<u>2008</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>
Commercial Paper	\$198,486	\$198,486			
U.S. Government Treasury Securities	221,951	187,287	\$33,682		\$982
U.S. Government Agency Securities	95,107	28,594	64,324	\$1,991	198
Corporate Bonds	<u>640</u>	<u>9</u>	<u>372</u>	<u>259</u>	
Total	516,184	<u>\$414,376</u>	<u>\$98,378</u>	<u>\$2,250</u>	<u>\$1,180</u>
Common Stock	389,666				
Other Investments	<u>153,058</u>				
Total	<u>\$1,058,908</u>				

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

Investment Type	Market Value	2007			
		Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$308,469	\$308,469			
U.S. Government Treasury Securities	145,162	115,955	\$28,288		\$919
U.S. Government Agency Securities	82,954		82,666	\$2	286
Corporate Bonds	531		274	257	
<b>Total</b>	<b>537,116</b>	<b>\$424,424</b>	<b>\$111,228</b>	<b>\$259</b>	<b>\$1,205</b>
Common Stock	386,857				
Other Investments	134,178				
<b>Total</b>	<b>\$1,058,151</b>				

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, 2008 and 2007 (dollars in thousands):

Investment Type	Market Value	2008			
		Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$5,348		\$4,081	\$847	\$420
U.S. Government Agency Securities	19,623		6,190	13,281	152
Corporate Bonds	3,829	\$1,857	932	772	268
Mortgage-backed Securities	3,324	15	76	5	3,228
<b>Total</b>	<b>\$32,124</b>	<b>\$1,872</b>	<b>\$11,279</b>	<b>\$14,905</b>	<b>\$4,068</b>

Investment Type	Market Value	2007			
		Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
U.S. Government Treasury Securities	\$27,467	\$99	\$20,274	\$349	\$6,745
U.S. Government Agency Securities	2,429	936		335	1,158
Corporate Bonds	2,716	10	527	467	1,712
Mortgage-backed Securities	2,149		112		2,037
<b>Total</b>	<b>\$34,761</b>	<b>\$1,045</b>	<b>\$20,913</b>	<b>\$1,151</b>	<b>\$11,652</b>



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### 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 with an investment grade by at least two of the three rating agencies (Moody's, Fitch, and Standard & Poor's (S&P)). 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, 2008 and 2007, the University's investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2008</u>	<u>2007</u>
U.S. Government Treasury and Agency Securities	AAA	\$317,058	\$228,116
Corporate Bonds	AA+	75	72
Corporate Bonds	AA	225	303
Corporate Bonds	A+	85	
Corporate Bonds	A	109	9
Corporate Bonds	A-	50	49
Corporate Bonds	BBB+	96	98
Commercial Paper	A-1+		227,177
Commercial Paper	A-1		81,292
Total		<u>\$317,698</u>	<u>\$537,116</u>

The Foundation's Investment Policy states that individual bonds shall be rated an investment grade by at least two rating agencies (Moody's and S&P). 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 S&P). 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 S&P). The dollar-weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be A/A or better.

At June 30, 2008 and 2007, the Foundation's investment quality ratings, at fair value, as rated by S&P were as follows (dollars in thousands):

<u>Investment Type</u>	<u>Quality Rating</u>	<u>2008</u>	<u>2007</u>
U.S. Government Treasury and Agency Securities	AAA	\$24,971	\$29,896
Mortgage-backed Securities	AAA	3,324	2,149
Corporate Bonds	AAA	31	30
Corporate Bonds	AA	62	1,739
Corporate Bonds	A	1,573	657
Corporate Bonds	A+	1,368	
Corporate Bonds	A-	199	
Corporate Bonds	AA-	267	
Corporate Bonds	BBB+	259	290
Corporate Bonds	BBB	70	
Total		<u>\$32,124</u>	<u>\$34,761</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

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

evidenced by securities that exist in physical or book entry form. At June 30, 2008 and 2007, the University had \$460.0 million and \$389.7 million, respectively, of investments that were uninsured or unregistered but not in the University's name.

As of June 30, 2008 and 2007, the Foundation's investments were either insured, registered, or held by the Foundation's agent in the Foundation's name, except for money market and mutual funds, which are subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

### 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% 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 equity security exceed 10% of the market value of assets under management. 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, 2008, the pooled cash, receivables and investments had a total market value of \$509.4 million (\$501.5 million in 2007). In addition, the aggregate market value of endowment funds, cash, receivables and investments separately invested was \$79.0 million at June 30, 2008 (\$85.6 million in 2007). The investment appreciation was \$66.1 million at June 30, 2008 (appreciation of \$97.4 million in 2007). 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 principle, while any shortfall is covered by capital appreciation.

### Alternative Investments

As part of its investment strategy, the University has committed to invest a total of \$116.6 million to 19 non-marketable alternative asset partnerships at June 30, 2008 (\$95.0 million to 16 non-marketable alternative asset partnerships in 2007). As of June 30, 2008, the University has \$65.5 million of paid-in capital to these partnerships (\$32.1 million in 2007) and \$51.1 million in unfunded commitments (\$62.9 million in 2007).

The University's investments are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the Statements of Net Assets.

## NOTE 3 – ACCOUNTS 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, 2008 and 2007 (dollars in thousands):

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2008</u>	<u>Net 2007</u>
Government Grants Receivable and Other Sponsored Programs	\$57,355	\$420	\$56,935	\$51,011
Student Accounts Receivable	6,224	2,323	3,901	3,595
Other	54,705	774	53,931	44,911
Total	<u>\$118,284</u>	<u>\$3,517</u>	<u>\$114,767</u>	<u>\$99,517</u>



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

Students' notes receivable in the statements of net assets are also shown net of the allowance for doubtful notes which amounted to \$3.7 million at June 30, 2008 (\$3.6 million in 2007).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2008 and 2007, considering type, age, collection history and other appropriate factors.

### NOTE 4 – CONTRIBUTIONS RECEIVABLE

The anticipated receipt of contributions receivable is as follows at June 30, 2008 and 2007 (dollars in thousands):

Year Ending June 30:	<u>2008</u>	<u>2007</u>
Within one year	\$20,841	\$18,086
Two to five years	<u>12,153</u>	<u>8,146</u>
	32,994	26,232
Less allowance for uncollectible contributions	<u>(1,051)</u>	<u>(2,632)</u>
Total Contributions Receivable	<u>\$31,943</u>	<u>\$23,600</u>

Contributions receivable related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. These contributions receivable, which approximated \$26.8 million at June 30, 2008 (\$26.9 million in 2007) 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, 2008 and 2007 is as follows (dollars in thousands):

	<u>Balance 2007</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>Balance 2008</u>
Capital Assets Not Being Depreciated:				
Land	\$52,562	\$865		\$53,427
Capitalized Collections	49,245	7,871		57,116
Construction in Progress	<u>51,495</u>	<u>102,282</u>	<u>\$67,209</u>	<u>86,568</u>
Total	<u>153,302</u>	<u>111,018</u>	<u>67,209</u>	<u>197,111</u>
Capital Assets Being Depreciated:				
Land Improvements	215,895	7,122	1,499	221,518
Buildings	1,856,135	70,921		1,927,056
Equipment	<u>412,668</u>	<u>19,178</u>	<u>27,730</u>	<u>404,116</u>
Total	<u>2,484,698</u>	<u>97,221</u>	<u>29,229</u>	<u>2,552,690</u>
Less Accumulated Depreciation:				
Land Improvements	122,085	17,613	899	138,799
Buildings	609,323	47,099		656,422
Equipment	<u>296,750</u>	<u>30,084</u>	<u>27,159</u>	<u>299,675</u>
Total	<u>1,028,158</u>	<u>94,796</u>	<u>28,058</u>	<u>1,094,896</u>
Net Capital Assets Being Depreciated	<u>1,456,540</u>	<u>2,425</u>	<u>1,171</u>	<u>1,457,794</u>
Total Capital Assets, net	<u>\$1,609,842</u>	<u>\$113,443</u>	<u>\$68,380</u>	<u>\$1,654,905</u>

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

During 2008, the University has net capitalized interest expense of \$690 thousand (capitalized interest expense of \$1.4 million and \$748 thousand of interest income) in construction in progress in the accompanying statements of net assets.

	<u>Balance 2006</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>Balance 2007</u>
Capital Assets Not Being Depreciated:				
Land	\$51,859	\$705	\$2	\$52,562
Capitalized Collections	47,327	1,918		49,245
Construction in Progress	41,379	59,366	49,250	51,495
Total	<u>140,565</u>	<u>61,989</u>	<u>49,252</u>	<u>153,302</u>
Capital Assets Being Depreciated:				
Land Improvements	210,787	5,108		215,895
Buildings	1,787,201	68,934		1,856,135
Equipment	424,890	23,754	35,976	412,668
Total	<u>2,422,878</u>	<u>97,796</u>	<u>35,976</u>	<u>2,484,698</u>
Less Accumulated Depreciation:				
Land Improvements	104,643	17,442		122,085
Buildings	565,932	43,391		609,323
Equipment	300,142	31,778	35,170	296,750
Total	<u>970,717</u>	<u>92,611</u>	<u>35,170</u>	<u>1,028,158</u>
Net Capital Assets Being Depreciated	<u>1,452,161</u>	<u>5,185</u>	<u>806</u>	<u>1,456,540</u>
Total Capital Assets, net	<u>\$1,592,726</u>	<u>\$67,174</u>	<u>\$50,058</u>	<u>\$1,609,842</u>

During 2007, the University has capitalized interest expense of \$1,211 thousand in construction in progress in the accompanying statements of net assets.

### NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2008 and 2007 (dollars in thousands):

	<u>2008</u>	<u>2007</u>
Compensated Absences	\$43,470	\$42,228
Vendors	34,325	28,363
Accrued Salaries and Benefits	17,148	14,628
Workers Compensation	11,560	10,722
Retainage	5,529	3,705
Interest Payable	3,757	3,431
Other Accrued Expenses	6,887	6,906
Total Accounts Payable and Accrued Expenses	<u>\$122,676</u>	<u>\$109,983</u>



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liability activity for the years ended June 30, 2008 and 2007 is as follows (dollars in thousands):

	<u>Balance 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2008</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$109,983	\$12,693		\$122,676	\$109,134
Annuities Payable	7,831		\$678	7,153	1,052
Long-Term Liabilities	587,858	18,129	45,139	560,848	32,053
Total Noncurrent Liabilities	<u>\$705,672</u>	<u>\$30,822</u>	<u>\$45,817</u>	<u>\$690,677</u>	<u>\$142,239</u>

	<u>Balance 2006</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2007</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$109,877	\$5,637	\$5,531	\$109,983	\$98,152
Annuities Payable	7,320	511		7,831	1,015
Long-Term Liabilities	616,154	24,466	52,762	587,858	31,568
Total Noncurrent Liabilities	<u>\$733,351</u>	<u>\$30,614</u>	<u>\$58,293</u>	<u>\$705,672</u>	<u>\$130,735</u>

### NOTE 8 - SHORT-TERM LIABILITIES

#### Commercial Paper Program

On February 28, 2007, the University issued commercial paper to provide interim or short-term financing of various capital projects, equipment, refundings, and to refinance all outstanding general obligation bond anticipation notes of the University. The commercial paper will be issued either as Tax-Exempt Commercial Paper or as Taxable Commercial Paper.

The commercial paper constitute direct general obligations of the University for the payment of which, as to both principle and interest, the full faith and credit of the University are pledged. Principle of the commercial paper, to the extent not paid from proceeds of general obligation bonds and proceeds of other commercial paper, and interest on the commercial paper is payable from other available University funds. The University has entered into a Standby Commercial Paper Purchase Agreement (the Standby Commercial Paper Purchase Agreement) with Wachovia Bank, National Association (the Liquidity Provider) under which the Liquidity Provider is obligated to purchase newly issued commercial paper to pay the principle of other commercial paper, subject to suspension or termination upon the occurrence of certain events. The Standby Commercial Paper Purchase Agreement will terminate at the close of business on February 28, 2012, unless terminated prior to such date in accordance with its terms. Morgan Stanley & Co. Incorporated will be the exclusive dealer in connection with the offering and issuance of the Series A Tax-Exempt Commercial Paper, the Series C Taxable Commercial Paper and the Series D Extendable Commercial Paper.

On March 12, 2007, the Series B General Obligation Commercial Paper was issued to defease the University's outstanding General Obligation Bonds, Series 1997A, dated June 1, 1997. The proceeds of the Series B General Obligation Commercial Paper were used: (i) to deposit funds into Series 1997A Debt Service Fund held by the Trustee sufficient to pay the principle, interest and redemption on the Series 1997A Bonds and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the Series B General Obligation Commercial Paper. The University completed the advance refunding to reduce, assuming principle payments are made, its total debt service payments over the next 20 years by \$5.6 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 \$1.7 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$0.4 million, is being deferred and will be amortized as interest expense through the year 2027 using the effective interest method.

On March 6, 2008, the tax-exempt Series A General Obligation Commercial Paper was issued to defease the outstanding Revenue Refunding Bonds (Rutgers, The State University – Civic Square Project), 2005 Series (the 2005 Series Bonds), dated April 4, 2005, which 2005 Series Bonds were issued by the New Jersey Economic Development Authority (the Authority) to refinance a redevelopment project located in the City of New Brunswick, Middlesex County, New Jersey (the Project). The 2005 Series Bonds were paid in full and discharged from the proceeds of the Series A General Obligation Commercial Paper in the principle amount of



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

\$14.3 million in accordance with and pursuant to the terms of the Revenue Bond Resolution (Rutgers, The State University – Civic Square Project) adopted by the Authority on May 3, 1994, as supplemented by the First Supplemental Revenue Refunding Resolution (Rutgers, the State University – Civic Square Project) adopted by the Authority on March 7, 2005.

On May 20, 2008, the University issued tax-exempt Series A General Obligation Commercial paper in the par amount of \$68.7 million and taxable Series C General Obligation Commercial Paper in the par amount of \$17.1 million to provide interim financing of the 2008 Projects pursuant to the Commercial Paper Resolution of the University, adopted pursuant to a resolution of the Board of Governors of the University on June 15, 2006, with the advice and consent of the Board of Trustees of the University on June 15, 2006.

### NOTE 9 - LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2008 and 2007 is as follows (dollars in thousands):

	<b>Balance 2007</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 2008</b>	<b>Current Portion</b>
General Obligation Bonds Payable	\$385,480	\$46	\$20,721	\$364,805	\$21,544
Revenue Bonds Payable	26,455	9	1,970	24,494	2,046
Lease Obligations	151,705	1,286	22,335	130,656	8,345
Notes Payable	2,063		113	1,950	118
Loan Payable	22,155	16,788		38,943	
<b>Total Long-Term Liabilities</b>	<b>\$587,858</b>	<b>\$18,129</b>	<b>\$45,139</b>	<b>\$560,848</b>	<b>\$32,053</b>

	<b>Balance 2006</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 2007</b>	<b>Current Portion</b>
General Obligation Bonds Payable	\$425,009	\$302	\$39,831	\$385,480	\$20,674
Revenue Bonds Payable	28,921	9	2,475	26,455	1,961
Lease Obligations	160,052	153	8,500	151,705	8,820
Notes Payable	2,172		109	2,063	113
Loan Payable		22,155		22,155	
<b>Total Long-Term Liabilities</b>	<b>\$616,154</b>	<b>\$22,619</b>	<b>\$50,915</b>	<b>\$587,858</b>	<b>\$31,568</b>

### OTHER OBLIGATIONS OF THE UNIVERSITY

#### Notes Payable

Notes payable at June 30, 2008 and 2007 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 \$0.1 million letter of credit, which is collateral for a lease obligation, was cancelled as of February 26, 2008. No funds have been drawn on the letter of credit at June 30, 2008 or 2007.

#### 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, 2008, the outstanding amount due on the loans was \$0.7 million (\$0.7 million in 2007).



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

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JUNE 30, 2008 and 2007

### 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), 2004 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.

### Loans Payable

On May 30, 2007, One Washington Park Holdings (QALICB) entered into two loan and security agreements with New Jersey Community Capital Community Development Entity (NJCC CDE) I LLC and NJCC CDE II LLC in the amounts of \$36.3 million and \$2.6 million, respectively, to finance a portion of the acquisition and renovation of the property located at One Washington Park in Newark, NJ (See **NOTE 16**). The loans bear interest at a rate of 2.33% per annum and 1.45% per annum, respectively, and are payable every December 1. The principal amounts are due to NJCC CDE I LLC and NJCC CDE II LLC on December 1, 2014.

The first advance on the NJCC CDE I and II loans were made on May 30, 2007 totaling to \$31.7 million. The University recognized 69.84% or \$22.1 million of this loan in fiscal year 2007 representing Parkside RUN Investments, LLC's interest with One Washington Park Holdings, LLC as of June 30, 2007. On July 31, 2007, NJCC CDE I made the second advance on the loan for \$7.2 million. The University then recognized full responsibility on the loan to represent Parkside RUN Investments, LLC's majority interest with One Washington Park Holdings, LLC as of June 30, 2008. Total loan additions of \$16.8 million for fiscal year 2008 represent the second advance of \$7.2 million and the remaining 30.16% interest on the \$31.7 million, or \$9.6 million.

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### Bonds Payable – General Obligation and Revenue

A summary of bonds issued and outstanding at June 30, 2008 and 2007 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30,	
			2008	2007
Revenue Refunding Bonds:				
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	\$40,015	\$23,580	\$25,440
Total Revenue Refunding Bonds		40,015	23,580	25,440
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	370	410
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	660	730
Total Revenue Bonds		3,550	1,030	1,140
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	22,850	26,605
2002 Series A, 3.96% effective, due serially to May 1, 2018	Feb. 1, 2002	110,000	72,800	76,300
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	72,910	80,500
Total General Obligation Refunding Bonds		315,690	168,560	183,405
General Obligation Bonds:				
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	41,150	42,295
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	45,460	46,415
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	18,175	19,570
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	84,450	86,190
Total General Obligation Bonds		211,530	189,235	194,470
Total Bonds		\$570,785	\$382,405	\$404,455

The General Obligation Bonds Payable includes premium on bonds, net of bond discounts, of \$7.0 million at June 30, 2008 (\$7.6 million in 2007, premium on bonds, net of bond discounts) related to Series 1992 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 \$116 thousand at June 30, 2008 (\$125 thousand in 2007) of unamortized bond discounts related to Series U.

### Revenue and Revenue Refunding Bonds

The Revenue Refunding Bonds, Series U, and the Revenue Bonds, Series E and F, 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.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### General Obligation and General Obligation Refunding Bonds

The General Obligation Refunding Bonds, 1992 Series A, and General Obligation Bonds, 1998 Series A, were issued under an open-ended Indenture of Trust, dated May 1, 1987, as supplemented, and 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.

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. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. 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 moneys provided, were used to (i) redeem the above mentioned bonds prior to maturity, in whole on July 31, 2003, at their appropriate respective principle 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 2008, \$0.3 million (\$0.3 million in 2007) has been expensed leaving \$3.0 million as deferred charges.

The General Obligation Bonds, 2003 Series D, were issued in the amount of \$24.8 million and dated December 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. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. 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. In September 2006, Wachovia Bank sold all trustee rights to U.S. Bank. 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 on the New Brunswick Campus; and (v) the construction of a new College of Nursing Building for academic and administrative offices and teaching laboratories.

All bonds bear interest at fixed-rates with the exception of 2002 Series A, which bears interest at a variable-rate. With the intention of lowering its effective interest rate related to 2002 Series A, the University entered into a swap agreement with JP Morgan Chase



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

(see NOTE 10 for additional information about derivatives). The interest rate 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 following is the synthetic rate, related to the 2002 Series A bond, at the end of this fiscal year:

	Terms	2008	2007
Interest rate swap			
Fixed payment to counterparty	Fixed	3.96%	3.96%
Variable payment from counterparty	BMA	<u>-1.59%</u>	<u>-3.70%</u>
Net interest rate swap payments		2.37%	0.26%
Variable rate bond coupon payments		<u>1.35%</u>	<u>3.61%</u>
Synthetic interest rate		<u><u>3.72%</u></u>	<u><u>3.87%</u></u>

Using rates as of the end of the fiscal year, debt service payments to maturity, assuming current interest rates remain the same for their term, are as follows (dollars in thousands):

Year	Fixed-Rate Bonds		Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest	Principal	Interest		
2009	\$19,305	\$14,852	\$3,700	\$983	\$1,725	\$40,565
2010	20,300	13,881	3,800	933	1,638	40,552
2011	21,300	12,895	3,900	882	1,548	40,525
2012	20,630	11,854	4,100	829	1,455	38,868
2013	21,690	10,825	4,200	774	1,358	38,847
2014-2018	72,760	41,410	53,100	2,202	3,865	173,337
2019-2023	43,665	27,581				71,246
2024-2028	41,880	18,047				59,927
2029-2033	39,615	7,790				47,405
2034	8,460	416				8,876
Total	<u>\$309,605</u>	<u>\$159,551</u>	<u>\$72,800</u>	<u>\$6,603</u>	<u>\$11,589</u>	<u>\$560,148</u>

As rates vary, variable-rate bond interest payments and net swap payments will vary.

### 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. At June 30, 2008, the University has paid its obligation in full. The bonds mature on July 1, 2008 and the title to the land and facilities will revert to the University.

**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, 2008, the University had a capital lease obligation of \$48.5 million (\$50.5 million in 2007).



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

**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, 2008, the University had a capital lease obligation of \$0.9 million for equipment purchased under the terms of this agreement (\$1.8 million in 2007).

**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, 2008, the University had a capital lease obligation of \$16.6 million (\$18.6 million in 2007).

### 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, 2008, this liability was \$37.0 million (\$38.6 million in 2007). 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, 2008, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$6.6 million (\$6.9 million in 2007). 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.

### 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 principle 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, 2008, the University had a capital lease obligation of \$29.3 million (\$29.8 million in 2007).



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2008 are as follows (dollars in thousands):

Year	Facilities Authority				Housing Authority	Hospital Sublease	Certificates of Participation	Total
	HECIP	ELF	DSTF (2001A)	DSTF (2001B)				
2009	\$4,455	\$939	\$2,040	\$33	\$3,664	(\$652)	\$1,862	\$12,341
2010	4,455		2,040	33	3,665	(653)	1,861	11,401
2011	4,455		2,040	32	3,666	(653)	1,863	11,403
2012	4,455		2,039	32	3,665	(652)	1,858	11,397
2013	4,457		2,040	32	3,660	(652)	1,860	11,397
2014-2018	22,289		6,119	98	18,328	(3,262)	9,303	52,875
2019-2023	25,482				18,318	(3,263)	9,274	49,811
2024-2028							9,258	9,258
2029-2033							9,209	9,209
2034-2038							9,169	9,169
Total Lease Payments	70,048	939	16,318	260	54,966	(9,787)	55,517	188,261
Less Amount Representing Interest	21,530	23			18,000	(3,222)	26,207	62,538
Present Value of Lease Payments	<u>\$48,518</u>	<u>\$916</u>	<u>\$16,318</u>	<u>\$260</u>	<u>\$36,966</u>	<u>(\$6,565)</u>	<u>\$29,310</u>	<u>\$125,723</u>

### 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, 2008, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$4.1 million (\$3.7 million in 2007). 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 10 – DERIVATIVE FINANCIAL INSTRUMENTS

The University is party to derivative financial instruments (interest rate swaps) that are not reported at fair value on the Statements of Net Assets.

#### Objective of the swaps:

In order to protect against the potential of rising interest rates, the University has entered into four separate pay-fixed, receive-variable interest rate swaps.

#### Terms, fair values, and credit risk:

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2008 are listed below:

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

<u>Associated Debt</u>	<u>Associated Outstanding Debt</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed-rate Paid</u>	<u>Variable-rate Received</u>	<u>Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterparty/ Credit Rating</u>
General Obligation Bond (GOB) 2002 Series A	\$72,800	\$72,800	2/4/2002	3.960%	BMA Municipal Swap Index	(\$3,524)	5/1/2018	JP Morgan & Co./AA-
General Obligation Commercial Paper (GOCP) Series A, C	100,085	100,000	5/1/2008	4.080%	BMA Municipal Swap Index	(2,852)	11/1/2038	Merrill Lynch/A
General Obligation Commercial Paper (GOCP) Series B	19,569	21,775	5/1/2007	3.824%	BMA Municipal Swap Index	(517)	5/1/2027	Bank of New York/AA-
General Obligation Commercial Paper (GOCP) Series C	13,500	13,500	5/1/2007	5.127%	100% USD-LIBOR-BBA	(670)	11/1/2017	UBS AG/AA-
<b>Total</b>	<b>\$205,954</b>	<b>\$208,075</b>				<b>(\$7,563)</b>		

The terms, fair values, and credit rating of the outstanding swaps as of June 30, 2007 as listed below:

<u>Associated Debt</u>	<u>Associated Outstanding Debt</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Fixed-rate Paid</u>	<u>Variable-rate Received</u>	<u>Fair Value</u>	<u>Swap Termination Date</u>	<u>Counterparty/ Credit Rating</u>
GOB 2002 Series A	\$76,300	\$76,300	2/4/2002	3.960%	BMA Municipal Swap Index	(\$606)	5/1/2018	JP Morgan & Co./AA-
		100,000	5/1/2008	4.080%	BMA Municipal Swap Index	3,463	11/1/2038	Merrill Lynch/A+
GOCP Series B	19,569	22,415	5/1/2007	3.824%	BMA Municipal Swap Index	399	5/1/2027	Bank of New York/A+
GOCP Series C	13,500	13,500	5/1/2007	5.127%	100% USD-LIBOR-BBA	432	11/1/2017	UBS AG/AA+
<b>Total</b>	<b>\$109,369</b>	<b>\$212,215</b>				<b>\$3,688</b>		

### Fair Value:

As of June 30, 2008, the swaps had a total negative fair value of \$7.6 million (positive fair value of \$3.7 million in 2007). The fair value was provided by the counterparties and derived from proprietary models based on estimates about relevant future market conditions.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### Credit Risk:

As of June 30, 2008, the University was not exposed to credit risk because the swaps had negative fair values. However, should interest rates change and the fair values of the swaps become positive, the University would be exposed to credit risk in the amount of the derivative's fair value. At June 30, 2007, the University was exposed to credit risk because all of the swaps, except GOB 2002 Series A, had positive fair values.

### Basis Risk:

The pay-fixed receive-variable swaps expose the University to basis risk should the rates resulting from the BMA Municipal Swap Index for the GOB 2002 Series A, GOCP Series A and B swaps, 100% of USD-LIBOR-BBA for GOCP Series C swap not equal the rate the University pays.

### Rollover Risk:

The University is exposed to rollover risk on swaps if the counterparty exercises its termination option, the University will not realize the synthetic rate offered by the swaps on the underlying debt issues.

### Termination Risk:

The University or any of the involved counterparties may terminate any of the swaps if the other party fails to perform under the terms of the contract. If a swap is terminated, the variable-rate debt issue would no longer carry a synthetic fixed interest rate. Also, if at termination a swap has a negative fair value, the University would be liable to the appropriate counterparty for a payment equal to the swap's fair value.

## NOTE 11 - COMMITMENTS

At June 30, 2008, 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 \$476.6 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	<u>Total Project Funding</u>		
	<u>Received at June 30, 2008</u>	<u>Additional Funding Required at June 30, 2008</u>	<u>Estimated Total Cost</u>
Borrowing	\$97,630	\$241,639	\$339,269
State Bond Issues and Capital Appropriations	22,815		22,815
Gifts and Other Sources	40,759	73,724	114,483
Total	<u>\$161,204</u>	<u>\$315,363</u>	<u>\$476,567</u>

The University leases certain space used in general operations. Rental expense was approximately \$3.3 million in 2008 (\$3.3 million in 2007). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2033. Minimum annual rental commitments approximate the following (dollars in thousands):

<u>Year</u>	<u>Amount</u>
2009	\$2,757
2010	2,171
2011	2,053
2012	1,632
2013	1,232
2014-2018	1,991
2019-2023	451
2024-2028	564
2029-2033	5
Total	<u>\$12,856</u>



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

### NOTE 12 - 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 2008 aggregated \$47.8 million (\$44.7 in 2007) of which \$10.1 million (\$9.4 in 2007) 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, 2008 was \$165.1 million (\$159.3 million in 2007).

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 5.5% of their annual compensation during fiscal year 2008 and 5.0% in 2007. 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, PO Box 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, 2008 was \$476.3 million (\$445.3 million in 2007).

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 2008. 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.



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

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### 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 is administered by Prudential Financial. 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.

### 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's 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.

### Postemployment Benefits Other Than Pension

The State of New Jersey is implementing Government Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions for the fiscal year ending June 30, 2008. The State of New Jersey is legally responsible for contributions to the other postemployment benefits plan that covers the employees of the University. The employees of the University are employees of the State of New Jersey according to State statute, therefore, the other postemployment benefit plans liability will be reported by the State of New Jersey.

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### NOTE 13 - COMPENSATED ABSENCES

The University accounts for compensated absences as directed by GASB Statement No. 16, *Accounting for Compensated Absences*. 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 \$35.4 million at June 30, 2008 (\$34.0 million in 2007). 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 \$8.1 million at June 30, 2008 (\$8.2 million in 2007) which is included in accounts payable and accrued expenses in the accompanying statements of net assets.

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### NOTE 14 - RISK MANAGEMENT

The University, jointly with 15 other higher education institutions, has established Genesis Ltd. a Class 2 reinsurer under the Insurance Act of 1978 of Bermuda. Genesis, a Captive Reinsurance Company, reinsures general liability, professional liability, and automobile liability risks of its shareholders. The University has approximately a 14.5% equity ownership of Genesis and receives a pro-rata share of the income generated. The University's annual premium payments to the company for insurance coverage are



# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

JUNE 30, 2008 and 2007

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based on actuarial studies and are charged to expenses. The insurance policies have deductibles that vary by policy, the most significant of which provides for the payment of general liability claims.

In 2004, the University and its 15 partners formed a Vermont Reciprocal Risk Retention Group, Pinnacle Consortium of Higher Education, to further enhance and support the insurance programs and provide fronting services for Genesis. The primary purpose of this second alternate risk funding company is to reduce costs, reduce collateral requirements for Genesis and provide the flexibility to conduct business in the U.S.

The University is self-insured for workers compensation and retains various deductibles for general liability, automobile liability, and all risk property insurance. The total liability at June 30, 2008 for these items is \$11.6 million (\$10.7 million in 2007). The reserve balance recorded at June 30, 2008 is \$13.9 million (\$13.2 million in 2007). No discount rate is used. The self insurance reserve represents the estimated ultimate cost of settling claims and related expenses resulting from events that have occurred. The reserves includes the amount that will be required for future payments of claims that have been reported and claims related to events that have occurred but have not been reported (IBNR).

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.

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### NOTE 15 - 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.

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### NOTE 16 – ONE WASHINGTON PARK

In September 2006, the University's Board of Governors authorized the negotiation and execution of a contract of purchase and sale and arrangement for construction financing for the Rutgers Newark Business School's relocation to One Washington Park, Newark, New Jersey, where space will be consolidated for faculty offices and classrooms. The building will be converted into a condominium in which 11 floors of the building along with a proposed 15,000 square foot addition to be located at grade level will be reconstituted as the Rutgers Business School space.

The overall project budget includes the following: (i) the acquisition of the Rutgers Business School Space, (ii) the construction costs needed to build out the interior and exterior of such space, (iii) the construction costs needed to improve and repair certain common elements and common building systems in the building, (iv) the fee required under the Architect's Contract, and (v) other non-construction related costs. The overall project cost is expected to be \$83.0 million. Funding for this project will be coming from several sources, particularly, in fiscal year 2006, the State of New Jersey made a special appropriation to Rutgers University in the amount of \$18.0 million earmarked specifically for the Business School. The University is also participating in the New Markets Tax Credit (NMTC) program administered by the U.S. Treasury's Community Development Financial Institutions Fund (CDFI) and will enter into a transaction with City National Bank of New Jersey, PNC Bank, National Community Investment Fund, and New Jersey Community Capital, also known as a Community Development Entity (CDE).

The transactions that involved the University during fiscal year 2008 related to the NMTC program are as follows: At the post-closing on July 31, 2007, the University loaned to One Washington Capital, LLC (Rutgers leverage lender) \$4.3 million and invested \$3.3 million in Parkside RUN Investments, LLC. (Rutgers affiliate and Managing Member of One Washington Park Holdings, LLC). Parkside RUN Investments, LLC then forwarded the \$3.3 million as an investment to One Washington Park Holdings, LLC, a qualified active low-income community business (QALICB).

A post fiscal year-end transaction occurred on October 14, 2008. The University purchased the property designated as Unit No. B-1B of One Washington Park Condominium for \$22.0 million from the QALICB.

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

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JUNE 30, 2008 and 2007

### NOTE 17 – SUBSEQUENT EVENT

On November 26, 2008, the "Original Transaction", involving the interest rate swap associated with General Obligation Commercial Paper Series A and C, entered into between Merrill Lynch Capital Services, Inc. and the University on January 16, 2007 was amended. The original effective date was May 1, 2008, and the amended effective date is December 1, 2008 with the termination date remaining as November 1, 2038. The floating rate option was amended from the BMA Municipal Swap Index to the USD-LIBOR-BBA.



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
Agency for International Development		
Various	98.RD	360,537
<b>Subtotal</b>		360,537
Department of Agriculture		
Agricultural and Rural Economic Research	10.250	14,852
Agricultural Research Basic and Applied Research	10.001	189,688
Biotechnology Risk Assessment Research	10.219	63,010
Cooperative Forestry Assistance	10.664	44,832
Environmental Quality Incentives Program	10.912	16,211
Forest Stewardship Program	10.678	47,493
Forestry Research	10.652	79,905
Grants for Agricultural Research Competitive Research Grants	10.206	1,267,191
Grants for Agricultural Research, Special Research Grants	10.200	2,696,363
Higher Education Challenge Grants	10.217	27,988
Integrated Programs	10.303	1,231,947
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	3,083,141
Scientific Cooperation and Research	10.961	26,123
Various	10.RD	234,214
<b>Subtotal</b>		9,022,958
Department of Commerce		
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	112,322
Chesapeake Bay Studies	11.457	94,688
Climate and Atmospheric Research	11.431	136,204
Coastal Services Center	11.473	478,943
Coastal Zone Management Estuarine Research Reserves	11.420	1,864,060
Cooperative Science and Education Program	11.455	675,586

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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		
Measurement and Engineering Research and Standards	11.609	448,424
Special Oceanic and Atmospheric Projects	11.460	190,647
Undersea Research	11.430	668,046
Various	11.RD	109,121
<b>Subtotal</b>		4,778,041
Department of Defense		
Air Force Defense Research Sciences Program	12.800	423,518
Basic and Applied Scientific Research	12.300	4,001,189
Basic Scientific Research	12.431	470,405
Basic, Applied, and Advanced Research in Science and Engineering	12.630	152,466
Mathematical Sciences Grants Program	12.901	242,427
Military Medical Research and Development	12.420	2,258,997
Research and Technology Development	12.910	402,303
Various	12.RD	4,734,792
<b>Subtotal</b>		12,686,097
Department of Education		
National Assessment of Educational Progress	84.902	2,000
<b>Subtotal</b>		2,000
Department of Energy		
Conservation Research and Development	81.086	651,158
Office of Science Financial Assistance Program	81.049	380,755
Various	81.RD	3,634,050
Weatherization Assistance for Low-Income Persons	81.042	76,978
<b>Subtotal</b>		4,742,941

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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		
Academic Research Enhancement Award	93.390	99,766
Aging Research	93.866	1,245,206
Alcohol National Research Service Awards for Research Training	93.272	105,823
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	134,905
Alcohol Research Programs	93.273	1,778,437
Allergy, Immunology and Transplantation Research	93.855	2,597,609
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	20,435
Biological Response to Environmental Health Hazards	93.113	351,557
Biomedical Imaging Research	93.286	1,527,344
Biomedical Research and Research Training	93.859	17,276,033
Blood Diseases and Resources Research	93.839	12,871
Cancer Biology Research	93.396	783,880
Cancer Cause and Prevention Research	93.393	3,268,735
Cancer Control	93.399	736,760
Cancer Detection and Diagnosis Research	93.394	256,162
Cancer Treatment Research	93.395	796,068
Center for Research for Mothers and Children	93.865	402,446
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1,249,964
Diabetes, Endocrinology and Metabolism Research	93.847	295,328
Digestive Diseases and Nutrition Research	93.848	298,179
Drug Abuse Research Programs	93.279	1,759,811
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	4,542,556
Heart and Vascular Diseases Research	93.837	301,489
Human Genome Research	93.172	320,127

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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		
Kidney Diseases, Urology and Hematology Research	93.849	356,056
Lung Diseases Research	93.838	314,360
Medical Library Assistance	93.879	101,184
Mental Health Research Grants	93.242	11,772,118
Microbiology and Infectious Diseases Research	93.856	11,396
Nursing Research	93.361	134,913
Occupational Safety and Health Research Grants	93.262	200,576
Oral Diseases and Disorders Research	93.121	246,469
Population Research	93.864	168,975
Research and Training in Complementary and Alternative Medicine	93.213	187,438
Research Infrastructure	93.389	303,195
Research on Healthcare Costs, Quality and Outcomes	93.226	1,033,712
Research Related to Deafness and Communication Disorders	93.173	423,825
Senior International Fellowships	93.989	962,215
Social Services Research and Demonstration	93.647	35,247
Various	93.RD	9,475,102
Vision Research	93.867	1,207,355
<b>Subtotal</b>		67,095,627
Department of Justice		
Various	16.RD	207,651
<b>Subtotal</b>		207,651
Department of the Interior		
Assistance to State Water Resources Research Institutes	15.805	80,965
Conservation Grants Private Stewardship for Imperiled Species	15.632	34,775
Various	15.AB1	7,585

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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		
Various	15.RD	235,295
<b>Subtotal</b>		358,620
Department of Transportation		
Aviation Research Grants	20.108	409,577
Transit Planning and Research	20.514	163,881
Various	20.RD	259,387
<b>Subtotal</b>		832,845
Department of Veterans Affairs		
Various	64.RD	23,369
<b>Subtotal</b>		23,369
Environmental Protection Agency		
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	97,217
P3 Award: National Student Design Competition for Sustainability	66.516	1,309
Pesticide Environmental Stewardship Regional Grants	66.714	8,887
Pollution Prevention Grants Program	66.708	72,866
Science To Achieve Results (STAR) Program	66.509	42,844
Surveys, Studies, Investigations and Special Purpose Grants	66.606	107,937
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements Section 1442 of the Clean Water Act	66.436	37,584
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716	88,883
Targeted Watershed Grants	66.439	335,026
<b>Subtotal</b>		792,553

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
Institute of Museum and Library Services		
Institute of Museum and Library Services National Leadership Grants	45.312	350,716
<b>Subtotal</b>		350,716
National Aeronautics and Space Administration		
Aerospace Education Services Program	43.001	210,974
Various	43.RD	2,799,975
<b>Subtotal</b>		3,010,949
National Archives and Records Administration		
National Historical Publications and Records Grants	89.003	84,672
<b>Subtotal</b>		84,672
National Endowment for the Humanities		
Promotion of the Humanities Research	45.161	167,167
<b>Subtotal</b>		167,167
National Science Foundation		
Biological Sciences	47.074	8,605,144
Computer and Information Science and Engineering	47.070	6,165,586
Education and Human Resources	47.076	2,771,381
Engineering Grants	47.041	7,568,612
Geosciences	47.050	2,891,228
International Science And Engineering (OISE International)	47.079	118,509
Mathematical and Physical Sciences	47.049	7,624,262
Polar Programs	47.078	243,536
Social, Behavioral, and Economic Sciences	47.075	1,587,906
Various	47.RD	322,747
<b>Subtotal</b>		37,898,911

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
Nuclear Regulatory Commission		
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	47,456
<b>Subtotal</b>		47,456
<b>Subtotal Direct Research and Development</b>		\$142,463,110

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
Department of Agriculture		
Arizona State University		
Partnership Agreements to Develop Non-Insurance Risk Management Tools for Producers (Farmers)	10.456	18,331
Auburn University		
Grants for Agricultural Research Competitive Research Grants	10.206	5,482
Cornell University		
Grants for Agricultural Research, Special Research Grants	10.200	99,856
East Coast Shellfish Growers Association		
Grants for Agricultural Research, Special Research Grants	10.200	9,010
Health Research Inc.		
Various	10.RD	31,275
New Mexico State University		
Integrated Programs	10.303	23,402
North Carolina State University		
Integrated Programs	10.303	48,232
Penn State University		
Grants for Agricultural Research, Special Research Grants	10.200	5,029
Penn State University-Northeast IPM Center		
Integrated Programs	10.303	95,804
State of New Jersey-Department of Agriculture		
Rural Business Enterprise Grants	10.769	44,898
Various	10.RD	20,981
Texas Tech University		
Grants for Agricultural Research Competitive Research Grants	10.206	74,633
University of California-Davis		
Integrated Programs	10.303	9,580

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Georgia		
Integrated Programs	10.303	792
University of Maine		
Grants for Agricultural Research, Special Research Grants	10.200	20,249
University of Maryland		
Various	10.RD	60,457
University of Massachusetts		
Integrated Programs	10.303	17,850
University of Vermont		
Cooperative Extension Service	10.500	32,994
Sustainable Agriculture Research and Education	10.215	54,636
University of Wisconsin		
Grants for Agricultural Research Competitive Research Grants	10.206	15,804
<b>Subtotal</b>		<hr/> 689,295
Department of Commerce		
Auburn University		
Sea Grant Support	11.417	50,148
Consortium for Oceanographic Research and Education		
Marine Sanctuary Program	11.429	15,781
National Estuarine Research Reserve System		
Coastal Services Center	11.473	51,108
National Fish and Wildlife Foundation		
Habitat Conservation	11.463	35,183
New Jersey Marine Sciences Consortium		
Sea Grant Support	11.417	226,682
Various	11.RD	91,635
Oregon State University		
Various	11.RD	23,128

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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	20,228
State of New Jersey-Department of Law and Public Safety- Office of Emergency Management		
Integrated Flood Observing and Warning System (IFLOWS)	11.450	20,755
University of Alaska		
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	(731)
University of California-San Diego		
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	61,686
University of Maryland		
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	50,698
University of New Hampshire		
Coastal Zone Management Administration Awards	11.419	68,100
Virginia Center for Innovative Technology		
Various	11.RD	(3,215)
Virginia Institute of Marine Science		
Sea Grant Support	11.417	3,372
<b>Subtotal</b>		<b>714,558</b>
Department of Defense		
California Institute of Technology		
Basic Scientific Research	12.431	33,244
Ceramatec, Inc		
Various	12.RD	13,641
Clemson University		
Various	12.RD	(16,169)

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Desert Research Institute		
Basic Scientific Research	12.431	13,429
Electro Energy, Inc.		
Various	12.RD	244,738
Impulse Devices, Inc.		
Various	12.RD	30,988
Institute for the Study of Learning and Expertise		
Various	12.RD	23,104
ITT Corporation		
Basic and Applied Scientific Research	12.300	50,030
Lithium Technology Corporation		
Various	12.RD	22,000
MaxPower Inc.		
Various	12.RD	2,033
Mayflower Communications Company, Inc		
Various	12.RD	(13,440)
Monterey Peninsula College		
Basic and Applied Scientific Research	12.300	8,922
Nano Engineered Innovation Corporation		
Various	12.RD	7,205
OLI Systems, Inc.		
Various	12.RD	(1,470)
Omega Optics, Inc.		
Various	12.RD	2,781
Pliant Corporation		
Various	12.RD	68,748
Raytheon Company		
Basic and Applied Scientific Research	12.300	911,622
Various	12.RD	91,595

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
SAIC		
Various	12.RD	45,639
Science Applications International Corporation		
Various	12.RD	40,000
Smart Information Flow Technologies		
Various	12.RD	63,333
Technology Assessment and Transfer, Inc.		
Various	12.RD	107,713
University of Arizona		
Various	12.RD	129,766
University of California-Berkeley		
Research and Technology Development	12.910	131,910
University of Delaware		
Various	12.RD	5,903
University of Maryland		
Basic and Applied Scientific Research	12.300	45,101
Various	12.RD	(24,930)
University of Medicine and Dentistry, New Jersey-Cancer Institute of New Jersey		
Military Medical Research and Development	12.420	1,368
University of Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Various	12.RD	(2,060)
University of Miami		
Basic and Applied Scientific Research	12.300	33,421
University of Minnesota		
Basic and Applied Scientific Research	12.300	67,863
University of Washington		
Various	12.RD	207,779

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Vanderbilt University		
Air Force Defense Research Sciences Program	12.800	123,018
Woods Hole Oceanographic Institution		
Basic and Applied Scientific Research	12.300	81,070
ZN Technology, Inc.		
Various	12.RD	40,317
<b>Subtotal</b>		2,590,212
Department of Education		
CUNY-Research Foundation		
Fund for the Improvement of Postsecondary Education	84.116	10,056
Essex County College		
Various	84.RD	9,442
Harvard University		
Various	84.RD	(1,280)
New Jersey Institute of Technology		
National Institute on Disability and Rehabilitation Research	84.133	94,623
Penn State University		
Various	84.RD	1,156,250
Prevent Child Abuse - New Jersey Chapter		
Various	84.RD	53,214
State of New Jersey-Department of Education		
Various	84.RD	69,551
Syracuse University		
National Institute on Disability and Rehabilitation Research	84.133	33,651
Vanderbilt University		
Various	84.RD	402,965
<b>Subtotal</b>		1,828,472

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Department of Energy		
Advanced Materials Corporation		
Fossil Energy Research and Development	81.089	(1,288)
Altair Nanomaterials, Inc.		
Various	81.RD	55,455
Automotive Composites Consortium		
Various	81.RD	74,082
Battelle		
Various	81.RD	400,787
Brookhaven National Labs		
Various	81.RD	68,295
California Institute of Technology		
Various	81.RD	68,649
Ceramatec, Inc		
Various	81.RD	54,141
Fermilab		
Various	81.RD	68,987
Jefferson Science Associates, LLC		
Various	81.RD	86,217
Lawrence Berkeley National Lab		
Various	81.RD	15,291
Lawrence Livermore National Laboratory		
Various	81.RD	100,000
Multi-Phase Technologies, LLC		
Various	81.RD	23,783
Princeton University		
Office of Science Financial Assistance Program	81.049	64,814
Siemens Corporate Research and Support Inc.		
Various	81.RD	7,474

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
State of New Jersey-Board of Public Utilities		
State Energy Program	81.041	(1,186)
University of Copenhagen, Denmark		
Various	81.RD	133,824
University of Delaware		
Various	81.RD	46,345
University of Texas		
Various	81.RD	36,477
Vanderbilt University		
Various	81.RD	376,504
<b>Subtotal</b>		1,678,651
Department of Health and Human Services		
Albert Einstein College of Medicine		
Allergy, Immunology and Transplantation Research	93.855	111,594
Cancer Control	93.399	(227)
Baylor College		
Cancer Detection and Diagnosis Research	93.394	85,594
Research Infrastructure	93.389	48,636
Various	93.RD	197,373
Boston Medical Center		
Drug Abuse Research Programs	93.279	9,533
Carolinas HealthCare System		
Center for Research for Mothers and Children	93.865	13,200
Children's Hospital of Philadelphia		
Blood Diseases and Resources Research	93.839	205,937
City of Newark, New Jersey		
Various	93.RD	522

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Columbia University		
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	69,533
Commonwealth of Pennsylvania		
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	160,535
Duke University		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	110,641
Education Development Center		
Various	93.RD	78,150
Emory University		
Cancer Centers Support Grants	93.397	98,635
Fox Chase Cancer Center		
Various	93.RD	185,410
Health Research Inc.		
Allergy, Immunology and Transplantation Research	93.855	94,862
Hospital for Special Surgery		
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	69,985
Indiana University		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	15,743
Louisiana State University		
Various	93.RD	33,333
Massachusetts General Hospital		
Cancer Biology Research	93.396	24,480
Michigan State University		
Head Start	93.600	280,367
Montefiore Medical Center		
Microbiology and Infectious Diseases Research	93.856	74,164

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Mount Sinai School of Medicine		
Cancer Cause and Prevention Research	93.393	23,947
Diabetes, Endocrinology and Metabolism Research	93.847	(9,825)
Nanoprobes, Inc.		
Various	93.RD	8,144
New York Blood Center		
Various	93.RD	52,869
New York Structural Biology Center		
Various	93.RD	146,002
New York University School of Medicine		
Biomedical Research and Research Training	93.859	67,252
Various	93.RD	37,891
Penn State University		
Lung Diseases Research	93.838	56,377
Princeton University		
Biomedical Imaging Research	93.286	30,971
Biomedical Research and Research Training	93.859	27,415
Various	93.RD	(10,770)
Purdue University		
Research and Training in Complementary and Alternative Medicine	93.213	97,346
Research Foundation for Mental Hygiene, Inc.		
Drug Abuse Research Programs	93.279	(1,416)
State of Arkansas		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	43,680
State of Michigan-Department of Community Health		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	16,635

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
State of New Jersey-Department of Education		
Various	93.RD	83,807
State of New Jersey-Department of Health and Senior Services		
Various	93.RD	223,109
State of New Jersey-Department of Health and Senior Services- Division of HIV/AIDS Services		
HIV Demonstration, Research, Public and Professional Education Projects	93.941	518,477
State of New Jersey-Department of Human Services- Developmental Disabilities Council		
Developmental Disabilities Basic Support and Advocacy Grants	93.630	13,234
SUNY-Stony Brook		
Cancer Cause and Prevention Research	93.393	28,211
SUNY-The Research Foundation		
Alcohol Research Programs	93.273	307,489
Cancer Cause and Prevention Research	93.393	152,940
Textile Research Institute		
Biomedical Imaging Research	93.286	29,201
University of California- EO Lawrence Berkeley Natational Laboratory		
Human Genome Research	93.172	314,665
University of California-Berkeley		
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	81,576
University of California-San Diego		
Various	93.RD	26,349
University of California-San Francisco		
Various	93.RD	332,188

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Maryland		
Health Professions Pregraduate Scholarship Program for Indians	93.123	11,621
University of Medicine and Dentistry, New Jersey		
Biomedical Imaging Research	93.286	92,017
Biometry and Risk Estimation Health Risks from Environmental Exposures	93.115	26,945
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	11,458
Resource and Manpower Development in the Environmental Health Sciences	93.894	(54,479)
Various	93.RD	7,507
University of Medicine and Dentistry, New Jersey-Cancer Institute of New Jersey		
Cancer Centers Support Grants	93.397	29,000
Cancer Detection and Diagnosis Research	93.394	88,080
Various	93.RD	115,540
University of Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Allergy, Immunology and Transplantation Research	93.855	302,460
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	2,792,736
Biological Response to Environmental Health Hazards	93.113	437,374
Cancer Cause and Prevention Research	93.393	10,662
Center for Research for Mothers and Children	93.865	219,195
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	(2,483)
Drug Abuse Research Programs	93.279	3,200
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	4,000
Medical Library Assistance	93.879	10,053
Various	93.RD	55,958

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Michigan		
Drug Abuse Research Programs	93.279	7,530
University of Oklahoma Health Sciences Center		
Various	93.RD	164,575
University of Pennsylvania		
Biomedical Imaging Research	93.286	80,334
Mental Health Research Grants	93.242	24,289
University of Pittsburgh		
Allergy, Immunology and Transplantation Research	93.855	145,344
University of Southern California		
Biomedical Research and Research Training	93.859	47,228
University of Texas		
Allergy, Immunology and Transplantation Research	93.855	221,941
Lung Diseases Research	93.838	33,524
University of Washington		
Center for Research for Mothers and Children	93.865	9,349
University of Wisconsin		
Aging Research	93.866	85,267
Research and Training in Complementary and Alternative Medicine	93.213	8,084
Washington University - St. Louis		
Research and Training in Complementary and Alternative Medicine	93.213	185,132
Yale University		
Allergy, Immunology and Transplantation Research	93.855	4,615
Research and Training in Complementary and Alternative Medicine	93.213	7,210
<b>Subtotal</b>		<b>9,851,030</b>

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Department of Homeland Security		
University of Colorado		
Centers for Homeland Security	97.061	1,491
<b>Subtotal</b>		1,491
Department of Housing and Urban Development		
City of Newark, New Jersey		
Demolition and Revitalization of Severely Distressed Public Housing	14.866	11,368
D&R International		
Various	14.RD	6,233
<b>Subtotal</b>		17,601
Department of Justice		
State of New Jersey-Department of Corrections		
Offender Reentry Program	16.202	2,096
State of New Jersey-Department of Law and Public Safety		
Community Prosecution and Project Safe Neighborhoods	16.609	690
State of New Jersey-Department of Law and Public Safety- Division of Criminal Justice		
Community Prosecution and Project Safe Neighborhoods	16.609	39,993
<b>Subtotal</b>		42,779
Department of Labor		
State of New Jersey-Department of Labor		
Various	17.RD	4,291
<b>Subtotal</b>		4,291
Department of the Interior		
Nebraska State Historical Society Foundation		
Various	15.RD	70,921
<b>Subtotal</b>		70,921

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Department of Transportation		
A. Strauss-Weider, Inc.		
Various	20.RD	14,561
American Association of Motor Vehicle Administrators		
Various	20.RD	(26,854)
Camden County		
Various	20.RD	210,020
Cornell University		
Biobased Transportation Research	20.761	17,882
CUNY-Research Foundation		
Federal Transit Grants for University Research and Training	20.502	6,581
Various	20.RD	25,180
CUNY-Transportation Research Center		
Federal Transit Grants for University Research and Training	20.502	50,128
Various	20.RD	119,626
Metropolitan Transit Authority - Harris County, Texas		
Various	20.RD	93,937
National Academy of Sciences		
Transit Planning and Research	20.514	(3,409)
Various	20.RD	142,367
New Jersey Institute of Technology		
Various	20.RD	42,425
Rensselaer Polytechnic Institute		
Various	20.RD	3,529
State of New Jersey-Department of Law and Public Safety- Department of Highway Traffic & Safety		
Safety Belt Performance Grants	20.609	37,517
Various	20.RD	6,155

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
State of New Jersey-Department of Transportation		
Various	20.RD	542,222
Titan Folding Technologies, Inc.		
Various	20.RD	32,878
University of Vermont		
Highway Planning and Construction	20.205	8,302
<b>Subtotal</b>		<u>1,323,047</u>
Environmental Protection Agency		
Delaware River Basin Commission		
Various	66.RD	73,793
Health Effects Institute		
Various	66.RD	54,490
Ocean County College-Barnegat Bay NEP		
National Estuary Program	66.456	3,277
State of New Jersey-Department of Environmental Protection		
Nonpoint Source Implementation Grants	66.460	293,104
Performance Partnership Grants	66.605	9,037
Surveys, Studies, Investigations, Demonstrations and Training Grants and Cooperative Agreements Section 1442 of the Clean Water Act	66.436	4,700
Various	66.RD	17,005
University of Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Various	66.RD	162,098
<b>Subtotal</b>		<u>617,504</u>
National Aeronautics and Space Administration		
Clark University		
Aerospace Education Services Program	43.001	11,356

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
iBiometrics, Inc.		
Various	43.RD	72,877
Smithsonian Astrophysical Observatory		
Various	43.RD	129,454
Space Telescope Science Institute		
Various	43.RD	56,321
United Technologies Research Corporation		
Various	43.RD	26,057
University of Maryland		
Various	43.RD	(38,243)
University of New Hampshire		
Various	43.RD	41,799
Various	43.RD	40,967
Woods Hole Oceanographic Institution		
Various	43.RD	44,666
<b>Subtotal</b>		<b>385,254</b>
National Endowment for the Humanities		
New Jersey Council for the Humanities		
Promotion of the Humanities Federal/State Partnership	45.129	14,116
<b>Subtotal</b>		<b>14,116</b>
National Science Foundation		
Altairnano, Inc.		
Various	47.RD	19,132
Arizona State University		
Social, Behavioral, and Economic Sciences	47.075	36,804
Gallaudet University		
Various	47.RD	21,372

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Georgia Institute of Technology		
Computer and Information Science and Engineering	47.070	71,419
Iowa State University		
Social, Behavioral, and Economic Sciences	47.075	31,201
Liberty Science Center		
Education and Human Resources	47.076	39,511
New Jersey Institute of Technology		
Engineering Grants	47.041	79,867
Northeastern University		
Engineering Grants	47.041	95,650
Oberlin College		
Various	47.RD	7,421
Penn State University		
Mathematical and Physical Sciences	47.049	47,303
PnP Networks		
Engineering Grants	47.041	26,446
Princeton University		
International Science And Engineering (OISE International)	47.079	89,092
Mathematical and Physical Sciences	47.049	18,604
Purdue University		
Various	47.RD	56,821
Raritan Valley Community College		
Various	47.RD	20,392
Santa Fe Institute		
Various	47.RD	19,972
Smithsonian Institution		
Social, Behavioral, and Economic Sciences	47.075	56,930
Various	47.RD	42,233

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Stanford University		
Geosciences	47.050	155,773
Various	47.RD	2,332
Syracuse University		
Geosciences	47.050	10,041
University of California-San Diego		
Various	47.RD	25,906
University of Illinois		
Engineering Grants	47.041	1,268
University of Maryland		
Various	47.RD	70,298
University of Massachusetts		
Education and Human Resources	47.076	39,617
University of Puerto Rico		
Various	47.RD	73,022
University of Southern California		
Geosciences	47.050	89,274
University of Tennessee		
Education and Human Resources	47.076	3,429
University of Washington		
Mathematical and Physical Sciences	47.049	150,244
Various	47.RD	(17,748)
US Civilian Research and Development Foundation		
Social, Behavioral, and Economic Sciences	47.075	718
US-Israel Binational Science Foundation		
Various	47.RD	8,408
Vanderbilt University		
Various	47.RD	5,172

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

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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:		
Virginia Institute of Marine Science		
Polar Programs	47.078	48,941
Washington State University		
Various	47.RD	39,527
<b>Subtotal</b>		<hr/> 1,486,392
<b>Subtotal Pass-Through Research and Development</b>		<hr/> \$21,315,614
<b>Subtotal Research and Development Cluster</b>		<hr/> \$163,778,724

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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 (Including Administrative Cost of \$3,368)	84.007	2,068,836
Federal Work-Study Program	84.033	4,394,607
Federal Perkins Loan Program (Including Administrative Cost of \$452,552)	84.038	6,209,612
Federal Pell Grant Program	84.063	31,416,192
Federal Direct Student Loan Program	84.268	169,197,643
Federal Academic Competitiveness Grant Program	84.375	1,134,875
Federal National Science and Mathematics Access to Retain Talent Grant Program	84.376	827,850
Department of Health and Human Services		
Nursing Student Loan Program	93.364	118,234
Scholarships for Health Professions Students from Disadvantaged Backgrounds	93.925	79,154
<b>Subtotal Student Financial Aid Cluster</b>		<b>\$215,447,003</b>

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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	399,101
<b>Subtotal</b>		399,101
Department of Agriculture		
Agricultural Research Basic and Applied Research	10.001	7,460
Cooperative Extension Service	10.500	3,575,400
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	21,009
Grants for Agricultural Research Competitive Research Grants	10.206	9,999
Grants for Agricultural Research, Special Research Grants	10.200	34,975
Higher Education Challenge Grants	10.217	12,276
Integrated Programs	10.303	11,914
International Training Foreign Participant	10.962	28,600
Various	10.UNK	190,745
<b>Subtotal</b>		3,892,378
Department of Commerce		
Coastal Zone Management Estuarine Research Reserves	11.420	22,815
Economic Development Technical Assistance	11.303	100,415
Grants for Public Works and Economic Development Facilities	11.300	1,666,874
<b>Subtotal</b>		1,790,104
Department of Defense		
Basic and Applied Scientific Research	12.300	12,645
Basic Scientific Research	12.431	10,000

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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 Defense		
Mathematical Sciences Grants Program	12.901	2,654
<b>Subtotal</b>		25,299
Department of Education		
Fund for the Improvement of Postsecondary Education	84.116	229,642
Graduate Assistance in Areas of National Need	84.200	822,145
International: Overseas Doctoral Dissertation	84.022	38,857
International: Overseas Group Projects Abroad	84.021	63,000
Javits Fellowships	84.170	269,726
Safe and Drug-Free Schools and Communities National Programs	84.184	8,410
Special Education Personnel Preparation to Improve Services and Results for Children with Disabilities	84.325	203,690
TRIO McNair Post-Baccalaureate Achievement	84.217	131,783
TRIO Student Support Services	84.042	886,988
TRIO Upward Bound	84.047	555,015
Undergraduate International Studies and Foreign Language Programs	84.016	56,195
<b>Subtotal</b>		3,265,451
Department of Energy		
Office of Science Financial Assistance Program	81.049	10,917
<b>Subtotal</b>		10,917
Department of Health and Human Services		
Advanced Education Nursing Grant Program	93.247	244,294
Advanced Education Nursing Traineeships	93.358	55,512

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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		
Aging Research	93.866	6,149
Alcohol National Research Service Awards for Research Training	93.272	139,235
Allergy, Immunology and Transplantation Research	93.855	(624)
Biological Response to Environmental Health Hazards	93.113	228,728
Biomedical Imaging Research	93.286	238,409
Biomedical Research and Research Training	93.859	690,018
Cancer Research Manpower	93.398	13,158
Diabetes, Endocrinology and Metabolism Research	93.847	155,274
Drug Abuse Research Programs	93.279	254,810
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	19,383
Health Care and Other Facilities	93.887	182,715
Mental Health National Research Service Awards for Research Training	93.282	334,668
Mental Health Research Grants	93.242	270,470
Research Infrastructure	93.389	96,368
Resource and Manpower Development in the Environmental Health Sciences	93.894	70,615
Various	93.UNK	245,224
<b>Subtotal</b>		3,244,406
Department of Homeland Security		
Homeland Security-Related Science, Technology, Engineering and Mathematics (HS STEM) Career Development Program	97.104	12,403

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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 Homeland Security		
Various	97.UNK	68,710
<b>Subtotal</b>		81,113
Department of Housing and Urban Development		
Community Development Block Grants/Entitlement Grants	14.218	30,450
Economic Development Initiative-Special Project, Neighborhood Initiative And Miscellaneous Grants	14.251	12,450
Various	14.UNK	135,364
<b>Subtotal</b>		178,264
Department of Justice		
Various	16.RD	(47,098)
<b>Subtotal</b>		(47,098)
Department of Labor		
Employment Programs for People with Disabilities	17.720	223,205
Various	17.UNK	74,025
<b>Subtotal</b>		297,230
Department of State		
College and University Partnerships Program	19.405	30,041
<b>Subtotal</b>		30,041
Department of the Interior		
Various	15.UNK	12,688
<b>Subtotal</b>		12,688

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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 the Treasury		
Low-Income Taxpayer Clinics	21.008	87,895
<b>Subtotal</b>		87,895
Department of Transportation		
Aviation Research Grants	20.108	100,768
Transit Planning and Research	20.514	6,068,326
University Transportation Centers Program	20.701	71,111
Various	20.UNK	973,501
<b>Subtotal</b>		7,213,706
Department of Veterans Affairs		
Various	64.UNK	40,779
<b>Subtotal</b>		40,779
Environmental Protection Agency		
P3 Award: National Student Design Competition for Sustainability	66.516	9,980
Pollution Prevention Grants Program	66.708	10,138
Science To Achieve Results (STAR) Fellowship Program	66.514	1,438
Solid Waste Management Assistance	66.808	16,214
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	29,080
Training and Fellowships for the Environmental Protection Agency	66.607	140,075
<b>Subtotal</b>		206,925
Institute of Museum and Library Services		
Institute of Museum and Library Services	45.301	64,305

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
Institute of Museum and Library Services		
Institute of Museum and Library Services Recruiting and Educating Librarians for the 21st Century	45.313	76,111
<b>Subtotal</b>		140,416
Library of Congress		
Various	42.UNK	43,542
<b>Subtotal</b>		43,542
National Aeronautics and Space Administration		
Various	43.UNK	56,708
<b>Subtotal</b>		56,708
National Archives and Records Administration		
National Historical Publications and Records Grants	89.003	103,992
<b>Subtotal</b>		103,992
National Endowment for the Arts		
Promotion of the Arts Grants to Organizations and Individuals	45.024	8,204
<b>Subtotal</b>		8,204
National Endowment for the Humanities		
Promotion of the Humanities Fellowships and Stipends	45.160	8,962
Promotion of the Humanities Public Programs	45.164	33,947
<b>Subtotal</b>		42,909
National Science Foundation		
Biological Sciences	47.074	62,431
Computer and Information Science and Engineering	47.070	4,536

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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 Science Foundation		
Education and Human Resources	47.076	4,731,377
Geosciences	47.050	159,141
International Science and Engineering (OISE International)	47.079	13,991
Mathematical and Physical Sciences	47.049	37,835
Polar Programs	47.078	13,847
Various	47.UNK	302,455
		5,325,613
<b>Subtotal</b>		
Small Business Administration		
Small Business Development Center	59.037	2,380,523
		2,380,523
<b>Subtotal</b>		
		\$28,831,106
<b>Subtotal Direct Other Programs</b>		

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Department of Agriculture		
Cornell University		
Cooperative Extension Service	10.500	10,660
Grants for Agricultural Research, Special Research Grants	10.200	(4,867)
Homeland Security Agricultural	10.304	37,455
Gloucester County College		
Higher Education Challenge Grants	10.217	8,087
Kansas State University		
Cooperative Extension Service	10.500	69,400
Michigan State University		
Commodity Partnerships for Risk Management Education	10.457	7,872
North Carolina State University		
Cooperative Extension Service	10.500	36,765
North Dakota State University		
Cooperative Extension Service	10.500	7,500
State of New Jersey-Department of Agriculture		
Crop Insurance Education in Targeted States	10.458	180,847
Various	10.UNK	8,519
State of New Jersey-Department of Human Services		
State Administrative Matching Grants for Food Stamp Program	10.561	4,960,993
University of Connecticut		
Grants for Agricultural Research, Special Research Grants	10.200	5,862
University of Delaware-NCRME		
Cooperative Extension Service	10.500	35,000
University of Idaho, The Regents of the		
Grants for Agricultural Research, Special Research Grants	10.200	3,000

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Vermont		
Cooperative Extension Service	10.500	39,394
<b>Subtotal</b>		5,406,487
Department of Commerce		
New Jersey Marine Sciences Consortium		
Sea Grant Support	11.417	39,236
Various	11.UNK	52,725
Old Dominion University		
Coastal Services Center	11.473	11,672
University of Miami		
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	68,612
<b>Subtotal</b>		172,245
Department of Defense		
Academy of Applied Science		
Various	12.UNK	20,109
Mandaree Enterprise Corporation		
Various	12.UNK	19,457
Multi-Phase Technologies, LLC		
Various	12.UNK	18,741
University of Maryland		
Various	12.UNK	106,568
University of Washington		
Various	12.UNK	88,231
<b>Subtotal</b>		253,106
Department of Education		
Cornell University		
National Institute on Disability and Rehabilitation Research	84.133	68,491

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2008

<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:		
MPR Associates, Inc.		
Various	84.UNK	62,516
National Writing Project		
National Writing Project	84.928	118,840
State of New Jersey-Department of Education		
Mathematics and Science Partnerships	84.366	828,829
Various	84.UNK	289,851
<b>Subtotal</b>		1,368,527
Department of Energy		
Jackson State University		
Various	81.UNK	50,749
Krell Institute		
Various	81.UNK	807
<b>Subtotal</b>		51,556
Department of Health and Human Services		
Camden Empowerment Zone Corporation		
Social Services Block Grant	93.667	5,000
Case Western Reserve University-Cleveland Clinic Lerner College of Medicine		
Heart and Vascular Diseases Research	93.837	51,469
Columbia University		
AIDS Education and Training Centers	93.145	82,254
Jae Enterprises, Inc.		
Various	93.UNK	9,999
Link2Health Solutions, Inc.		
Various	93.UNK	55,857
Louisiana State University		
Research and Training in Complementary and Alternative Medicine	93.213	268,234

(Continued)  
76

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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		
Various	93.UNK	34,017
Rowan College of New Jersey		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	10,967
State of New Jersey-Administrative Office of the Courts		
State Court Improvement Program	93.586	37,542
State of New Jersey-Department of Community Affairs		
Injury Prevention and Control Research and State and Community Based Programs	93.136	108,800
Various	93.UNK	6,966
State of New Jersey-Department of Health and Senior Services		
Various	93.UNK	169,018
State of New Jersey-Department of Human Services		
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238	204,551
State of New Jersey-Department of Human Services-Division of Family Development		
Child Support Enforcement	93.563	3,226,249
The Center to Protect Workers' Rights		
Health and Safety Programs for Construction Work	93.955	130,217
University of Medicine and Dentistry, New Jersey		
Bioterrorism Training and Curriculum Development Program	93.996	202,572
Maternal and Child Health Federal Consolidated Programs	93.110	14,119
Various	93.UNK	40,596
University of Medicine and Dentistry, New Jersey-Cancer Institute of New Jersey		
Cancer Centers Support Grants	93.397	5,000
University of Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Allergy, Immunology and Transplantation Research	93.855	21,866

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Biological Response to Environmental Health Hazards	93.113	31,335
Mental Health National Research Service Awards for Research Training	93.282	122,145
Mental Health Research Grants	93.242	14,524
Various	93.UNK	90,649
University of Pittsburgh		
Allergy, Immunology and Transplantation Research	93.855	500,889
<b>Subtotal</b>		5,444,835
Department of Homeland Security		
IBM Corporation		
Various	97.UNK	(4,320)
Office of Homeland Security & Preparedness		
Various	97.UNK	7,433
<b>Subtotal</b>		3,113
Department of Housing and Urban Development		
Cumberland County Empowerment Zone Corporation		
Various	14.UNK	918,854
Jersey City-Department of Housing, Economic Development & Commerce-Division of Community Development		
Various	14.UNK	14,886
<b>Subtotal</b>		933,740
Department of Justice		
State of New Jersey-Department of Law and Public Safety		
Violence Against Women Formula Grants	16.588	288,092
State of New Jersey-Department of Law and Public Safety-Division of Criminal Justice		
Crime Victim Assistance	16.575	26,861

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
State of New Jersey-Department of Law and Public Safety-Office of Victim Witness Advocacy		
Crime Victim Assistance	16.575	27,389
Violence Against Women Formula Grants	16.588	51,694
State of New Jersey-Parole Board		
Offender Reentry Program	16.202	122,978
<b>Subtotal</b>		517,014
Department of Labor		
Middlesex County		
Various	17.UNK	178,336
New York State - Department of Labor		
Various	17.UNK	42,896
State of New Jersey-Department of Labor		
WIA Adult Program	17.258	42,055
Syracuse University		
Various	17.UNK	50,488
University of Medicine and Dentistry, New Jersey-Robert Wood Johnson Medical School		
Occupational Safety and Health Susan Harwood Training Grants	17.502	64,491
<b>Subtotal</b>		378,266
Department of State		
US Civilian Research and Development Foundation		
Various	19.UNK	12,190
<b>Subtotal</b>		12,190
Department of the Interior		
American Association for the Advancement of Science		
Various	15.UNK	17,043
<b>Subtotal</b>		17,043

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
Department of Transportation		
American Public Works Association		
Various	20.UNK	45,945
City University of New York-Research Foundation		
Federal Transit Grants for University Research and Training	20.502	27,741
City University of New York-Transportation Research Center		
Federal Transit Grants for University Research and Training	20.502	29,891
State of New Jersey-Department of Law and Public Safety- Department of Highway Traffic & Safety		
Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	20.601	32,925
Safety Belt Performance Grants	20.609	17,680
State and Community Highway Safety	20.600	210,699
Various	20.UNK	40,038
State of New Jersey-Department of Transportation		
Various	20.UNK	303,249
Various (DGCA)		
Transit Planning and Research	20.514	115,609
Various Corporations		
Various	20.UNK	26,242
<b>Subtotal</b>		<b>850,019</b>
Environmental Protection Agency		
City of Plainfield, New Jersey		
Various	66.UNK	6,090
Ocean County College-Barnegat Bay NEP		
National Estuary Program	66.456	14,128
State of New Jersey-Department of Environmental Protection		
Nonpoint Source Implementation Grants	66.460	71,409
Various	66.UNK	119,497

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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 Minnesota		
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean	66.034	12,177
<b>Subtotal</b>		223,301
National Aeronautics and Space Administration		
California Institute of Technology		
Various	43.UNK	31,300
CIT-Jet Propulsion Laboratory		
Various	43.UNK	6,249
Smithsonian Astrophysical Observatory		
Various	43.UNK	15,021
Space Telescope Science Institute		
Various	43.UNK	51,193
The Institute for the Application of Geospatial Technology		
Various	43.UNK	4,788
University of Pennsylvania		
Various	43.UNK	163,708
<b>Subtotal</b>		272,259
National Endowment for the Arts		
Mid Atlantic Arts Foundation		
Promotion of the Arts Partnership Agreements	45.025	5,950
State of New Jersey-Department of State-New Jersey State Council on the Arts		
Promotion of the Arts Partnership Agreements	45.025	33,488
<b>Subtotal</b>		39,438
National Endowment for the Humanities		
New Jersey Council for the Humanities		
Promotion of the Humanities Federal/State Partnership	45.129	20,240
<b>Subtotal</b>		20,240

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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:		
National Science Foundation		
Joint Oceanographic Institutions, Inc.		
Various	47.UNK	3,237
National Academy of Sciences		
Social, Behavioral, and Economic Sciences	47.075	11,689
New Jersey Institute of Technology		
Biological Sciences	47.074	78,526
Newark Public Schools		
Education and Human Resources	47.076	151,759
Structured Materials Industries Inc.		
Various	47.UNK	30,000
University of Arizona		
Engineering Grants	47.041	81,853
University of California-Berkeley		
Education and Human Resources	47.076	39,855
University of California-San Diego		
Geosciences	47.050	57,921
University of Delaware		
Mathematical and Physical Sciences	47.049	662
US Civilian Research and Development Foundation		
International Science And Engineering (OISE International)	47.079	2,476
US-Israel Binational Science Foundation		
Various	47.UNK	24,623
<b>Subtotal</b>		482,601

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

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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:		
Pass-Through:		
		<hr/>
<b>Subtotal Pass-Through Other Programs</b>		\$16,445,980
<b>Subtotal Other Programs Cluster</b>		<hr/> \$260,724,089
<b>Total Expenditures of Federal Awards</b>		<hr/> \$424,502,813 <hr/>

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, 2008

#### (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, 2008, 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 2008 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, 2008

**(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	\$ 8,213
Grants for Agricultural Research, Special Research Grants	10.200	10,502
Grants for Agricultural Research, Competitive Research Grants	10.206	233,306
Higher Education Challenge Grants	10.217	14,445
Integrated Programs	10.303	442,369
Coastal Zone Management Estuarine Research Reserves	11.420	26,897
Undersea Research	11.430	7,166
Cooperative Science and Education Program	11.455	314,350
Special Oceanic and Atmospheric Projects	11.460	95,633
Coastal Services Center	11.473	205,438
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478	83,666
Various	11.RD	49,859
Basic and Applied Scientific Research	12.300	1,235,735
Military Medical Research and Development	12.420	1,080,461
Research and Technology Development	12.910	25,248
Various	12.RD	316,999
Assistance to State Water Resources Research Institutes	15.805	6,584
Various	15.RD	24,591
Various	16.RD	6,346
Employment Programs for People with Disabilities	17.720	42,888
Various	17.UNK	38,526
College and University Partnerships Program	19.405	12,748
Transit Planning and Research	20.514	887,044
State and Community Highway Safety	20.600	60,438
Safety Belt Performance Grants	20.609	13,698
University Transportation Centers Program	20.701	36,661
Various	20.RD	75,372
Various	20.UNK	26,800
Aerospace Education Services Program	43.001	87,366
Various	43.RD	3,750
Promotion of the Humanities Public Programs	45.164	3,000
Institute of Museum and Library Services National Leadership Grants	45.312	36,963
Engineering Grants	47.041	2,679,194
Mathematical and Physical Sciences	47.049	104,849
Geosciences	47.050	40,558
Computer and Information Science and Engineering	47.070	334,571



**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Biological Sciences	47.074	\$ 1,912,255
Social, Behavioral, and Economic Sciences	47.075	2,465
Education and Human Resources	47.076	1,691,145
Various	47.RD	17,344
Small Business Development Center	59.037	1,053,785
Targeted Watershed Grants	66.439	46,317
Nonpoint Source Implementation Grants	66.460	104,790
Surveys, Studies, Investigations, Training Demonstrations and Educational Outreach	66.716	19,600
Brownfields Training, Research, and Technical Assistance Grants and Cooperative Agreements	66.814	7,355
U. S. Nuclear Regulatory Commission Nuclear Education Grant Program	77.006	11,669
Various	81.RD	1,327,827
Mathematics and Science Partnerships	84.366	84,821
Various	84.RD	43,248
Oral Diseases and Disorders Research	93.121	62,662
Research and Training in Complementary and Alternative Medicine	93.213	109,057
Research on Healthcare Costs, Quality and Outcomes	93.226	83,473
Mental Health Research Grants	93.242	997,143
Occupational Safety and Health Research Grants	93.262	26,981
Alcohol Research Programs	93.273	8,576
Drug Abuse Research Programs	93.279	104,381
Biomedical Imaging Research	93.286	353,997
Cancer Cause and Prevention Research	93.393	468,988
Cancer Detection and Diagnosis Research	93.394	35,525
Cancer Control	93.399	56,871
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	774,210
Heart and Vascular Diseases Research	93.837	94,955
Lung Diseases Research	93.838	60,585
Diabetes, Endocrinology and Metabolism Research	93.847	12,116
Digestive Diseases and Nutrition Research	93.848	36,334
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	370,663
Allergy, Immunology and Transplantation Research	93.855	77,250
Biomedical Research and Research Training	93.859	5,390,299
Aging Research	93.866	199,002
Health and Safety Programs for Construction Work	93.955	68,090

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2008

<u>Program Title</u>	<u>Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Senior International Fellowships	93.989	\$ 561,521
Various	93.RD	354,685
Various	93.UNK	35,193
Various	97.UNK	5,775
Various	98.RD	302,583
Various	98.UNK	104,724
		<u>\$ 25,750,494</u>

**(3) Federal Direct Student Loan Program**

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student 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, 2008.

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

The balance of loans outstanding under the Federal Perkins Loan Program, Nursing Student Loan Program, and Income Contingent Loan Program (CFDA # 84.226) at June 30, 2008 was \$38,887,353, \$318,678 and \$93,075, 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, 2008, and have issued our report thereon dated January 26, 2009. 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 the blended component units 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 as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the University's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the University's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain other matters that we reported to management of the University in a separate letter dated January 26, 2009.

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 26, 2009





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**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* (Compliance Supplement) that are applicable to each of its major Federal programs for the year ended June 30, 2008, except the requirements discussed in the second paragraph of this report. 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 did not audit the University's compliance with the requirements governing maintaining contact with borrowers and billing and collection procedures in accordance with the requirements of the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement. Those requirements govern functions performed by University Accounting Service LLC (UAS). Since we did not apply auditing procedures to satisfy ourselves as to compliance with those requirements, the scope of work was not sufficient to enable us to express, and we do not express, an opinion on compliance with those requirements. UAS's compliance with the requirements governing the functions that it performs for the University for the year ended June 30, 2008 was examined by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' examination of UAS's compliance with such requirements.

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 described in the Compliance Supplement 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 considered 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, the University complied, in all material respects, with the requirements referred to in the first paragraph above that are applicable to each of its major Federal programs for the year ended June 30, 2008. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, which is required to be reported in accordance with Federal OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 08-1.

### **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 the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the University's internal control over compliance.

Requirements governing maintaining contact with borrowers and billing and collection procedures in the Student Financial Assistance Cluster: Federal Perkins Loan Program as described in the Compliance Supplement are performed by UAS. Internal control over compliance related to such functions for the year ended June 30, 2008 was reported on by other accountants in accordance with the U.S. Department of Education's Audit Guide, *Audits of Federal Student Financial Assistance Programs at Participating Institutions and Institution Servicers*. Our report does not include the results of the other accountants' testing of UAS's internal control over compliance related to such functions.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a Federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a Federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a Federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 08-1 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a Federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies in the accompanying schedule of findings and questioned costs to be material weaknesses.

The University's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the University's response, and accordingly, we express no opinion on it.



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 25, 2009

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**(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), a component unit of the State of New Jersey, as of and for the year ended June 30, 2008.
- (b) The audit disclosed no material weaknesses and no significant deficiencies were reported in connection with the basic financial statements of the University as of and for the year ended June 30, 2008.
- (c) The audit disclosed no instances of noncompliance which are material to the basic financial statements of the University as of and for the year ended June 30, 2008.
- (d) The audit disclosed no material weaknesses in connection with major Federal programs of the University for the year ended June 30, 2008. One significant deficiency (08-1) was reported in connection with major Federal programs of the University for the year ended June 30, 2008.
- (e) An unqualified opinion was issued on the University's compliance with its major Federal programs for the year ended June 30, 2008.
- (f) There was one audit finding (08-1) which is required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2008.
- (g) The major Federal programs of the University for the year ended June 30, 2008 were as follows:
  - Student Financial Assistance Cluster (CFDA #84.007, 84.033, 84.038, 84.063, 84.226, 84.268, 84.375, 84.376, 93.364, and 93.925)
  - Research and Development Cluster (various CFDA numbers)
  - Cooperative Extension Service (CFDA #10.500)
  - State Administrative Matching Grants for Food Stamps Program (CFDA #10.561)
  - Child Support Enforcement (CFDA #93.563)
- (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, 2008.
- (i) The University qualified as a low-risk auditee for Federal awards for the year ended June 30, 2008.

**(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, 2008

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

***08-1 – Reporting – Significant Deficiency***

Research and Development Cluster:

National Science Foundation – Biological Sciences  
(CFDA #47.074, Grant Period – July 1, 2007 to June 30, 2008)

National Science Foundation – Engineering Grants  
(CFDA #47.041, Grant Period – July 1, 2007 to June 30, 2008)

**Criteria:**

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. If the Federal awarding agency requires accrual information and the recipient's accounting records are not normally maintained on the accrual basis, the recipient is not required to convert its accounting system to an accrual basis but may develop such accrual information through analysis. The awarding agency may accept identical information from the recipient in machine readable format, computer printouts, or electronic outputs in lieu of the prescribed formats. (U.S. Office of Management and Budget *Circular A-133 Compliance Supplement – March 2007*)

**Condition:**

The University's SF-272, Federal Cash Transaction Report, for the quarter ended March 31, 2008 reported cumulative expenditures for the program of \$4,783,996 which did not agree to the University's general ledger expenditures for the program of \$4,844,923.

The University's SF-272, Federal Cash Transaction Report, for the quarter ended June 30, 2008 reported cumulative expenditures for the program of \$5,820,488 which did not agree to the University's general ledger expenditures for the program of \$5,924,323.

**Questioned Costs:**

None

**Cause:**

The program that had been developed to accumulate and report expenditures for the National Science Foundation's SF-272 became inoperable in April 2008 and recovery efforts failed. In order to meet the report's due dates, the SF-272 was compiled manually for both quarters. As a consequence, some expenditures were inadvertently omitted from the report.

**RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY**

Schedule of Findings and Questioned Costs

Year ended June 30, 2008

**Effect:**

The expenditures reported on the University's quarterly SF-272's are not supported by the University's general ledger.

**Recommendation:**

We recommend that the University implement procedures to ensure the expenditures reported to the National Science Foundation for Biological Sciences and Engineering Grants programs are reconciled to the University's general ledger prior to submission.

**View of Responsible Official:**

Since it was known that the National Science Foundation was replacing the Federal Cash Transaction Report (FCTR) to that of a new format for the Federal Financial Report (FFR), development of a new program to accumulate and report expenditures was delayed until Fiscal Year 2009 when exact specifications were known. A new program to generate the FFR will be developed and written procedures drafted to ensure that expenditures reported to the National Science Foundation agree to the University's general ledger. The Manager will be responsible for accumulating the data for the report in accordance with the general ledger. His/her senior manager will then be responsible for reviewing this data for accuracy and filing the report on-line.



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**Corrective Action Plan/Responses to A-133 Audit Findings (Significant Deficiencies)  
For the Year Ended June 30, 2008**

**08-01 – Reporting**

Contact Person: Michele Conlin, Assistant Controller

Corrective Action Plan: The Federal Financial Report (FFR) will be adjusted for the next quarter to reflect the proper cumulative expenses. A new program will be developed to accommodate the new requirements of the FFR which now replaces the Federal Cash Transaction Report (FCTR). Formal written procedures will be developed to document this new process and outline the responsibilities of the report's preparer and approver, ensuring that the data reported reconciles to the University's general ledger.

Anticipated Completion Date: FY2009



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## **Summary Status of Prior Year Audit Findings - A-133 For the Year Ended June 30, 2008**

### **07-01 – Reporting**

Responsible University Official: Christina Orłowski, Associate Controller

The SF-272 was adjusted to reflect the proper cumulative expenses. Spreadsheets and procedures were developed and implemented to accumulate and reconcile the expenses by program to the University's general ledger.

### **07-02 – Student Status Changes**

Responsible University Official: Kenneth J. Iuso, University Registrar

Administrative procedures were modified to transmit the files of graduates earlier and more frequently to the National Student Clearinghouse, in accordance with the following schedule; for the May 21<sup>st</sup> graduates, Rutgers reported on June 1, June 15, July 1, August 1 and manual thereafter; for the October 1<sup>st</sup> graduates Rutgers reported on November 1, November 15, and November 30 and for the January 15<sup>th</sup> graduates, Rutgers reported on February 1, February 13, March 1 and manual thereafter. These modified procedures also insured that the Clearinghouse transmitted and updated the information to the NSLDS on a more timely basis and within the required 60-day timeframe.