



**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, 2013

(With Independent Auditors' Reports Thereon)

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

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## **Independent Auditors' Report**

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

### **Report on the Financial Statements**

We have audited the accompanying statements of net position of the business-type activities and the aggregate discretely presented component unit of Rutgers, the State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2013 and 2012, and the related statements of revenues, expenses, and changes in net position, and cash flows, and the related notes to the financial statements, which collectively comprise the University's basic financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditors' Responsibility***

Our responsibility is to express opinions 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of the University, as of June 30, 2013 and 2012, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with U.S. generally accepted accounting principles.

### ***Emphasis of Matter***

#### *Adoption of New Accounting Pronouncements*

As discussed in Note 1 to the financial statements, in 2013, the University adopted Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements Nos. 14 and 34* and GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*. Our opinions are not modified with respect to these matters.

### ***Other Matters***

#### *Required Supplementary Information*

U.S. generally accepted accounting principles require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2013 on our consideration of the University's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the University's internal control over financial reporting and compliance.

**KPMG LLP**

Short Hills, New Jersey  
November 1, 2013

**Management’s Discussion and Analysis**

June 30, 2013 and 2012

The following management’s 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, 2013 and 2012, and its changes in financial position for the fiscal years then ended with fiscal year 2011 data presented for comparative purposes. Management has prepared the basic 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 Position, the Statement of Revenues, Expenses, and Changes in Net Position, 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 fiscal 2013, the financial reporting entity of Rutgers included 28 degree granting schools, of which 18 offered graduate programs of study. These schools are located on three regional campuses in New Brunswick (Piscataway), Newark and Camden. The university also maintains educational services in many other communities throughout the State of New Jersey. The university operates research and institutional facilities on 5,927 acres in 12 counties and 27 municipalities.

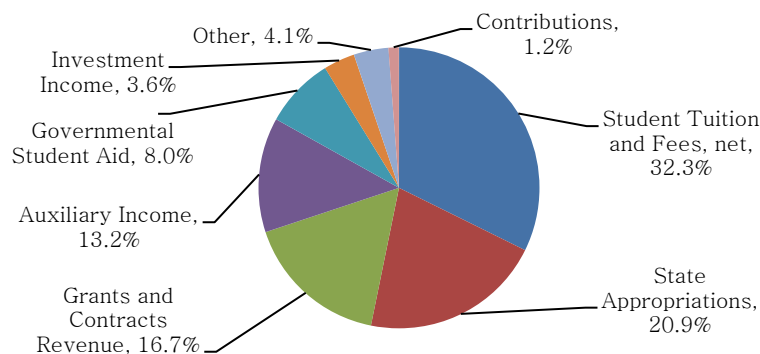
The financial statements also include the financial activity of the units of the New Market Tax Credit (NMTTC) Transaction (One Washington Park), which include One Washington Park Capital, LLC, RUN Investments, LLC, and One Washington Park Holdings, LLC. The One Washington Park units provide financing services to the university classifying it as a component unit blended with those of the university. The financial statements for the Rutgers University Foundation are presented discretely. 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.

**Financial Highlights**

The university’s financial condition at June 30, 2013 remained stable with net position increasing by 2.7% or \$68.9 million. Total operating revenues increased by \$29.2 million, or 2.2%, with increases of 3.9% in net student tuition and fees, and 5.0% in auxiliary net revenues, offset by a decrease of 4.5% in grant and contract revenue. Operating expenses increased 5.3% in 2013 while net nonoperating revenues increased 11.4% primarily as a result of increases in the fair value of investments.

As the State University of New Jersey, the appropriation from the State represents a vital part of the university’s funding. In fiscal 2013, the State maintained the base appropriation constant with an additional appropriation for clinical legal programs on the Newark and Camden campuses resulting in an increase of \$0.4 million or 0.2% in direct state appropriations. Tuition revenue is another significant source of funding for the university. In fiscal 2013, in addition to an increase in tuition rates averaging 2.7%, enrollment was at its highest with 58,182 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.



***Statement of Net Position***

The Statement of Net Position 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), deferred inflows of resources, deferred outflows of resources and net position (the difference between total assets, deferred outflows, total liabilities, and deferred inflows) 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 position. Net position is one indicator of the financial condition of the University, while the change in net position 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, deferred outflows, deferred inflows, and net position at June 30, 2013, 2012, and 2011 is as follows (dollars in thousands). 2012 and 2011 amounts are restated due to the adoption of GASB 61 and 65.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Assets			
Current assets	\$733,629	\$701,518	\$639,462
Noncurrent assets			
Endowment, restricted and other noncurrent cash and investments	993,827	1,035,461	1,242,489
Capital assets, net	2,317,877	2,218,288	2,014,777
Other assets	73,997	75,024	70,546
Total Assets	<u>4,119,330</u>	<u>4,030,291</u>	<u>3,967,274</u>
Deferred Outflows	27,311	51,439	18,662
Liabilities			
Current liabilities	425,823	371,841	328,951
Noncurrent liabilities	1,057,098	1,115,094	1,118,229
Total Liabilities	<u>1,482,921</u>	<u>1,486,935</u>	<u>1,447,180</u>
Deferred Inflows			21
Net Position			
Net investment in capital assets	1,230,405	1,193,363	1,133,976
Restricted - nonexpendable	429,035	370,518	368,203
Restricted - expendable	382,446	383,050	388,953
Unrestricted	621,834	647,864	642,550
Total Net Position	<u>\$2,663,720</u>	<u>\$2,594,795</u>	<u>\$2,533,682</u>

***Current Assets and Current Liabilities***

Current assets include unrestricted and restricted cash and cash equivalents, investments that mature within one year, receivables, inventories and other short-term assets. Noncurrent assets include unrestricted investments that mature in more than a year, as well as cash and cash equivalents and investments that are restricted by donors or external parties as to their use. Receivables deemed to be collectible in more than a year are also included as noncurrent. Current assets increased \$32.1 million in 2013 as opposed to a \$62.1 million increase in 2012.

Deferred outflows are the consumption of net position that are applicable to a future reporting period. Deferred outflows decreased \$24.1 million primarily due to a decline in the value of our interest rate swaps as a result of rising long-term swap rates. As a result of these rising rates, the value of the swap with Merrill Lynch decreased by \$19.7 million. Deferred outflows increased \$32.8 million in 2012.

Current liabilities include all liabilities that are payable within the next fiscal year. Unearned 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 \$54.0 million in 2013 primarily as a result of the issuance of commercial paper in the amount of \$50.9 million to provide interim financing for several projects including, a new Rutgers facility on the Atlantic-Cape Community College Campus, the new Business School facility on the Livingston Campus and the Camden Housing project. Current liabilities increased \$42.9 million in 2012 primarily as a result of the issuance of commercial paper in the amount of \$27.0 million for interim funding of the Camden Housing Project.

The university's current assets cover current liabilities by a factor of 1.7 times, an indicator of good liquidity and the ability to bear short term demands on working capital. This coverage in 2012 was 1.9 times. The university's current assets also cover over four 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 enhance its real (inflation-adjusted) purchasing power while providing a relatively predictable, stable, and constant (in real terms) stream of earnings for current use. The long term investment goal of the Endowment is to attain a total return of at least 4.5% plus inflation, fees, and costs. The investment objectives of the Endowment are based upon a long-term investment horizon allowing interim fluctuations to be viewed in an appropriate perspective. A major portion of the university's endowment is maintained in the long term investment pool managed by the university's Joint Investment Committee. The total annual return for the long-term investment pool was 11.3% in 2013 and (0.5)% in 2012. The average annual return over the 5 year period ending June 30, 2013 and 2012 was 3.9% and 1.7%, 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 \$27.2 million in 2013 and \$24.6 million in 2012.

The university's endowments consist of permanent (true), term and quasi endowments. Permanent or true endowments are funds received from donors stipulating that the principal 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 increased \$58.5 million to \$429.0 million for 2013 from \$370.5 in 2012. Term endowments are those funds received from donors that function as endowment until a specified event occurs. The university's term endowments increased by \$3.3 million to \$46.0 million in 2013 from \$42.7 million in 2012. 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 \$23.5 million in 2013 to \$228.2 million from \$204.7 million in 2012.

From a net position 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 \$110.5 million or 15.7% (\$113.4 million or 17.6% in 2012), can be classified as unrestricted net position. From this unrestricted endowment, a significant portion of the income is internally designated by the university for scholarships, fellowships, professorships, and research efforts.

#### ***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 assets, net increased \$99.6 million in 2013, as compared to \$203.5 million in 2012. 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 2013 include:

- The completion of the Livingston Apartments providing housing for 1,500 students in two and four bedroom apartments in addition to retail space that includes a movie theater, several restaurants and other shops.
- The completion of the new Camden Housing, 330 Cooper, a 12 story residential tower with apartment style living units configured with three and four single occupancy bedrooms housing 350 graduate students.
- The completion of the Robert E. Mortensen Hall on the Douglass Campus, featuring the Richard H Shindell Choral Hall with an adjacent choral suite for vocal ensembles and the Kevin Goetz Studio for Theater and Dance.

These additions were funded primarily with the proceeds of bonds. At June 30, 2013, the university had various projects under construction or in the design stage. Significant projects include:

- Construction of a new facility at the gateway to the Livingston Campus for the School of Business to include classrooms, instructional labs, meeting rooms, offices and a trading floor.
- Renovation of Tillet Hall on the Livingston Campus to convert the space to accommodate new lecture rooms, classrooms, computer labs, academic support offices and a campus post office.
- Construction of a new facility for the Department of Chemistry and Chemical Biology on the Busch Campus that will feature large flexible laboratories designed to evolve with changing research needs and utilizes a design that optimizes cross-team collaboration.

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 2008, 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.

### ***Net Position***

Net Position represents the residual interest in the university's assets and deferred outflows of resources after the deduction of its liabilities and deferred inflows of resources. The change in net position measures whether the overall financial condition has improved or deteriorated during the year. Net position consists of four major categories; net investment in capital assets, restricted net position (nonexpendable and expendable), and unrestricted net position. Net position increased by \$68.9 million in 2013. In 2012, net position increased \$61.1 million.

The first category, net investment in capital assets, represents 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 \$37.0 million in 2013 is primarily attributable to principal payments of \$40.6 million made on debt issued to finance capital projects. It also includes \$63.3 million of expenditures on capital projects not financed by debt including the addition of a performing arts wing at the Mason Gross School of the Arts, renovations at the Rutgers University Cell and DNA Repository and the installation of solar panels over a parking lot on the Livingston campus. It also includes \$30.0 million of capitalized equipment purchased in 2013. These additions were offset by the annual depreciation of \$97.6 million. In 2012, there was an increase of \$59.4 million in this category.

The next category is restricted net position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position 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 position increased by \$58.5 million in 2013. In 2012, nonexpendable net position increased by \$2.3 million.

Expendable restricted net position is available for expenditure by the university but must be spent for purposes as specified by external donors. There was a decrease of \$0.6 million in 2013. In 2012, there was a decrease of \$5.9 million in expendable restricted net position.



The final category is unrestricted net position. Unrestricted net position is available to the institution for any lawful purpose. Substantially all of the university's unrestricted net position has been designated by the governing boards or management to support specific programs such as student activities, research projects, continuing education and summer programs, agricultural experiment station activities, junior year abroad programs, auxiliary enterprises and other self-supporting organized activities relating to educational departments as well as capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The university, therefore, has an obligation to its students to maintain these funds for the purposes that they were received. The decrease in unrestricted net position in 2013 was \$26.0 million. In 2012, unrestricted net position increased \$5.3 million.

***Statement of Revenues, Expenses, and Changes in Net Position***

The Statement of Revenues, Expenses, and Changes in Net Position presents the revenues earned and the expenses incurred during the fiscal year. Activities are classified as either operating, nonoperating, or other. 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 position for the years ended June 30, 2013, 2012, and 2011 is as follows (dollars in thousands). 2012 and 2011 are restated due to the adoption of GASB 61 and 65.

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Operating revenues			
Student tuition and fees (net of scholarship allowance)	\$670,592	\$645,328	\$602,016
Grants and contracts	345,485	361,859	340,364
Auxiliary enterprises (net of scholarship allowance)	273,020	260,104	236,588
Other operating revenues	68,335	60,970	62,909
Total operating revenues	<u>1,357,432</u>	<u>1,328,261</u>	<u>1,241,877</u>
Operating expenses	<u>1,985,392</u>	<u>1,886,175</u>	<u>1,742,684</u>
Operating loss	<u>(627,960)</u>	<u>(557,914)</u>	<u>(500,807)</u>
Nonoperating revenues (expenses)			
State appropriations (including fringe benefits paid directly by the state)	432,901	429,327	438,156
Contributions	25,713	28,535	26,356
Endowment and investment income	12,428	15,851	14,220
Net increase/(decrease) in fair value of marketable investments	62,498	(11,805)	85,416
Governmental Student Aid	166,115	160,010	152,681
Interest on capital asset related debt	(52,551)	(41,140)	(39,219)
Net other nonoperating revenues	14,799	13,570	10,057
Net nonoperating revenues	<u>661,903</u>	<u>594,348</u>	<u>687,667</u>
Income before other revenues	33,943	36,434	186,860
Other revenues	34,982	24,679	32,433
Increase in net position	<u>68,925</u>	<u>61,113</u>	<u>219,293</u>
Net position at beginning of year, as restated	<u>2,594,795</u>	<u>2,533,682</u>	<u>2,314,389</u>
Net position at end of year	<u>\$2,663,720</u>	<u>\$2,594,795</u>	<u>\$2,533,682</u>

Operating revenues increased \$29.2 million in 2013, and \$86.4 million in 2012. 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 \$216.6 million of a total \$258.8 million of student aid directly to student accounts. The remaining \$42.2 million was paid to students and is reflected as scholarships and fellowships expense. Scholarship allowances allocated to tuition and fees amounted to \$176.8 million. Another \$39.8 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$25.3 million in 2013. The increase resulted primarily from an increase in tuition rates of 2.7% for undergraduates and graduate students, as well as an average increase of 2.5% in student fees. Also, full time enrollment increased by 1.0% while part time enrollment increased by 0.7%. In 2012, tuition and fees net of scholarship allowances, increased \$43.3 million. The increase in 2012 resulted from a 2.3% increase in tuition rates for undergraduates and graduate students, as well as an average increase of 2.6% in student fees. In 2012, full time enrollment also increased by 3.0% while part time enrollment decreased by 1.7%.

*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 2013, grants and contracts revenue decreased \$16.4 million. In 2012, grants and contracts revenue increased by \$21.5 million.

In 2013, *Federal Grants and Contracts* decreased \$22.3 million. This decline has resulted from the continuing decrease of expenditures on the few remaining awards received under the American Recovery and Reinvestment Act, as well as a general decrease in federal awards. In 2012, Federal grants increased \$27.8 million.

In 2013, *State and Municipal Grants and Contracts* decreased by \$0.4 million. In 2012, State grants increased by \$5.0 million.

Finally, in 2013, *Nongovernmental Grants and Contracts* increased \$6.4 million. A significant component of this increase resulted from a grant from the Robert Wood Johnson Foundation to provide funding for expenditures related to the integration of Rutgers with several components of the University of Medicine and Dentistry. In 2012, nongovernmental grants decreased \$11.3 million.

*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 2013 by \$12.9 million while expenditures increased by \$35.4 million. Revenues increased primarily as a result of the opening of the new student apartments on the Livingston Campus providing housing for 1,500 students. Expenses increased as a result of salary increases and as a result of new positions for the new housing. The university also incurred significant one-time costs as a result of our move from the Big East to the Big Ten and the cancellation of our Athletic marketing contract to better align our marketing strategy with this transition. In 2012, auxiliary revenues, net of scholarship allowances, increased by \$23.5 million while expenditures increased by \$27.4 million. Auxiliary revenues increased partially as a result of an increase in Housing and Dining rates and due to an increase in occupancy and meal purchases. Expenses increased as a result of salary increases and as a result of new positions.

*Operating expenses* increased \$99.2 million in 2013, an increase of 5.3%. Operating expenses are reported by functional classification in the Statements of Revenue, Expenses, and Changes in Net Position and by natural classification in the notes to the financial statements (See Note 11). The following tables summarize the university's operating expenses by functional and natural classification.

**Operating Expenses by Functional Classification**  
(dollars in thousands)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Instruction	\$721,258	\$686,444	\$647,587
Sponsored Research	228,936	221,980	213,680
Other Separately Budgeted Research	84,698	74,255	68,800
Other Sponsored Programs	82,895	88,827	87,986
Extension and Public Service	41,253	39,286	36,411
Libraries	40,694	39,464	37,035
Student Services	90,411	86,156	70,765
Operation and Maintenance of Plant	142,057	139,368	141,132
General Administration and Institutional	133,971	116,691	100,665
Scholarships and Fellowships	42,189	45,657	28,248
Depreciation	97,643	104,393	93,733
Auxiliary Enterprises	278,453	243,007	215,649
Other Operating Expenses	934	647	992
<b>Total Operating Expenses</b>	<b>\$1,985,392</b>	<b>\$1,886,175</b>	<b>\$1,742,683</b>

**Operating Expenses by Natural Classification**  
(dollars in thousands)

	<b>2013</b>	<b>2012</b>	<b>2011</b>
Salaries and Wages	\$992,295	\$951,704	\$891,893
Fringe Benefits	273,437	248,507	231,539
Supplies and Services	622,017	581,571	525,519
Depreciation	97,643	104,393	93,733
<b>Total Operating Expenses</b>	<b>\$1,985,392</b>	<b>\$1,886,175</b>	<b>\$1,742,684</b>

The natural classification of expenses demonstrates that the major expenditure of the university is salaries and wages accounting for more than 50.0% of total operating expenses. Negotiated salary increases were implemented this year resulting in a part of the increase in this category. In addition, positions were added in areas such as Housing as a result of the new housing facilities that were opened. Fringe benefits also increased significantly this year primarily resulting from increases in pension and healthcare costs. The functional chart shows additional increases occurring in general administrative and institutional supplies and service costs as a result of the integration of Rutgers with several units of the University of Medicine and Dentistry.

*State appropriations*, including fringe benefits paid directly by the State, increased \$3.6 million in 2013. The university's base appropriation was held stable with the restoration of funding for the legal clinics for the poor in Newark and Camden resulting in a total increase of \$0.4 million. Fringe benefits paid directly by the State increased \$3.2 million in 2013 primarily as a result of increasing pension and healthcare costs. In 2012, total State appropriations, including fringe benefits paid directly by the State, decreased \$8.8 million.

*Governmental Student Aid* increased \$6.1 million in 2013. Federal Aid to students decreased \$1.1 million in 2013 primarily as a result of a decrease of 152 students receiving Pell Grants and a decrease of 485 students receiving Federal Supplemental Educational Opportunity Grants. State Aid to students increased \$7.2 million as a result of 214 additional students receiving Tuition Aid Grant (TAG) awards and an increase in award amounts with an increase of the maximum amount of \$292 in 2013. Governmental Student Aid increased \$7.3 million in 2012.

*Contributions* decreased \$2.8 million in 2013. The university did receive a significant increase of \$11.5 million, however, in endowed gifts reflected below in our additions to permanent endowments. While capital gifts and grants decreased by \$1.2 million, the combined giving in these three areas resulted in a net increase of \$7.5 million in 2013. Contributions decreased \$2.1 million in 2012.

*Net increase/(decrease) in fair value of investments* increased \$74.3 million in 2013 due to continued improvements in the market in 2013 resulting in unrealized gains recorded to report investments at fair market value at the end of the year. Net increase/(decrease) in fair value of investments decreased \$97.2 million in 2012.

*Other revenues and expenses* consist of grants and gifts received by the university for capital projects, as well as additions to permanent endowments. In 2013, this category increased \$10.3 million primarily as a result of an increase in permanent endowments. This category decreased in 2012 by \$7.8 million.

### ***Economic Factors that will affect the future***

On August 22, 2012, the Governor of New Jersey signed the New Jersey Medical and Health Sciences Education Restructuring Act (Chapter 45, P.L. 2012); which was passed by the New Jersey Senate and Assembly on June 28, 2012. This act integrates all units of the University of Medicine and Dentistry of New Jersey, except University Hospital in Newark and the School of Osteopathic Medicine in Stratford, into Rutgers effective July 1, 2013. The University of Medicine and Dentistry of New Jersey and Rutgers worked collaboratively to implement the provisions of the Act. On July 1, 2013 the units transferred from UMDNJ were incorporated into Rutgers as Rutgers Biological and Health Sciences.

As a part of this integration, the university refinanced the outstanding indebtedness of UMDNJ that was transferred to the university. The university issued 2013 Series J and K to refinance this debt on July 1, 2013. In addition, on that date, the university also issued 2013 series L to refinance the university's 2002 Series B, 2003 Series C and 2004 series E bonds. This series was also used to retire commercial paper that had been issued as interim financing for several capital projects.

On September 2013, the New Jersey Economic Development Authority issued bonds in the amount of \$237.1 million to fund several university projects including a new academic building with approximately 2,500 classroom seats, a 500 bed residence hall for honors students, a 500 bed apartment style residence building with 13,000 square feet of retail space, and a 300 space multi-story parking structure.

In addition, the University anticipates receiving funding from the state through the New Jersey Higher Education Capital Funding Programs which includes the Building Our Future Bond Act; the Higher Education Capital Improvement Fund; the Higher Education Equipment Leasing Fund; the Higher Education Facility Trust Fund and the Higher Education Technology Infrastructure Bonds. These funds will be used to support various capital and infrastructure projects, as well as providing additional funds to supplement the equipment needs of the university.

The university has also received an appropriation from the State for the Rutgers Biological and Health Sciences of \$146.5 million. This has been added to the 2013 base appropriation for Rutgers of \$262.7 million for a total appropriation in 2014 of \$409.2. During these difficult financial times, the university continues to attract high quality students. In fact, enrollment continues to increase with a total of over 65,541 students enrolled for the fall 2013 semester at the combined institution.

The university also continues to diversify its resources with gifts, grants and investment income. The university foundation is in the middle of a \$1.0 billion campaign to help meet the university's most pressing academic and financial needs. Funds raised through this campaign will be used to support academic initiatives and student services. The campaign also has a goal of doubling the university's permanent endowment to ensure that permanent resources will be available to meet the needs of our students and faculty for the future. The foundation has already raised \$818.2 million towards their goal.

**STATEMENTS OF NET POSITION**  
**JUNE 30, 2013 and 2012**  
(dollars in thousands)

	<b>Rutgers, The State University of New Jersey</b>		<b>Component Unit Rutgers University Foundation</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>ASSETS:</b>				
Current Assets				
Cash and Cash Equivalents	\$151,831	\$110,123	\$1,575	\$4,305
Cash and Cash Equivalents - Restricted	102,330	105,083	15,566	14,206
Short-Term Investments	339,397	336,337		
Short-Term Investments - Restricted			2,425	1,894
Accounts Receivable, net	121,375	130,861	3,284	3,134
Contributions Receivable, net			30,307	23,210
Inventories	4,433	4,012		
Prepaid Expenses and Other Assets	14,263	15,102	396	222
<b>Total Current Assets</b>	<b>733,629</b>	<b>701,518</b>	<b>53,553</b>	<b>46,971</b>
Noncurrent Assets				
Cash and Cash Equivalents	54,422	58,307		
Cash and Cash Equivalents - Restricted	85,955	121,741		
Long-Term Investments	171,345	216,677	16,611	16,009
Long-Term Investments - Restricted	682,105	600,329	12,207	10,626
Investments Held by Trustees - Restricted		38,407		
Accounts Receivable, net	73,997	75,024		241
Contributions Receivable, net			26,499	23,896
Cash Surrender Value of Whole Life Insurance Policies			562	506
Capital Assets, net	2,317,877	2,218,288		
<b>Total Noncurrent Assets</b>	<b>3,385,701</b>	<b>3,328,773</b>	<b>55,879</b>	<b>51,278</b>
<b>TOTAL ASSETS</b>	<b>4,119,330</b>	<b>4,030,291</b>	<b>109,432</b>	<b>98,249</b>
Deferred Outflows				
Loss on Refunding	5,859	6,750		
Interest Rate Swaps	21,452	44,689		
<b>Total Deferred Outflows</b>	<b>27,311</b>	<b>51,439</b>		
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>4,146,641</b>	<b>4,081,730</b>	<b>109,432</b>	<b>98,249</b>
<b>LIABILITIES:</b>				
Current Liabilities				
Accounts Payable and Accrued Expenses Payable to Rutgers, The State University of New Jersey	175,919	173,693	2,030	2,453
Unearned Revenue	62,549	61,991		
Payroll Withholdings	13,882	11,948		
Other Payables	2,017	1,886		
Annuities Payable			874	921
Short-Term Liabilities	130,055	81,505		
Long-Term Liabilities - Current Portion	41,401	40,818		
<b>Total Current Liabilities</b>	<b>425,823</b>	<b>371,841</b>	<b>3,124</b>	<b>3,931</b>

(Continued)

**STATEMENTS OF NET POSITION**  
**JUNE 30, 2013 and 2012**  
(dollars in thousands)

	<b>Rutgers, The State University of New Jersey</b>		<b>Component Unit Rutgers University Foundation</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
Noncurrent Liabilities				
Accounts Payable and Accrued Expenses	33,185	28,236	402	498
Derivative Instruments	21,452	44,689		
Annuities Payable			5,277	5,226
Long-Term Liabilities	1,002,461	1,042,169		
Total Noncurrent Liabilities	<u>1,057,098</u>	<u>1,115,094</u>	<u>5,679</u>	<u>5,724</u>
<b>TOTAL LIABILITIES</b>	<u>1,482,921</u>	<u>1,486,935</u>	<u>8,803</u>	<u>9,655</u>
<b>NET POSITION:</b>				
Net Investment in Capital Assets	1,230,405	1,193,363		
Restricted for				
Nonexpendable				
Instruction	201,076	173,096	1,259	1,144
Scholarships and Fellowships	205,008	176,772	6,053	2,660
Libraries	8,259	7,678		24
Other	14,692	12,972	1,574	465
Expendable				
Instruction	138,901	132,585	9,472	13,060
Research	83,064	91,401	30,787	17,109
Scholarships and Fellowships	72,440	67,502	6,970	8,435
Libraries	10,723	10,658	246	239
Loans	37,781	38,188		
Capital Projects	25,959	25,205	20,774	18,642
Debt Service Reserve		5,512		
Other	13,578	11,999	4,515	6,136
Unrestricted	<u>621,834</u>	<u>647,864</u>	<u>18,979</u>	<u>20,680</u>
<b>TOTAL NET POSITION</b>	<u>\$2,663,720</u>	<u>\$2,594,795</u>	<u>\$100,629</u>	<u>\$88,594</u>

See accompanying notes to the financial statements.

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2013 and 2012**  
(dollars in thousands)

	<b>Rutgers, The State University of New Jersey</b>		<b>Component Unit Rutgers University Foundation</b>	
	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
<b>OPERATING REVENUES</b>				
Student Tuition and Fees (net of scholarship allowances of \$176,853 in 2013 and \$169,313 in 2012)	\$670,592	\$645,328		
Federal Grants & Contracts	225,195	247,532		
State & Municipal Grants & Contracts	50,268	50,695		
Nongovernmental Grants & Contracts	70,022	63,632	\$12,111	\$4,169
Auxiliary Enterprises (net of scholarship allowances of \$39,754 in 2013 and \$37,536 in 2012)	273,020	260,104		
Other Operating Revenues	68,335	60,970	4,742	4,186
<b>Total Operating Revenues</b>	<b>1,357,432</b>	<b>1,328,261</b>	<b>16,853</b>	<b>8,355</b>
<b>OPERATING EXPENSES</b>				
Educational and General				
Instruction	721,258	686,444		
Sponsored Research	228,936	221,980		
Other Separately Budgeted Research	84,698	74,255		
Other Sponsored Programs	82,895	88,827		
Extension and Public Service	41,253	39,286		
Libraries	40,694	39,464		
Student Services	90,411	86,156		
Operations and Maintenance of Plant	142,057	139,368		
General Administration and Institutional	133,971	116,691	27,078	26,299
Scholarships and Fellowships	42,189	45,657		
Depreciation	97,643	104,393		
Auxiliary Enterprises	278,453	243,007		
Distributions to Douglass Associate Alumnae			1,028	216
Other Operating Expenses	934	647		
<b>Total Operating Expenses</b>	<b>1,985,392</b>	<b>1,886,175</b>	<b>28,106</b>	<b>26,515</b>
<b>Operating Loss</b>	<b>(627,960)</b>	<b>(557,914)</b>	<b>(11,253)</b>	<b>(18,160)</b>

(Continued)

**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**For the Years Ended June 30, 2013 and 2012**  
**(dollars in thousands)**

	Rutgers, The State University of New Jersey		Component Unit Rutgers University Foundation	
	2013	2012	2013	2012
<b>NONOPERATING REVENUES (EXPENSES)</b>				
State Appropriations	262,760	262,360		
State Paid Fringe Benefits	170,141	166,967		
Administrative Fees and Support from Rutgers, The State University of New Jersey			14,223	14,363
Noncash Support from Rutgers, The State University of New Jersey			1,503	1,335
Federal Appropriations	9,207	8,504		
Federal Student Aid	72,179	73,249		
State Student Aid	93,936	86,761		
Contributions	25,713	28,535	612	(506)
Endowment and Investment Income (Net of Investment Management Fees of \$4,909 in 2013 and \$3,299 in 2012)	12,428	15,851	947	1,168
Net Increase/(Decrease) in Fair Value of Investments	62,498	(11,805)	226	(854)
Interest on Capital Asset Related Debt	(52,551)	(41,140)		
Loss on Disposal of Capital Assets	(854)	(740)		
Other Nonoperating Revenues (Expenses)	6,446	5,806	15	(196)
Net Nonoperating Revenues	<u>661,903</u>	<u>594,348</u>	<u>17,526</u>	<u>15,310</u>
Income before Other Revenues (Expenses)	33,943	36,434	6,273	(2,850)
Capital Grants and Gifts	7,125	8,371	2,688	(318)
Additions to Permanent Endowments	<u>27,857</u>	<u>16,308</u>	<u>3,074</u>	<u>(2,593)</u>
Net Increase/(Decrease) in Net Position	68,925	61,113	12,035	(5,761)
Net Position - Beginning of the Year, as restated (Note 1)	<u>2,594,795</u>	<u>2,533,682</u>	<u>88,594</u>	<u>94,355</u>
Net Position - End of the Year	<u>\$2,663,720</u>	<u>\$2,594,795</u>	<u>\$100,629</u>	<u>\$88,594</u>

See accompanying notes to the financial statements.



**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**  
(dollars in thousands)

	<b>Rutgers, The State University of New Jersey</b>	
	<b>2013</b>	<b>2012</b>
<b>Cash Flows from Operating Activities</b>		
Student Tuition and Fees	\$734,824	\$724,274
Research Grants and Contracts	386,448	361,951
Payments to Employees and for Benefits	(1,029,307)	(994,736)
Payments to Suppliers	(576,957)	(522,763)
Payments for Utilities	(63,632)	(65,749)
Payments for Scholarships and Fellowships	(97,416)	(109,612)
Collection of Loans to Students and Employees	5,571	5,563
Auxiliary Enterprises Receipts:		
Housing	132,357	122,521
Dining	72,953	70,924
Athletics	13,631	17,701
Parking	7,657	8,199
Other	20,109	18,802
Other Receipts	57,386	49,948
Net Cash Used by Operating Activities	<u>(336,376)</u>	<u>(312,977)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
State Appropriations	262,760	262,360
Federal Appropriations	7,140	7,824
Federal and State Student Aid	165,685	157,377
Contributions for other than Capital Purposes	19,817	21,638
Contributions for Endowment Purposes	28,817	21,589
Net Cash Provided by Noncapital Financing Activities	<u>484,219</u>	<u>470,788</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from Capital Debt	50,860	27,000
Capital Grants and Gifts Received	7,231	6,914
Purchases of Capital Assets and Construction in Progress	(197,487)	(288,113)
Principal Paid on Capital Debt and Leases	(40,569)	(40,772)
Interest Paid on Capital Debt and Leases	(53,586)	(55,014)
Other Receipts	10,232	8,880
Net Cash Used by Financing Activities	<u>(223,319)</u>	<u>(341,105)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from Sales and Maturities of Investments	1,634,554	1,930,270
Investment Income	9,879	13,676
Purchase of Investments	(1,569,673)	(1,823,557)
Net Cash Provided by Investing Activities	<u>74,760</u>	<u>120,389</u>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(716)</b>	<b>(62,905)</b>
<b>Cash and Cash Equivalents - Beginning of the year, as restated</b>	<b>395,254</b>	<b>458,159</b>
<b>Cash and Cash Equivalents - End of the year</b>	<b><u>\$394,538</u></b>	<b><u>\$395,254</u></b>

(Continued)

**STATEMENTS OF CASH FLOWS**  
**For the Years Ended June 30, 2013 and 2012**  
**(dollars in thousands)**

	<b>2013</b>	<b>2012</b>
<b>Reconciliation of Operating Loss to</b>		
<b>Net Cash Used by Operating Activities:</b>		
Operating Loss	(\$627,960)	(\$557,914)
Adjustments to Reconcile Operating Loss to Net Cash		
Used by Operating Activities:		
State Paid Fringe Benefits	170,141	166,967
Depreciation	97,643	104,393
Changes in Assets and Liabilities:		
Receivables, net	16,920	(39,075)
Inventories	(421)	249
Prepaid Expenses	373	(1,151)
Accounts Payable and Accrued Expenses	2,505	10,442
Unearned Revenue	558	2,425
Payroll Withholdings	1,934	660
Other Payables	1,931	27
<b>Net Cash Used by Operating Activities</b>	<b>(\$336,376)</b>	<b>(\$312,977)</b>

See accompanying notes to the financial statements.

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## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

### Basis of Accounting

The basic financial statements of Rutgers, The State University of New Jersey (the university) have been prepared on the accrual basis of accounting, using the economic resources measurement focus, 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 Statements – and Management’s Discussion and Analysis – Public Colleges and Universities*. Business type activities are those that are financed in whole or in part by fees charged to external parties for goods or services.

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

### Reporting Entity

The university’s financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the foundation) and the units of the New Market Tax Credit (NMTTC) Transaction (One Washington Park), which include One Washington Park Capital, LLC, Parkside RUN Investments, LLC, and One Washington Park Holdings, LLC. 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 discretely presented component unit of the university (see Note 17). The governing body of the One Washington Park units is primarily the same as that of the university, and it provides financing services to the university classifying it as blended component units. The balances and transactions of One Washington Park units were blended with the university for reporting purposes, in accordance with GASB Statement No. 61, *The Financial Reporting Omnibus*, an amendment of GASB Statement No. 14, *The Financial Reporting Entity*. 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. Copies of the financial statements for One Washington Park may be obtained by writing to the Executive Director of Business and Financial Services, 249 University Avenue, Room 306, Newark, NJ 07102-1896.

Under GASB Statement No. 61, an amendment of GASB Statement No. 14 and GASB Statement No. 34, 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.

### New Accounting Standards Adopted

In fiscal year 2013, the university adopted four new accounting standards as follows:

GASB Statement No. 61, the *Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 14 and No. 34*, (GASB 61) modifies the existing requirements for the assessment of component units that should be included in the financial statements of the university. The objective is to improve financial reporting for a governmental financial reporting entity. GASB 61 is effective for the University’s fiscal year 2013 financial statements and is being applied retroactively to fiscal year 2012, resulting in a restatement of net position as of July 1, 2011.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (GASB 62), incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance included in the Financial Accounting Standards Board (FASB) pronouncements, which does not conflict with or contradict GASB pronouncements, and eliminates the option to apply post-November 30, 1989 FASB pronouncements that do not conflict with or contradict GASB pronouncements. Implementation of GASB 62 had no effect on the university’s net position or changes in net position for the years ended June 30, 2013 and 2012.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (GASB 63), establishes a new statement of net position format that reports separately all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires deferred outflows of resources and deferred inflows of resources to be reported separately from assets and liabilities. The financial reporting impact resulting from the implementation of GASB 63 in the university’s financial statements was the renaming of “Net Assets” to “Net Position,” including changing the name of the financial statement from “Statement of Net Assets” to “Statement of Net Position”.

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB 65), amends or supersedes the accounting and financial reporting guidance for certain items previously required to be reported as assets or liabilities. The objective is to either properly classify certain items that were previously reported as assets or liabilities as deferred outflows of resources or deferred inflows of resources or recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses) or inflows of resources (revenues). GASB 65 is effective for the university's financial statements for the fiscal year ending June 30, 2014, however, the university early adopted the provisions in 2013 effective for the fiscal year beginning July 1, 2011, resulting in a restatement of net position as of July 1, 2011.

### **Cash and Cash Equivalents**

Current cash and cash equivalents, which are both unrestricted and restricted in nature, 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. Noncurrent unrestricted cash and cash equivalents consist of funds that are not externally restricted and are to be used to purchase plant related items not related to capital construction. Noncurrent restricted cash and cash equivalents are externally restricted to maintain sinking or reserve funds, purchase or construct capital or other noncurrent assets, or are related to endowed funds.

### **Investments**

Investments are recorded at fair value in the statement of net position. The year-to-year change in the fair value of investments is reported in the statements of revenues, expenses, and changes in net position as net increase (decrease) in fair value of investments.

The fair value of marketable 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 net asset values or the equivalent 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 statement of net position.

### **Funds Held in Trust**

Funds held in trust by others or not in the possession of, nor under the control of, the university are not included in the university's accompanying financial statements because they do not meet eligibility requirements for recognition. The market value of such funds aggregated approximately \$56.0 million at June 30, 2013 (\$52.0 million in 2012). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.1 million in 2013 (\$1.9 million in 2012), 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.

## **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 5.6 million (5.5 million in 2012) volumes have not been capitalized. The capitalization threshold is \$5,000 and above. Works of art or historical treasures that are held for public exhibition, education, or research in furtherance of public service are capitalized at the fair market value of the item at the time of acquisition.

## **Unearned Revenue**

Unearned revenue includes summer session activity which will be recognized as revenue and expense in the following fiscal year.

## **Net Position**

Net position is the difference between the university's assets and deferred outflows of resources, and its liabilities and deferred inflows of resources. GASB Statement No. 63 requires that these resources be classified for accounting and reporting purposes into four categories as follows:

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

Restricted net position – nonexpendable consists 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 position – 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 position represents 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 position is 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 federal, State of New Jersey and municipal and other nongovernmental sources and is recognized when all eligibility requirements for revenue recognition are met, which is generally the period in which the related expenses are incurred.

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

Contributions are recognized as revenues when all eligibility requirements are met, which is generally 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 statement of revenues, expenses, and changes in net position 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, student aid, endowment and investment income and contributions. Interest on capital asset related debt is reported as nonoperating expenses.

### **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 nonoperating 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 received \$66.7 million during the year ended June 30, 2013 (\$67.5 million in 2012) from the Federal Pell Grant program, and \$83.1 million during the year ended June 30, 2013 (\$74.5 million in 2012) from Tuition Aid Grants, from the State of New Jersey, the largest state student aid program.

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, 2013, the university disbursed \$325.6 million (\$338.6 million in 2012) under the Federal Direct Student Loan Program. Direct student loans receivable are not included in the university's statement of net position 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.

**Restatement**

Due to the university's adoption of GASB 61 and early adoption of GASB 65, net position was restated at July 1, 2011. With the adoption of GASB 61, the university is reporting the Rutgers University Foundation as a discretely presented component unit. With the adoption of GASB 65, the university is amortizing the deferred loss on debt refunding and reporting this amount as a deferred outflow. In addition, bond issuance costs are expensed and no longer amortized annually. The following is a reconciliation of the total net position as previously reported at July 1, 2011, to the restated net position (dollars in thousands).

<b>Reconciliation of Net Position</b>	<b>Total Net Position</b>
Net position at July 1, 2011, as previously reported	\$2,636,769
Adjustments:	
Adoption of GASB 61	(94,355)
Adoption of GASB 65	(8,732)
Total Adjustments	<u>(103,087)</u>
Net position at July 1, 2011, as restated for adoption of GASB 61 and 65	<u><u>\$2,533,682</u></u>

**Reclassifications**

Certain reclassifications of 2012 amounts have been made to conform to the 2013 presentation.

**NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS**

**Cash and Cash Equivalents**

The university's net cash and cash equivalents balance at June 30, 2013 includes a cash book balance of \$76.2 million (\$97.5 million in 2012). The actual amount of cash on deposit in the university's bank accounts at June 30, 2013 was \$81.3 million (\$107.3 million in 2012). Of this amount, \$1.3 million (\$30.7 million in 2012) was insured by the Federal Deposit Insurance Corporation at June 30, 2013. At June 30, 2013, \$80.0 million (\$76.6 million in 2012) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes, and no cash was uninsured and uncollateralized at June 30, 2013 and 2012.

The university's cash and cash equivalents are carried in the financial statements at fair value and consist of the following at June 30, 2013 and 2012 (dollars in thousands):

	<b>2013</b>	<b>2012</b>
Money Market Funds	\$298,177	\$254,170
Repurchase Agreements	25,216	6,860
Cash and Deposits	<u>71,145</u>	<u>134,224</u>
Total Cash and Cash Equivalents	<u><u>\$394,538</u></u>	<u><u>\$395,254</u></u>

## Investments

The Board of Governors and the Board of Trustees, through the Joint Committee on Investments, exercise authority over the investment of the university's Long-Term Investment Pool. Professional investment managers manage the investment of funds in accordance with the Investment Policy as established by the Joint Committee on Investments, approved by the Board of Governors with the consent of the Board of Trustees. Additionally, a professional investment consultant monitors and reports on the Long-Term Investment Pool and the individual investment managers. 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 Long-Term Investment Pool is to preserve and enhance the Long-Term Investment Pool's real purchasing power while providing a relatively constant stream of earnings for current use. The long-term investment objective for the Long-Term Investment Pool is to attain an average annual total return of at least 4.5%, net of inflation, fees, and costs. In 2013, the university's annual spending policy is to spend an amount not to exceed 4.3875% of a trailing 13-quarter average of the Long-Term Investment Pool's market values. For fiscal year 2014, the endowment spending policy will drop to 4.2750%. Current earned income will be used for ongoing spending requirements.

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 statement of net position.

The university's investments are carried in the financial statements at fair value and consist of the following at June 30, 2013 and 2012 (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Commercial Paper	\$184,316	\$229,397
U.S. Government Treasury Securities	244,288	241,915
U.S. Government Agency Securities	53,836	94,875
Commodities	32,077	32,416
U.S. Corporate Equities	329,518	333,042
Foreign Corporate Equities	12,426	101,246
Mutual Funds	248,215	
Real Estate	38,206	39,030
Corporate Bonds	6,130	14,449
Municipal Bonds	20,807	9,835
Bonds – Other Holdings	14,645	87,419
Other Investments	8,383	8,126
Total Investments	<u>\$1,192,847</u>	<u>\$1,191,750</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 of cash and cash equivalents and investments at June 30, 2013 and 2012 (dollars in thousands):

Investment Type	2013				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$184,316	\$184,316			
U.S. Government Treasury Securities	244,288	131,559	\$110,325		\$2,404
U.S. Government Agency Securities	53,836	16,309	37,451	\$47	29
Corporate Bonds	6,130		4,420	1,094	616
Municipal Bonds	20,807	1,003	15,074		4,730
Mutual Funds	72,549	18,514		54,035	
Bonds – Other Holdings	14,645	14,645			
Money Market Funds	298,177	298,177			
Repurchase Agreements	25,216	25,216			
Total	919,964	\$689,739	\$167,270	\$55,176	\$7,779
U.S. Corporate Equities	329,518				
Foreign Corporate Equities	12,426				
Mutual Funds	175,666				
Commodities	32,077				
Real Estate	38,206				
Other Investments	8,383				
Total	\$1,516,240				
Investment Type	2012				
	Market Value	Investment Maturities (in years)			
		Less Than 1	1-5	6-10	More Than 10
Commercial Paper	\$229,397	\$229,397			
U.S. Government Treasury Securities	241,915	105,452	\$133,779		\$2,684
U.S. Government Agency Securities	94,875	20,881	73,892	\$5	97
Corporate Bonds	14,449	10,994	3,455		
Municipal Bonds	9,835			1,045	8,790
Bonds – Other Holdings	87,419		2,734	84,685	
Money Market Funds	254,170	254,170			
Repurchase Agreements	6,860	6,860			
Total	938,920	\$627,754	\$213,860	\$85,735	\$11,571
U.S. Corporate Equities	333,042				
Foreign Corporate Equities	101,246				
Commodities	32,416				
Real Estate	39,030				
Other Investments	8,126				
Total	\$1,452,780				

## 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, 2012, \$0.8 million of the university's money market funds included in cash and cash equivalents were not rated. At June 30, 2013, all of the university's repurchase agreements included in cash and cash equivalents were rated (none in 2012 were rated). At June 30, 2013 and 2012, the university's cash and cash equivalent and investment quality ratings as rated by Standard & Poor's were as follows (dollars in thousands):

<b>Investment Type</b>	<b>Quality Rating</b>	<b>2013</b>	<b>2012</b>
U.S. Government Treasury and Agency Securities	AAA		\$67,497
U.S. Government Treasury and Agency Securities	AA+	\$298,124	269,293
Money Market Funds	AAA	298,177	253,390
Money Market Funds	N/R		780
Repurchase Agreements	AA+	25,216	
Repurchase Agreements	N/R		6,860
Corporate Bonds	AAA	4,708	5,737
Corporate Bonds	AA+		6,912
Corporate Bonds	AA	71	1,511
Corporate Bonds	AA-	616	
Corporate Bonds	A+	540	
Corporate Bonds	A	106	196
Corporate Bonds	BBB+		93
Corporate Bonds	BBB	89	
Municipal Bonds	AAA	3,419	3,325
Municipal Bonds	AA+	4,627	1,410
Municipal Bonds	AA	5,032	770
Municipal Bonds	AA-	5,060	2,000
Municipal Bonds	A+	2,669	
Municipal Bonds	N/R		2,330
Mutual Funds	N/R	72,549	
Bonds – Other Holdings	AA		66,187
Bonds – Other Holdings	AA-		21,232
Bonds – Other Holdings	N/R	14,645	
Commercial Paper	A-1+	97,155	92,974
Commercial Paper	A-1	87,161	136,423
<b>Total</b>		<b>\$919,964</b>	<b>\$938,920</b>

### 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 funds and mutual funds are not subject to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form. At June 30, 2013 and 2012, the university had \$468.0 and \$371.5 million, respectively, of investments that were uninsured and unregistered and not held by the outside party in the university's name.

<u>Investment Type</u>	<u>2013</u>	<u>2012</u>
U.S. Corporate Equities	\$251,287	\$224,065
Foreign Corporate Equities	2,712	42,843
Mutual Funds	129,036	
Bonds – Other Holdings	14,645	33,182
Commodities	32,077	32,416
Real Estate	38,206	39,030
Total	<u>\$467,963</u>	<u>\$371,536</u>

### Investments - Endowment Funds

The majority of endowment funds assets are in the Long-Term Investment Pool. 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, 2013, the market value of the Long-Term Investment Pool was \$667.5 million (\$581.2 million in 2012). In addition, the aggregate endowment market value of funds separately invested was \$35.7 million at June 30, 2013 (\$36.4 million in 2012). The investment appreciation was \$106.9 million at June 30, 2013 (appreciation of \$59.6 million in 2012). These amounts are included in restricted nonexpendable, restricted expendable and unrestricted net position.

The university employs a spending policy which provides for annual spending at a stated rate determined by the Joint Investment Committee of the Board of Governors and the Board of Trustees. Income earned above the stated rate is reinvested and added to the endowment principal, while any shortfall is covered by capital appreciation. The university complies with the "Uniform Prudent Management of Institutional Funds Act" (UPMIFA) P.L. 2009, Chapter 64, adopted by New Jersey. This law speaks to the management and use of funds held by charitable institutions.

### Alternative Investments

As part of its investment strategy, the university has committed to invest a total of \$213.1 million to 46 non-marketable alternative asset partnerships, hedge funds and real estate funds at June 30, 2013 (\$186.5 million to 40 non-marketable alternative asset partnerships, hedge funds and real estate funds in 2012). As of June 30, 2013, the university has \$156.9 million of paid-in capital to these alternative assets (\$143.6 million in 2012) and \$60.6 million in unfunded commitments (\$46.8 million in 2012).

**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, 2013 and 2012 (dollars in thousands):

	<b>Accounts Receivabl e</b>	<b>Allowanc e</b>	<b>Net 2013</b>
Government Grants Receivable and Other			
Sponsored Programs	\$68,041	\$309	\$67,732
Plant Receivables	41,286		41,286
Student Notes Receivable	41,445	4,638	36,807
Federal and State Governments	19,996		19,996
Student Accounts Receivable	15,469	5,141	10,328
Interest Receivable	7,788		7,788
Other	12,535	1,100	11,435
Total	<u>\$206,560</u>	<u>\$11,188</u>	<u>\$195,372</u>
	<b>Accounts Receivabl e</b>	<b>Allowanc e</b>	<b>Net 2012</b>
Government Grants Receivable and Other			
Sponsored Programs	\$77,002	\$500	\$76,502
Plant Receivables	41,379		41,379
Student Notes Receivable	42,223	4,527	37,696
Student Accounts Receivable	18,439	4,349	14,090
Interest Receivable	13,503		13,503
Federal and State Governments	6,190		6,190
Other	17,754	1,229	16,525
Total	<u>\$216,490</u>	<u>\$10,605</u>	<u>\$205,885</u>

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2013 and 2012, considering type, age, collection history and other appropriate factors.

**NOTE 4 – CAPITAL ASSETS**

The detail of Capital Assets activity for the years ended June 30, 2013 and 2012 is as follows (dollars in thousands):

	<b>Balance 2012</b>	<b>Additions</b>	<b>Retirements/ Capitalization</b>	<b>Balance 2013</b>
Capital Assets Not Being Depreciated:				
Land	\$60,693			\$60,693
Capitalized Art Collections	59,518	\$277		59,795
Construction in Progress	367,169	149,989	\$374,870	142,288
<b>Total</b>	<b>487,380</b>	<b>150,266</b>	<b>374,870</b>	<b>262,776</b>
Capital Assets Being Depreciated:				
Land Improvements	281,730	21,778		303,508
Buildings	2,396,647	370,078		2,766,725
Equipment	468,587	30,834	13,650	485,771
<b>Total</b>	<b>3,146,964</b>	<b>422,690</b>	<b>13,650</b>	<b>3,556,004</b>
Less Accumulated Depreciation:				
Land Improvements	213,030	12,534		225,564
Buildings	855,508	53,907		909,415
Equipment	347,518	31,202	12,796	365,924
<b>Total</b>	<b>1,416,056</b>	<b>97,643</b>	<b>12,796</b>	<b>1,500,903</b>
<b>Net Capital Assets Being Depreciated</b>	<b>1,730,908</b>	<b>325,047</b>	<b>854</b>	<b>2,055,101</b>
<b>Total Capital Assets, net</b>	<b>\$2,218,288</b>	<b>\$475,313</b>	<b>\$375,724</b>	<b>\$2,317,877</b>

	<b>Balance 2011</b>	<b>Additions</b>	<b>Retirements / Capitalization</b>	<b>Balance 2012</b>
Capital Assets Not Being Depreciated:				
Land	\$59,474	\$1,219		\$60,693
Capitalized Art Collections	58,448	1,070		59,518
Construction in Progress	240,287	253,891	\$127,009	367,169
<b>Total</b>	<b>358,209</b>	<b>256,180</b>	<b>127,009</b>	<b>487,380</b>
Capital Assets Being Depreciated:				
Land Improvements	271,207	10,523		281,730
Buildings	2,257,635	139,012		2,396,647
Equipment	454,018	29,938	15,369	468,587
<b>Total</b>	<b>2,982,860</b>	<b>179,473</b>	<b>15,369</b>	<b>3,146,964</b>
Less Accumulated Depreciation:				
Land Improvements	193,946	19,084		213,030
Buildings	800,639	54,869		855,508
Equipment	331,707	30,440	14,629	347,518
<b>Total</b>	<b>1,326,292</b>	<b>104,393</b>	<b>14,629</b>	<b>1,416,056</b>
<b>Net Capital Assets Being Depreciated</b>	<b>1,656,568</b>	<b>75,080</b>	<b>740</b>	<b>1,730,908</b>
<b>Total Capital Assets, net</b>	<b>\$2,014,777</b>	<b>\$331,260</b>	<b>\$127,749</b>	<b>\$2,218,288</b>

During 2013, the university has capitalized interest expense of \$0.9 million (\$13.6 million in 2012) in construction in progress in the accompanying statement of net position.

**NOTE 5 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES**

Accounts payable and accrued expenses consist of the following at June 30, 2013 and 2012 (dollars in thousands):

	<u>2013</u>	<u>2012</u>
Vendors	\$65,349	\$71,004
Compensated Absences	52,783	55,639
Accrued Salaries and Benefits	38,527	29,825
Workers Compensation	15,504	13,985
Interest Payable	7,134	7,333
Retainage	16,651	10,830
Other Accrued Expenses	<u>13,156</u>	<u>13,313</u>
Total Accounts Payable and Accrued Expenses	<u>\$209,104</u>	<u>\$201,929</u>

**NOTE 6 – NONCURRENT LIABILITIES**

Noncurrent liability activity for the years ended June 30, 2013 and 2012 is as follows (dollars in thousands):

	<u>Balance 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2013</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$201,929	\$16,042	\$8,867	\$209,104	\$175,919
Long-Term Liabilities	<u>1,082,987</u>	<u>2,629</u>	<u>41,754</u>	<u>1,043,862</u>	<u>41,401</u>
Total Noncurrent Liabilities	<u>\$1,284,916</u>	<u>\$18,671</u>	<u>\$50,621</u>	<u>\$1,252,966</u>	<u>\$217,320</u>

	<u>Balance 2011</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 2012</u>	<u>Current Portion</u>
Accounts Payable and Accrued Expenses	\$181,058	\$26,008	\$5,137	\$201,929	\$173,693
Long-Term Liabilities	<u>1,122,493</u>	<u>24</u>	<u>39,530</u>	<u>1,082,987</u>	<u>40,818</u>
Total Noncurrent Liabilities	<u>\$1,303,551</u>	<u>\$26,032</u>	<u>\$44,667</u>	<u>\$1,284,916</u>	<u>\$214,511</u>

**NOTE 7 – COMMERCIAL PAPER**

On February 28, 2007, the university instituted the commercial paper program to provide interim or short-term financing for the acquisition and construction of and improvements, repairs, replacements, additions and betterments to the facilities, and the acquisition of equipment, and other property in connection therewith, of the university, and the refinancing of certain outstanding obligations of the university. The commercial paper was to 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 principal and interest, the full faith and credit of the university are pledged. Principal 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 with Wells Fargo Bank, National Association (the Liquidity Provider) under which the Liquidity Provider is obligated to purchase newly issued commercial paper to pay the principal 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 April 20, 2015, 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. Merrill Lynch, Fenner & Smith Incorporated will be the dealer in connection with the offering and issuance of the Series B Tax-Exempt Commercial Paper.

During fiscal year 2012, the university issued General Obligation Commercial Paper Series B for \$27.0 million. This issuance was to provide interim financing for the Camden Housing Project. In addition, using university funds, the university redeemed \$4.2 million of General Obligation Commercial Paper Series C.

During fiscal year 2013, the university issued General Obligation Commercial Paper Series A for \$31.7 million to provide interim financing for the RU Press at Gateway Building Project, the Atlantic Cape County Community College Building Project, and the Livingston Business School Project. The university also issued General Obligation Commercial Paper Series B for \$19.2 million to provide interim financing for the Camden Housing Project. In addition, using university funds, the university redeemed \$0.2 million of General Obligation Commercial Paper Series A and \$2.1 million of General Obligation Commercial Paper Series C.

Commercial Paper activity as of June 30, 2013 and June 30, 2012 is as follows (dollars in thousands):

	<b>2012</b>			<b>2013</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Series A	\$1,850	\$31,670	\$220	\$33,300
Series B	27,000	19,190		46,190
Series C	52,655		2,090	50,565
	<u>\$81,505</u>	<u>\$50,860</u>	<u>\$2,310</u>	<u>\$130,055</u>
	<b>2011</b>			<b>2012</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
Series A	\$1,850			\$1,850
Series B		\$27,000		27,000
Series C	56,845		\$4,190	52,655
	<u>\$58,695</u>	<u>\$27,000</u>	<u>\$4,190</u>	<u>\$81,505</u>

**NOTE 8 - LONG-TERM LIABILITIES**

Long-term liability activity for the years ended June 30, 2013 and 2012 is as follows (dollars in thousands):

	<b>Balance</b>		<b>Retirement</b>	<b>Balance</b>	<b>Current</b>
	<b>2012</b>	<b>Additions</b>	<b>s</b>	<b>2013</b>	<b>Portion</b>
General Obligation					
Bonds Payable	\$942,585	\$24	\$31,968	\$910,641	\$32,184
Lease Obligations	100,011	2,605	9,647	92,970	9,072
Notes Payable	1,448		139	1,308	145
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	<u>\$1,082,987</u>	<u>\$2,629</u>	<u>\$41,754</u>	<u>\$1,043,862</u>	<u>\$41,401</u>
	<b>Balance</b>		<b>Retirement</b>	<b>Balance</b>	<b>Current</b>
	<b>2011</b>	<b>Additions</b>	<b>s</b>	<b>2012</b>	<b>Portion</b>
General Obligation					
Bonds Payable	\$973,206	\$24	\$30,645	\$942,585	\$31,944
Lease Obligations	108,763		8,752	100,011	8,735
Notes Payable	1,581		133	1,448	139
Loans Payable	38,943			38,943	
Total Long-Term Liabilities	<u>\$1,122,493</u>	<u>\$24</u>	<u>\$39,530</u>	<u>\$1,082,987</u>	<u>\$40,818</u>

**OTHER OBLIGATIONS OF THE UNIVERSITY**

**Notes Payable**

Notes payable at June 30, 2013 and 2012 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

**Rutgers Community Park**

In 1999, the university and the City of Camden entered into an agreement 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, 2013, the outstanding amount due on the loans was \$0.4 million (\$0.5 million in 2012).

**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 matured 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.

At June 30, 2013 and 2012, the outstanding balance of the NJCC CDE I and II loans remained at \$38.9 million and \$38.9 million, respectively.

On December 15, 2010, the university entered into a lease agreement with Somerset Street Urban Renewal Associates, LLC for the Gateway Transit Village Property, which comprises the Rutgers University Bookstore, Rutgers University Press, and the common areas (the Rutgers Component). The university began rent payments on October 1, 2012, in the amount of \$0.4 million and will continue to make quarterly payments due and payable on the first business day of each quarter during the term of the lease. For lease years 1 – 7, annual lease payments amounts will be \$1.4 million, and for lease years 8 – 30, annual lease payment amounts will be \$1.7 million.

On December 23, 2010, the university entered into a loan arrangement for \$16.1 million with Somerset Street Associates 2, LLC (SSA2) for the purpose of completing the Gateway Transit Village Property. The university began receiving interest only payments on October 1, 2012, in the amount of \$0.4 million and will continue to receive such payments in quarterly installments on the first business day of each calendar quarter through January 1, 2018. Beginning April 1, 2018, SSA2 shall make quarterly payments of principal and interest in an amount sufficient to fully repay the sum of the principal amount then outstanding. Rutgers has the option to purchase all of the right, title and interest of the property in exchange of forgiving the loan to SSA2.

## Bonds Payable – General Obligation

A summary of bonds issued and outstanding at June 30, 2013 and 2012 is as follows (dollars in thousands):

	<u>Date of Series</u>	<u>Original Amount</u>	<u>Outstanding June 30,</u>	
			<u>2013</u>	<u>2012</u>
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2013	Feb. 1, 1992	\$94,370		\$5,180
2002 Series A, variable-rate, due serially to May 1, 2018	Feb. 1, 2002	110,000	\$53,100	57,300
2003 Series C, 3.41% effective, due serially to May 1, 2019	July 15, 2003	111,320	26,360	34,100
2010 Series I, 3.46% effective, due serially to May 1, 2025 and term bonds due May 1, 2029	Nov. 1, 2010	40,830	39,650	40,830
<b>Total General Obligation Refunding Bonds</b>		<u>356,520</u>	<u>119,110</u>	<u>137,410</u>
General Obligation Bonds:				
2002 Series B, 4.60% effective, due serially to May 1, 2012 and term bonds due May 1, 2027, 2032 and 2034	Nov. 1, 2002	50,000	24,065	24,065
2003 Series D, 3.74% effective, due serially to May 1, 2019	Dec. 1, 2003	24,805	7,100	8,730
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	74,570	76,685
2009 Series F, 4.56% effective, due serially to May 1, 2031 and term bonds due May 1, 2039	Feb. 10, 2009	233,105	207,240	214,285
2009 Series G, variable-rate, due serially to May 1, 2039	Apr. 29, 2009	80,000	73,915	75,530
2010 Series H, 3.70% effective, due serially to May 1, 2019 through May 1, 2022 and term bonds due May 1, 2029 and 2040	Nov. 1, 2010	390,990	390,990	390,990
<b>Total General Obligation Bonds</b>		<u>865,625</u>	<u>777,880</u>	<u>790,285</u>
<b>Total Bonds</b>		<u>\$1,222,145</u>	<u>\$896,990</u>	<u>\$927,695</u>

The General Obligation Bonds (GOB) Payable includes premium on bonds of \$13.7 million at June 30, 2013 (\$14.9 million in 2012, premium on bonds, net of bond discounts) related to Series 2002 B, Series 2003 C, Series 2003 D, Series 2004 E, Series 2009 F, and Series 2010 I.

### General Obligation and General Obligation Refunding Bonds

The General Obligation Refunding Bonds, 1992 Series A was 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. On August 25, 2011, the university, along with First Union National Bank (predecessor to U.S. Bank, National Association), the Trustee, and TD Bank, N.A. (the Substitute Liquidity Facility), entered into a Standby Bond Purchase Agreement for General Obligation Refunding Bonds, 2002 Series A pursuant to Section 5.9(b) of the First Supplemental Indenture of Trust, dated as of February 1, 2002, which supplements the Indenture of Trust, dated as of February 1, 2002. This agreement carries an annual facility fee of 0.4% and expires on August 25, 2014. As of June 30, 2013 and 2012, no funds have been drawn against this agreement. The original purchase agreement was among the university, the Trustee, and Landesbank Hessen-Thüringen Girozentrale, New York Branch was terminated on August 25, 2011 and bore an annual facility fee of 0.3%. In connection with the delivery of the Substitute Liquidity Facility, Standard & Poor's has affirmed its AA/A-1+ rating on the bonds, and Moody's has

affirmed its Aa2, Aa2/VMIG1 and P-1 ratings on the bonds. With the adoption of GASB 65, \$1.9 million was reclassified as a loss on refunding within deferred outflows on the statement of net position on July 1, 2011.

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 Wells Fargo 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 (now known as Wells Fargo 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, were 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 principal amounts plus the applicable redemption premium, if any and interest, and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2003 Series C Bonds. The university completed the advance refunding to reduce its total debt service payments over the next 16 years by \$33.8 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$12.0 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$4.4 million, was being deferred and amortized as interest expense through the year 2019 using the effective interest method. With the adoption of GASB 65, \$1.5 million of the remaining difference between the acquisition price and the net carrying amount of the debt at July 1, 2011 was reclassified as a loss on refunding within deferred outflows on the statement of net position. The \$0.3 million in issuance costs at June 30, 2011 were expensed in the period incurred and the beginning balance of net position was adjusted.

The General Obligation Bonds, 2003 Series D, were issued in the amount of \$24.8 million and dated December 1, 2003. The 2003 Series 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 Wells Fargo 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 (now known as Wells Fargo Bank) sold all trustee rights to U.S. Bank. The proceeds of the 2003 Series D Bonds were 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 Wells Fargo 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 (now known as Wells Fargo 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 (the Act), 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.

The General Obligation Bonds, 2009 Series F, were issued in the amount of \$233.1 million on February 10, 2009. The bonds were issued under the terms of an Indenture of Trust, dated as of February 1, 2002 (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Sixth supplemental Indenture of Trust, dated as of February 1, 2009, by and between the university and the Trustee (the sixth supplemental Indenture, and together with the Master Indenture, the Indenture). The 2009 Series F Bonds were issued for (i) the refinancing of Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the university, (iii) the refunding of certain outstanding bonds of the university, and (iv) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of the bonds. With the adoption of GASB 65, \$1.6 million was reclassified as a loss on refunding within deferred outflows on the statement of net position on July 1, 2011. The \$1.6 million in issuance costs at July 1, 2011, were expensed in the period incurred and the beginning balance of net position was adjusted.

The General Obligation Bonds, 2009 Series G, were issued in the amount of \$80.0 million on April 29, 2009. The bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), and a Seventh Supplemental Indenture of Trust, dated as of May 1, 2009, by and between the university and the Trustee (the Seventh Supplemental Indenture, together with the Master Indenture, the Indenture). The 2009 Series G Bonds are authorized under the provisions of Rutgers, The State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the Act), and the Indenture. The 2009 Series G Bonds were issued for (i) the refinancing of the Commercial Paper which financed the construction of various capital projects, (ii) the financing of additional capital projects of the university, and (iii) the payment of certain administrative, legal, financing, and incidental expenses relating to the issuance of these bonds. On May 6, 2009, the university, along with U.S. Bank National Association, entered into a Standby Bond Purchase Agreement for General Obligation Bonds 2009 Series G at an annual facility fee of 1.0%. This agreement was extended on May 4, 2012, with an expiration date of May 15, 2015. The agreement carries an annual facility fee of 0.4% at the university's current bond rating. As of June 30, 2013, no funds have been drawn.

The General Obligation Bonds, 2010 Series H, and the General Obligation Refunding Bonds, 2010 Series I (collectively the 2010 Series Bonds) were issued in the amount of \$391.0 million and \$40.8 million, respectively, on November 1, 2010. The bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, (the Master Indenture) as supplemented by and between the university and U.S. Bank National Association, (successor to Wachovia Bank, National Association and First Union National Bank), as trustee (the Trustee), as supplemented and amended, including by the Eighth Supplemental Indenture of Trust, dated as of November 1, 2010, by and between the university and the Trustee (the Eighth Supplemental Indenture, together with the Master Indenture, the Indenture). The 2010 Series 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 2010 Series Bonds were issued to (i) finance and/or refinance a portion of the construction of various capital projects of the university (the 2010 Capital Projects), (ii) provide for the refinancing of (a) certain outstanding commercial paper of the university, and (b) the current and/or advance refunding of all or a portion of certain outstanding bonds of the university, and (iii) finance costs of issuance with respect to the 2010 Capital Projects. The bonds which were refunded in whole included General Obligation Bonds 1998 Series A (\$16.2 million), and in part General Obligation Bonds 2002 Series B (\$17.3 million), 2003 Series C (\$6.8 million), and 2003 Series D (\$3.4 million). With the adoption of GASB 65, \$1.6 million was reclassified as a loss on refunding on the statement of net position on July 1, 2011. The \$0.3 million in issuance costs at July 1, 2011, were expensed in the period incurred and the beginning balance of net position was adjusted.

All bonds bear interest at fixed-rates with the exception of 2002 Series A and 2009 Series G, which bear interest at a variable-rate. For 2002 Series A, the rates varied from a low of 0.02% to a high of 0.23% during fiscal year 2013 (a low of 0.01% to a high of 0.24% during fiscal 2012). For 2009 Series G, the rates varied from a low of 0.01% to a high of 0.24% during fiscal year 2013 (a low of 0.02% to a high of 0.29% during fiscal year 2012). With the intention of lowering its effective interest rate related to 2002 Series A and Series 2009 G, the university entered into swap agreements with JP Morgan Chase, Merrill Lynch, and Bank of New York. (See **NOTE 9** for additional information about derivatives.) The university is exposed to basis risk due to the difference between the floating rate on the bonds and the SIFMA/LIBOR rate.

The following is the synthetic rate, related to the 2002 Series A bond, at the end of fiscal years 2013 and 2012:

	Terms	2013	Terms	2012
Interest rate swap				
Fixed payment to counterparty	Fixed	3.96%	Fixed	3.96%
Variable payment from	SIFMA	-0.08%	SIFMA	-0.18%

counterparty		
Net interest rate swap payments	3.88%	3.78%
Variable rate bond coupon payments	0.05%	0.16%
Synthetic interest rate	3.93%	3.94%

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2013:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.27%	SIFMA	-0.08%
Net interest rate swap payments		3.81%		3.74%
Variable rate bond coupon payments		0.04%		0.04%
Synthetic interest rate		3.85%		3.78%

The following is the synthetic rate, related to the 2009 Series G Bonds, at the end of fiscal year 2012:

	Terms	Merrill Lynch	Terms	Bank of New York
Interest rate swap				
Fixed payment to counterparty	Fixed	4.08%	Fixed	3.82%
Variable payment from counterparty	3 MO LIBOR	-0.47%	SIFMA	-0.18%
Net interest rate swap payments		3.61%		3.64%
Variable rate bond coupon payments		0.17%		0.17%
Synthetic interest rate		3.78%		3.81%

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 Bonds		Interest Rate Swaps, Net	Total
	Principal	Interest	Principal	Interest		
2014	\$19,340	\$39,633	\$11,580	\$56	\$4,864	\$75,473
2015	19,450	38,740	11,945	50	4,417	74,602
2016	19,550	37,855	12,410	45	3,956	73,816
2017	15,625	37,005	12,880	39	3,477	69,026
2018	16,255	36,393	13,350	33	2,979	69,010
2019-						
2023	94,110	170,244	10,985	121	11,520	286,980
2024-						
2028	128,310	145,292	13,325	97	9,275	296,299
2029-						
2033	168,470	107,095	16,245	69	6,534	298,413
2034-						
2038	193,310	58,912	19,830	33	3,177	275,262
2039-						
2043	95,555	8,222	4,465	2	170	108,414
Total	\$769,975	\$679,391	\$127,015	\$545	\$50,369	\$1,627,295

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

## CAPITALIZED LEASE OBLIGATIONS

### Facilities Authority

**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, 2013, the university had a capital lease obligation of \$37.1 million (\$39.6 million in 2012).

**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, 2013, the university had a capital lease obligation of \$6.2 million (\$8.3 million in 2012).

### 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. On March 25, 2011, these bonds were refinanced, once again, in the aggregate amount of \$31.3 million, at an effective interest rate of 3.2% per annum. The bonds mature serially from July 1, 2011, through July 1, 2020. 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, 2013, this liability was \$23.4 million (\$26.2 million in 2012). 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, 2013, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$4.1 million (\$4.6 million in 2012). 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 (now known as Wells Fargo Bank, National Association), as Agent, Certificates of Participation were issued in the amount of \$30.6 million on April 15, 2004. The Certificates of Participation represent undivided proportionate interests in the fixed rent payable by the university pursuant to the Master Lease Agreement, dated April 1, 2004, between the Lessee and Lower George Street University Redevelopment Associates, LLC. The university is obligated under the Lease to make payments of fixed rent that comprise amounts designated as interest and as principal and that are payable to the owners of the 2004 Certificates. The 2004 Certificates are being issued to finance the acquisition of the land, the preparation of the land for construction, including demolition and clearing of existing improvements, and the construction of improvements and costs of acquisition and installation of equipment. This area will primarily serve as the university's Division of Public Safety headquarters, provide additional office space for the university and provide a parking garage, all to support the university's educational functions. In addition, the 2004 Certificates are to provide for capitalized interest on the 2004 Certificates from the dates of delivery to July 1, 2005 and to pay the costs of issuance associated with the authorization, sale, execution and delivery of the 2004 Certificates. At June 30, 2013, the university had a capital lease obligation of \$26.7 million (\$27.3 million in 2012).

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2013 are as follows (dollars in thousands):

Year	Facilities Authority				Certificates of Participation		Total
	HECIP	DSTF (2001A)	DSTF (2001B)	Housing Authority	Hospital Sublease		
2014	\$4,462	\$2,039	\$33	\$4,052	(\$719)	\$1,860	\$11,727
2015	4,458	2,040	32	4,053	(719)	1,864	11,728
2016	4,456	2,040	32	4,052	(719)	1,861	11,722
2017	4,456			4,048	(718)	1,860	9,646
2018	4,458			4,052	(719)	1,858	9,650
2019-2023	25,482			8,099	(1,437)	9,274	41,418
2024-2028						9,258	9,258
2029-2033						9,209	9,209
2034-2038						9,169	9,169
Total Lease Payments	47,772	6,119	97	28,356	(5,031)	46,213	123,526
Less Amount Representing Interest	10,641			4,916	(900)	19,503	34,160
Present Value of Lease Payments	<u>\$37,131</u>	<u>\$6,119</u>	<u>\$97</u>	<u>\$23,440</u>	<u>(\$4,131)</u>	<u>\$26,710</u>	<u>\$89,366</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 following represents the book value of the university's equipment capital leases at June 30, 2013 and 2012 (dollars in thousands):

	2013	2012
Cost	\$10,783	\$8,212
Accumulated Depreciation	(6,132)	(4,842)
Net Book Value	<u>\$4,651</u>	<u>\$3,370</u>

The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2013, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$2.9 million (\$2.5 million in 2012). The annual rentals for these capitalized lease obligations are provided for in the university's operating budget.

#### NOTE 9 – DERIVATIVE FINANCIAL INSTRUMENTS

The university is party to derivative financial instruments (interest rate swaps) that are reported at fair value on the statements of net position.

##### Objective of the swaps:

The university has entered into four separate pay-fixed, receive-variable interest rate swaps in order to protect against adverse changes in cash flows caused by variable prices, costs, rates, or terms that cause future prices to be uncertain.



For the years ended June 30, 2013 and 2012, the university had the following derivative instruments outstanding (dollars in thousands):

<u>Derivative Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>2013 Fair Value</u>	<u>Change in Fair Value</u>
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	\$53,100	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	(\$4,934)	\$1,930
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A, B, C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive 100% USD-LIBOR-BBA (3 mo)	(11,645)	19,722
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	18,210	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(2,617)	947
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A and C	13,500	3/1/2012	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(2,256)	638
Total			<u>\$184,810</u>				<u>(\$21,452)</u>	<u>\$23,237</u>

<u>Derivative Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Notional Amount</u>	<u>Effective Date</u>	<u>Termination Date</u>	<u>Terms</u>	<u>2012 Fair Value</u>	<u>Change in Fair Value</u>
JP Morgan & Co.	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2002 Series A	\$57,300	2/4/2002	5/1/2018	Pay 3.96%; receive SIFMA swap index	(\$6,864)	(\$89)
Merrill Lynch	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A, B, C and GOB 2009 Series G	100,000	5/1/2008	11/1/2038	Pay 4.08%; receive 100% USD-LIBOR-BBA (3 mo)	(31,367)	31,388
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Bond (GOB) 2009 Series G	18,980	5/1/2007	5/1/2027	Pay 3.82%; receive SIFMA swap index	(3,564)	1,689
Bank of New York	Pay-fixed interest rate swap	Hedge of changes in cash flows on the General Obligation Commercial Paper (GOCP) Series A and C	13,500	3/1/2012	11/1/2017	Pay 5.13%; receive 100% USD-LIBOR-BBA (1 mo)	(2,894)	734
Total			<u>\$189,780</u>				<u>(\$44,689)</u>	<u>\$33,722</u>

**Fair Value:**

As of June 30, 2013, the swaps had a total negative fair value of \$21.5 million (negative fair value of \$44.7 million in 2012). The fair value was provided by Prager, Sealy & Co., LLC and derived from proprietary models based on estimates about relevant future market conditions. As these are hedging derivatives, the aggregate change in fair value is reported as deferred outflows (since the swaps are in a liability position) in the statement of net position.

**Credit Risk:**

As of June 30, 2013 and 2012, the university was not exposed to credit risk with JP Morgan, Bank of New York and Merrill Lynch because all of the swaps had negative fair values. The credit ratings for each of the counterparties are as follows:

<b>Derivative Instrument</b>	<b>2013 Counterparty Credit Rating</b>	<b>2012 Counterparty Credit Rating</b>
JP Morgan & Co.	A+	A+
Merrill Lynch	A-	A-
Bank of New York - SIFMA	AA-	AA-
Bank of New York - LIBOR	AA-	AA-

In fiscal 2012, UBS requested that the university accept an assignment of our swap to the Bank of New York. Since the assignment resulted in a swap with a counterparty with a higher credit rating than the previous counterparty and it was negotiated at no cost to the university, the university agreed to the assignment.

The mark-to-market value of the swap will not require collateralization unless (i) the Qualified Swap Provider is downgraded by a nationally recognized rating agency below the two highest grade categories, and (ii) the market value of the swap exceeds the current collateralization threshold specified in the respective Agreement. Any such collateral shall consist of direct obligations of, or obligations which are guaranteed by, the United States of America or other securities weighted to take into account their relative security compared to such obligations of the United States of America. The amount of (i.e., value of) such collateral shall equal the market value of the swap in excess of the applicable collateral threshold based on the rating of such counterparty at such time. The table below shows when collateralization would be required or triggered.

<b>Ratings by Moody's and S&amp;P</b>	<b>Counterparty Collateral Threshold</b>
AAA/Aaa	Infinite
Aa3/AA-	Infinite
A1/A+	\$20.0 million
A2/A	\$10.0 million
A3/A-	\$10.0 million
Baa1/BBB+	\$5.0 million
Baa2/BBB	\$5.0 million
Baa3/BBB-	Zero
Below Baa3/BBB- or not rated	Zero

In the table above, a Counterparty is not obligated to provide collateral if it has a credit rating in the highest two categories regardless of the mark-to market value of the swap. Collateralization would be required, for example, if the Counterparty was rated "A2/A" and the mark-to-market value of the swap exceeded \$10.0 million. In this example, the collateral required would be equal to the amount by which the mark-to market value of the swap exceeds \$10.0 million. Rutgers is subject to the same collateral requirements as the counterparty.

If either S&P or Moody's ceases to be in the business of rating debt securities and such business is not continued by a successor, a nationally recognized credit rating agency would be selected in substitution.

**Basis Risk:**

The pay-fixed receive-variable swaps expose the university to basis risk because the rates resulting from the Securities Industry and Financial Markets Association Index (SIFMA), for the GOB 2002 Series A and the GOB Series 2009 G swaps, 100% of USD-LIBOR-BBA (1 month and 3 month) for GOB Series 2009 G, GOCP Series A, B and C swaps are not the same rate the university pays on the hedged debt. The rates on the bonds are calculated daily by the remarketing agent, and for the commercial paper by a broker/dealer, at the lowest rate necessary to clear the market.

**Rollover Risk:**

The university is exposed to rollover risk on swaps only if the counterparty exercises its termination option, in which case 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.

The JP Morgan & Co. swap has an optional termination provision in which they will have the right, but not the obligation to terminate the swap transaction in whole on each day that the daily weighted average of the Municipal Swap Index for any immediately preceding rolling consecutive 180 day period within the exercise period is more than 7.0% per annum. The exercise period began on November 1, 2004 and is up to, but excluding, the termination date of May 1, 2018. The date on which JP Morgan exercises its right to terminate the transaction is defined as the optional termination date. If JP Morgan exercises its right to terminate the transaction, the university shall pay two business days after the optional termination date the fixed amount for the period from and including the last fixed rate payer payment date to but excluding the optional termination date, and JP Morgan will pay two business days after the optional termination date the floating amount for the period from and including the last floating rate payer payment date to but excluding the optional termination date. Upon payment and receipt of these amounts, neither party shall have any further payment obligations related to this transaction.

**NOTE 10 – COMMITMENTS**

At June 30, 2013, 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 \$910.0 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	<b>Total Project Funding</b>		<b>Estimated Total Cost</b>
	<b>Received at June 30, 2013</b>	<b>Additional Funding Required at June 30, 2013</b>	
Borrowing	\$42,432	\$429,075	\$471,507
State		305,925	305,925
Gifts and Other Sources	108,629	23,977	132,606
Total	\$151,061	\$758,977	\$910,038

The university leases certain space used in general operations. Rental expense was approximately \$5.2 million in 2013 (\$4.9 million in 2012). The leases are non cancelable and have been classified as operating leases which are expected to expire through 2032. Minimum annual rental commitments approximate the following (dollars in thousands):

<b>Year</b>	<b>Amount</b>
2014	\$6,482
2015	5,774
2016	4,839
2017	4,235
2018	3,818
2019-2023	14,222
2024-2028	9,456
2029-2033	5
Total	\$48,831

**NOTE 11 – NATURAL EXPENSES BY FUNCTIONAL CLASSIFICATION**

The university reports operating expenses by functional classification. Details of these expenses by natural classification at June 30, 2013 and 2012 are as follows (dollars in thousands):

	<b>Salaries and Wages</b>	<b>Fringe Benefits</b>	<b>Supplies and Services</b>	<b>Depreciation</b>	<b>2013 Total</b>
Instruction	\$491,940	\$125,528	\$103,790		\$721,258
Sponsored Research	101,279	25,021	102,636		228,936
Other Separately Budgeted Research	48,341	20,887	15,470		84,698
Other Sponsored Programs	34,366	8,992	39,537		82,895
Extension and Public Service	23,798	7,408	10,047		41,253
Libraries	20,878	5,218	14,598		40,694
Student Services	38,050	12,277	40,084		90,411
Operation and Maintenance of Plant	58,376	15,627	68,054		142,057
General Administration and Institutional	67,575	18,253	48,143		133,971
Scholarships and Fellowships	4,172	82	37,935		42,189
Depreciation				\$97,643	97,643
Auxiliary Enterprises	103,520	34,144	140,789		278,453
Other Operating Expenses			934		934
<b>Total Operating Expenses</b>	<b>\$992,295</b>	<b>\$273,437</b>	<b>\$622,017</b>	<b>\$97,643</b>	<b>\$1,985,392</b>

	<b>Salaries and Wages</b>	<b>Fringe Benefits</b>	<b>Supplies and Services</b>	<b>Depreciation</b>	<b>2012 Total</b>
Instruction	\$464,846	\$119,693	\$101,905		\$686,444
Sponsored Research	96,560	23,246	102,174		221,980
Other Separately Budgeted Research	44,062	13,239	16,954		74,255
Other Sponsored Programs	38,538	10,365	39,924		88,827
Extension and Public Service	24,880	6,778	7,628		39,286
Libraries	20,676	5,193	13,595		39,464
Student Services	36,522	10,985	38,649		86,156
Operation and Maintenance of Plant	58,087	14,565	66,716		139,368
General Administration and Institutional	66,567	18,134	31,990		116,691
Scholarships and Fellowships	4,239	48	41,370		45,657
Depreciation				\$104,393	104,393
Auxiliary Enterprises	96,727	26,261	120,019		243,007
Other Operating Expenses			647		647
<b>Total Operating Expenses</b>	<b>\$951,704</b>	<b>\$248,507</b>	<b>\$581,571</b>	<b>\$104,393</b>	<b>\$1,886,175</b>

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## 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. Under these plans, participants make annual contributions, and 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 2013 aggregated \$46.6 million (\$49.8 million in 2012) of which \$6.8 million (\$7.2 million in 2012) 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 is charged for contributions on behalf of employees through a fringe benefits charge assessed by the State which is included within the state paid fringe benefits in the accompanying statements of revenues, expenses, and changes in net position. 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 under the provisions of N.J.S.A. 43:15A. The payroll for employees covered by PERS for the year ended June 30, 2013 was \$171.7 million (\$163.4 million in 2012).

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 enrolled in PERS prior to November 2, 2008, are eligible for retirement at age 60 with no minimum years of service required. Members enrolled in PERS on or after November 2, 2008, are eligible for retirement at age 62 with no minimum years of service required. Members enrolled in PERS prior to July 1, 2007, who have 25 years or more of credited service may also select early retirement without penalty at age 55 and receive full retirement benefits. Members enrolled in PERS on or after July 1, 2007, may select early retirement with an allowance reduction for each month prior to the normal retirement age as specified by the NJ Division of Pensions and Benefits. PERS also provides death and disability benefits. Benefits are established by State statute.

Members enrolled in PERS after May 21, 2010, must work 35 hours or more per week. An employee is eligible for PERS membership based upon only one position and requires the retirement system to designate the position providing the higher or highest compensation for the member from among any concurrently held positions. This position will be used as the basis for eligibility for membership, service credit, the compensation base for pension contributions, and for other pension calculations. The formula and definition of compensation to be used to calculate service, early and deferred retirement for these members changes as well. The formula for service, early and deferred retirement will be calculated as years of service, divided by 60, times the final average salary. Final average salary means the average annual compensation for the last five years of service, or any five fiscal years of membership that provide the largest possible benefit to the member or the member's beneficiary. This definition will also be used to calculate survivor pension benefits and death benefit payments, when available, to beneficiaries. The PERS members are eligible for retirement at age 62 with no minimum years of service required.

Members enrolled in PERS on or after June 28, 2011, are eligible for retirement at age 65 with no minimum years of service. The annual allowance is equal to years of service divided by 60, times the final annual average salary. Final average salary means the average salaries received by the member for the last five years (50 months for 10-month employees) of membership or the five highest fiscal years, whichever provides the largest benefit. Pension benefits fully vest on reaching 10 years of credited service.

**Contributions** — Covered university employees were required by PERS to contribute 6.6% of their annual compensation during fiscal year 2013 (6.5% of their annual compensation during fiscal year 2012). The PERS contribution rate will increase by 0.14% each year until the 7.5% contribution rate is reached by July 1, 2018. 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. Employers were not required to contribute in 2013 and 2012 due to legislation enacted in 1997 by the State, which fully funded previously existing unfunded accrued liabilities of PERS through State of New Jersey bonds. The contribution requirements of the plan members and the university are established and may be amended by the state.

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.

The State issues publicly available financial reports that include financial statements and required supplementary information for PERS. These reports may be obtained by writing to the State of New Jersey, Division of Pensions and Benefits, PO Box 295, Trenton, NJ 08625-0295.

### **Alternate Benefit Program (ABP)**

**Plan Description** — ABP is an employer, defined contribution State retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2013 was \$583.4 million (\$548.4 million in 2012).

Faculty, part-time lecturers, 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 2013. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code. Employer contributions for the year ended June 30, 2013 were \$46.6 million (\$43.9 million in 2012). Employee contributions for the year ended June 30, 2013 were \$30.7 million (\$28.6 million in 2012).

Effective July 1, 2010, Governor Christie signed Chapter 31, P.L. 2010 into law, which only allowed employer contributions to the Alternate Benefits Program (ABP) for salaries up to \$141,000. In response to this state imposed limit, the university established the Alternate Benefits Program and Trust. Through this program, the university continues to make the full 8% employer ABP contributions for salaries in excess of \$141,000, up to the Federal IRC Annual Compensation limit (\$255,000 for 2013).

### **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 Rutgers University 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. The university also has a small number of employees enrolled in the Defined Contribution Retirement Program (DCRP). The Defined Contribution Retirement Program (DCRP) was established under the provisions of Chapter 92, P.L. 2007 and expanded under the provisions of Chapter 89, P.L. 2008, Chapter 1, P.L. 2010, and Chapter 103, P.L. 2007. The DCRP provides eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees who are ineligible for PERS and PFRS, because the hours of work are fewer than those required for PERS and PFRS membership, are eligible for enrollment in the DCRP provided the annual salary is \$5,000 or higher. Employees enrolled in PERS on or after July 1, 2007, who earn salary in excess of established "maximum compensation" limits; and employees otherwise eligible to enroll in PERS on or after November 2, 2008, who do not earn the minimum annual salary (indexed annually) for PERS Membership but who earn a salary of at least \$5,000 annually, are eligible to enroll in the DCRP. Eligible employees contribute 5.5% of base salary and the employer match is 3% of base salary. Participation in all of these plans is limited, and the associated amounts are not significant.

### **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 elect pre-tax and/or after-tax Roth contributions to 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.

#### **Postemployment Benefits Other Than Pension**

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.

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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, and paid leave bank days) 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 \$36.2 million at June 30, 2013 (\$38.2 million in 2012). The liability is calculated based upon employees' accrued vacation time as of the statements of net position date and is recorded in accounts payable and accrued expenses in the accompanying statement of net position.

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 \$12.5 million at June 30, 2013 (\$13.2 million in 2012) which is included in noncurrent accounts payable and accrued expenses in the accompanying statement of net position.

The university also recorded a liability for paid leave bank days in the amount of \$4.0 million at June 30, 2013 (\$4.2 million in 2012), which is included in noncurrent accounts payable and accrued expenses in the accompanying statement of net position. Employees began using these days on July 1, 2010, and may continue for the duration of employment with the university. Once these days are exhausted, the employee will not be eligible for any additional days.

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**NOTE 14 - RISK MANAGEMENT**

The university, jointly with 15 other higher education institutions, has established Genesis Ltd. (Genesis), 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 16.3% 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 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, 2013 for these items is \$15.5 million (\$14.0 million in 2012). The reserve balance recorded at June 30, 2013 is \$15.2 million (\$15.9 million in 2012). 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 reserve 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 statement of net position. 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 was consolidated for faculty offices and classrooms. The building was converted into a condominium in which 11 floors of the building along with a 15,000 square foot addition located at grade level reconstituted as the Rutgers Business School space.

The overall project budget included 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 was \$83.0 million. Funding for this project came from several sources, particularly, in fiscal year 2006, the State of New Jersey made a special appropriation to the 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 entered 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 NMTC compliance period will end as of December 1, 2014. Once the transaction is complete, the university will control the property indirectly through its blended component units, Parkside RUN Investments, LLC and QALICB.

On October 15, 2009, the new home of the Rutgers Business School at One Washington Park was officially opened. Classes began in the facility at the start of the 2009 fall semester. The building houses Rutgers Business school classes, faculty and staff offices, departments, centers, and a police substation for added security.

**NOTE 17 - RUTGERS UNIVERSITY FOUNDATION**

**Component Unit**

The Rutgers University Foundation (the Foundation) is a legally separate, IRS tax-exempt 501(c)(3) of the Internal Revenue Code component unit of the university with a fiscal year end of June 30. The Foundation was formed to aid the university to obtain private funds and other resources to meet the needs and achieve the goals of the university for which adequate funds may not be available from other sources. To fulfill this mission, the Foundation solicits and receives gifts and pledges from private sources including individuals, corporations, and foundations. All of the financial data for the Foundation is from their audited financial statements, reported in accordance with generally accepted accounting principles promulgated by GASB. The Foundation is discretely presented in the university’s financial report as it would be misleading to exclude them and they exist for the direct benefit of the university, its students, and faculty.

**Cash, Cash Equivalents, and Investments**

The Foundation’s cash and cash equivalents are carried in the financial statements at fair value and consist of the following as of June 30, 2013 and 2012:

	2013	2012
Money Market Account	\$5,978,529	\$2,174,220
Cash and Deposits	11,162,874	16,336,855
	\$17,141,403	\$18,511,075

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

The primary financial objective of the Foundation’s investment management of assets for the General Endowment Fund is to earn the highest yield possible without unnecessary risk to principal. To achieve the goals of safety, liquidity, and return, the assets in the General Endowment Fund are invested in laddered high quality short term fixed income securities and/or an institutional money market fund. The objective for the Planned Giving Portfolio is to maximize long term total return through a combination of income and capital appreciation in a prudent manner. To achieve the goals of growth and income, the assets within the Planned Giving Portfolio are divided into an equity

portion (equities including convertibles and cash devoted to equities) and a fixed income portion (bonds, notes, nonconvertible preferred stock, and cash devoted to fixed income).

Investments are carried in the financial statements at fair value, based on quoted market prices and consist of the following as of June 30, 2013 and 2012:

<u>Investment Type</u>	<u>2013</u>	<u>2012</u>
U.S. Treasury Securities	\$4,381,281	\$3,133,610
Corporate Bonds	4,304,105	3,940,905
Municipal Bonds	1,301,951	1,786,672
Mortgage-backed Securities	10,236,642	12,842,173
Asset-backed Securities	—	129,611
Preferred Stock	209,602	248,341
Common Stock	7,663,800	3,890,415
Foreign Corporate Debt Securities	720,271	662,713
Real Estate	1,242,500	1,242,500
Other Investments	1,182,294	651,147
	<u>\$31,242,446</u>	<u>\$28,528,087</u>

**Custodial Credit Risk** – The Foundation’s deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are: uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the Foundation’s name. The deposit risk is that, in the event of the failure of a depository financial institution, the Foundation will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Foundation’s investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Foundation and are held by either: the counterparty or the counterparty’s trust department or agent, but not in the Foundation’s name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Foundation will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

The custodial credit risk associated with the Foundation’s cash and cash equivalents includes uncollateralized deposits, including any bank balance that is collateralized with securities held by pledging financial institutions, or by its trust department or agent, but not in the Foundation’s name. As of June 30, 2013 and 2012, the amount on deposit with the banks was \$15,063,309 and \$21,640,447, respectively. As of June 30, 2013 and 2012, the Foundation had insured deposits up to the Federal Deposit Insurance Corporation (FDIC) coverage limits totaling \$250,000 and \$500,000, respectively. Cash and cash equivalents in excess of those balances are uncollateralized.

As of June 30, 2013 and 2012, 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 not 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** – This is the risk associated with the amount of investments the Foundation has with any one issuer that exceed 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 Foundation limits the concentration of credit risk by placing a limit on the amount the investment managers may invest in any one issuer. No initial purchase of an equity or fixed income security in any one issuer should exceed 5% of the portion of the Foundation’s assets under management by each investment manager. In addition, no single equity security should be greater than 10% of the market value of the Foundation’s assets under management. As of June 30, 2013 and 2012, respectively, there are no investments in any one issuer greater than 5% of total investments.

**Credit Risk** – GASB Statement No. 40 requires that disclosure be made as to the credit rating of all fixed income securities except obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. The Foundation’s investment policy states that individual bonds shall be rated investment grade by at least two recognized or authorized rating agencies (Moody’s and Standard & Poor’s). The average credit quality of the fixed income securities must be maintained at a Class “BBB/Baa” or higher as rated by both standard services (Moody’s and Standard & Poor’s). Up to 10% of the investment manager’s portfolio may be invested in securities rated “BBB/Baa” or lower as rated by both standard services (Moody’s and Standard & Poor’s). The dollar weighted average rating of the fixed income portfolio for each manager of marketable bonds shall be “A/A” or better.

As of June 30, 2013 and 2012, the Foundation’s investment quality ratings as rated by Standard & Poor’s were as follows:

Investment Type	2013		2012	
	Quality Rating	Amount	Quality Rating	Amount
US Treasury and Agency Securities	AA+	\$4,381,281	AA+	\$3,133,610
Corporate Bonds	AA+	28,317	AA+	28,689
Corporate Bonds	AA	43,879	AA	56,119
Corporate Bonds	AA-	22,694	AA-	—
Corporate Bonds	A+	177,840	A+	203,722
Corporate Bonds	A	557,150	A	617,317
Corporate Bonds	A-	1,255,371	A-	2,077,291
Corporate Bonds	BBB+	223,691	BBB+	252,281
Corporate Bonds	BBB	182,894	BBB	94,753
Corporate Bonds	BB+	90,344	BB+	69,500
Corporate Bonds	BB	1,665,151	BB	—
Corporate Bonds	BB-	—	BB-	541,233
Corporate Bonds	B	56,774	B	—
Municipal Bonds	AA+	33,416	AA+	45,602
Municipal Bonds	AA	334,949	AA	349,572
Municipal Bonds	AA-	53,011	AA-	—
Municipal Bonds	A+	459,737	A+	1,017,396
Municipal Bonds	A	384,308	A	280,409
Municipal Bonds	A-	36,530	A-	93,693
Mortgage-backed Securities	AAA	—	AAA	24,470
Mortgage-backed Securities	AA+	—	AA+	12,817,702
Mortgage-backed Securities	A	10,236,642	A	—
Asset-backed Securities	AAA	—	AAA	59,348
Asset-backed Securities	AA-	—	AA-	70,263
Foreign Debt Securities	AA	—	AA	21,538
Foreign Debt Securities	AA-	64,118	AA-	51,147
Foreign Debt Securities	A+	373,004	A+	58,714
Foreign Debt Securities	A	102,289	A	75,881
Foreign Debt Securities	A-	38,694	A-	340,485
Foreign Debt Securities	BBB+	25,934	BBB+	—
Foreign Debt Securities	BBB	50,949	BBB	114,948
Foreign Debt Securities	BBB-	65,283	BBB-	—
Preferred Stock	BBB+	60,700	BBB+	57,250
Preferred Stock	BBB	49,143	BBB	52,850
Preferred Stock	BB+	99,759	BB+	85,335
Preferred Stock	BB-	—	BB-	48,724
Preferred Stock	C	—	C	4,182
		<u>\$21,153,852</u>		<u>\$22,744,024</u>

**Interest Rate Risk** – This is the risk that changes in interest rates will adversely affect the fair value of an investment. 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. The following table summarizes the maturities as of June 30, 2013 and 2012:

<b>2013</b>					
<b>Investment Maturities (in years)</b>					
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 — 5</b>	<b>6 — 10</b>	<b>More than 10</b>
US Treasury Securities	\$4,381,281		\$4,289,115	\$91,519	\$647
Corporate Bonds	4,304,105	\$1,390,317	2,243,949	568,723	100,516
Municipal Bonds	1,301,951	303,621	875,735	38,755	83,840
Mortgage-backed Securities	10,236,642	—	484,332	735,752	9,016,558
Asset-backed Securities	—	—	—	—	—
Foreign Debt Securities	720,271	91,217	413,630	215,424	—
Preferred Stock	209,602	32,714	—	—	176,888
	<u>\$21,153,852</u>	<u>\$1,818,469</u>	<u>\$8,306,761</u>	<u>\$1,650,173</u>	<u>\$9,378,449</u>

<b>2012</b>					
<b>Investment Maturities (in years)</b>					
<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1 — 5</b>	<b>6 — 10</b>	<b>More than 10</b>
US Treasury Securities	\$3,133,610	\$25,207	\$2,128,430	\$910,463	\$69,510
Corporate Bonds	3,940,905	331,269	2,310,435	1,183,063	116,138
Municipal Bonds	1,786,672	430,440	1,144,644	28,444	183,144
Mortgage-backed Securities	12,842,172	—	144,643	1,520,416	11,177,113
Asset-backed Securities	129,611	—	129,611	—	—
Foreign Debt Securities	662,713	3,485	489,786	147,904	21,538
Preferred Stock	248,341	106,756	—	—	141,585
	<u>\$22,744,024</u>	<u>\$897,157</u>	<u>\$6,347,549</u>	<u>\$3,790,290</u>	<u>\$11,709,028</u>

#### Administrative Fees and Support from Rutgers, The State University of New Jersey

The Foundation's operations, including certain payroll taxes and benefits, the fair rental value of space occupied, and office furnishings used by the Foundation are supported extensively by the University for operating purposes. Funding sources for the years ended June 30, 2013 and 2012 were as follows:

	<b>2013</b>	<b>2012</b>
Administrative Fees and Support		
Endowment Administrative Fee	\$5,788,786	\$5,601,634
Athletic Development Support	424,395	411,001
University Support	8,009,501	8,350,116
	<u>\$14,222,682</u>	<u>\$14,362,751</u>

	<b>2013</b>	<b>2012</b>
Noncash Support		
Fair Rental Value of Space Occupied	\$341,679	\$331,727
University-Paid Payroll Taxes and Benefits	1,161,192	1,004,923
	<u>1,502,871</u>	<u>1,336,650</u>
	<u>\$15,725,553</u>	<u>\$15,699,401</u>

#### Assessment Fee Income

The Foundation charges an assessment fee on all new gifts and nongovernmental grants in order to further advancement efforts on behalf of Rutgers, the State University of New Jersey. As of June 30, 2013 and 2012, assessment fees totaling \$4,075,987 and \$3,396,702, respectively, were received.

**Restricted Contributions Receivable**

The anticipated receipt of contributions receivable as of June 30, 2013 and 2012 is as follows:

	2013	2012
Year Ending June 30		
Within One Year	\$32,007,045	\$24,514,673
Two to Five Years	27,413,760	24,345,665
	59,420,805	48,860,338
Less Allowance for Uncollectible Contributions Receivable	(2,614,439)	(1,754,595)
	\$56,806,366	\$47,105,743

Contributions receivable related to permanent endowments and term endowments do not meet the eligibility requirements for recognition of GASB Statement No. 33 until received. These contributions receivable, which approximated \$57,971,000 and \$37,093,000 as of June 30, 2013 and 2012, respectively, have not been included in the accompanying financial statements.

**Payable to Rutgers, The State University of New Jersey**

In August 2008, the Foundation received a gift of real property, comprised of five land parcels, subject to an outstanding mortgage of \$1,200,000. Rutgers, The State University of New Jersey loaned the Foundation the funds to satisfy the mortgage and the liability will be repaid to the University with the proceeds from the sale of the property. In March, 2011, two of the land parcels were sold and a portion of the proceeds was applied against the University's outstanding mortgage. In May, 2012 a third land parcel was sold and a portion of the proceeds was pending transfer to the University, to be applied against the University's outstanding mortgage, in July, 2012. As of June 30, 2013 and 2012, the remaining balance of the mortgage was \$220,423 and \$556,769, respectively.

**University Receipts on Foundation Pledges**

The Foundation records pledges receivables, and the associated gift income, for nonendowment related gifts and private grants based upon written commitments from these entities. From individual donors, the written support is primarily in the form of a fund agreement signed by both the donor(s) and the Foundation. Private grants obtained from private corporations and foundations are recorded upon confirmation of the grant award to the University via correspondence from the private organization. Payments on these pledges are not all received at the Foundation, as some payments are made directly to the University. Any payments made directly to the University are captured in the Foundation's Statement of Revenues, Expenses and Changes in Net Position as gift revenue as well as distributions to the University. The total of these payments to the University as of June 30, 2013 and 2012 were \$10,803,910 and \$6,073,172, respectively.

**Subsequent Event**

On July 1, 2013 the New Jersey Medical and Health Sciences Education Restructuring Act integrated the Cancer Institute of New Jersey and the medical schools associated with the University of Medicine and Dentistry of New Jersey (UMDNJ) with Rutgers, the State University of New Jersey, forming the Rutgers Biomedical and Health Sciences (RBHS) division. In accordance with University policy that all University development efforts are managed by the Rutgers University Foundation, the fundraising function of the New Jersey Health Foundation for the legacy UMDNJ schools was assumed by Rutgers University Foundation. New Jersey Health Foundation is providing a grant to Rutgers University Foundation of approximately \$1.3 million to support transitional fundraising costs for one year. Additionally, the Cancer Institute of New Jersey Foundation merged with the Rutgers University Foundation, with the Rutgers University Foundation being the successor organization.

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## NOTE 18 – SUBSEQUENT EVENTS

On August 22, 2012, Governor Chris Christie signed the New Jersey Medical and Health Sciences Education Restructuring Act (Chapter 45, P.L. 2012), which was passed by the New Jersey Senate and Assembly on June 28, 2012. This act integrates all units of the University of Medicine and Dentistry of New Jersey (UMDNJ), except University Hospital in Newark and the School of Osteopathic Medicine in Stratford, into Rutgers effective July 1, 2013.

The General Obligation Refunding Bonds, 2013 Series J (Tax Exempt) (the 2013 Series J Bonds) in the amount of \$340.9 million, the General Obligation Refunding Bonds, 2013 Series K (Federally Taxable) (the 2013 Series K Bonds) in the amount of \$134.1 million, and the General Obligation Bonds, 2013 Series L (Tax Exempt) (2013 Series L Bonds) in the amount of \$352.1 million, collectively the 2013 Series Bonds, were issued on July 1, 2013. They are secured under that provisions of and Indenture of Trust, dated as of February 1, 2002 (the Master Indenture), by and between the University and U.S. Bank National Association, successor to Wachovia Bank, National Association and First Union Nation Bank, as trustee (the Trustee), as supplemented and amended, including as amended and supplemented by a Ninth Supplemental Indenture of Trust, dated as of July 1, 2013, by and between the University and the Trustee (the Ninth Supplemental Indenture and together with the Master Indenture, the Indenture). The 2013 Series Bonds are authorized under the provisions of Rutgers, the State University Law, constituting Chapter 65 of Title 18A of the New Jersey Statutes Annotated (the Act), and the Indenture. The Ninth Supplemental Indenture was authorized pursuant to resolution adopted by the Board of Governors of the University (the Board of Governors), on April 11, 2013 with the consent and advice of the Board of Trustees of the University (the Board of Trustees) by resolution adopted on April 25, 2013.

The 2013 Series Bonds were issued in furtherance of the New Jersey Medical and Health Sciences Education Restructuring Act. Pursuant to the Restructuring Act, rights to all of the schools, institutes and centers of UMDNJ other than the School of Osteopathic Medicine and University Hospital, were transferred to the university on July 1, 2013, and all debt issued by UMDNJ allocable to such schools, institutes and centers were transferred to the university. A portion of the proceeds of the 2013 Series Bonds was used to refund certain outstanding indebtedness of UMDNJ being transferred to the university. The terms of the Restructuring Act were consented to and approved by the Board of Governors and the Board of Trustees by resolutions adopted on November 19, 2012, subject to the satisfaction of certain conditions, including, the defeasance and/or assumption of the UMDNJ Indebtedness allocable to Rowan University and University Hospital, which occurred on July 1, 2013. The Resolutions authorized the university to issue the 2013 Series Bonds to (i) refund certain outstanding indebtedness of the university and UMDNJ, (ii) finance and /or refinance the payment of certain costs of construction of certain capital projects of the university, and (iii) finance costs of issuance.

The New Jersey Economic Development Authority (the Authority) sold \$237.1 million of Rutgers University General Obligation Lease Revenue Bonds (College Avenue Redevelopment Project), Series 2013 (the Bonds), which were issued under and pursuant to (i) the New Jersey Economic Development Authority Act, P.L. 1974, Chapter 80, as supplemented and amended (the Act), (ii) a Trust Indenture, dated as of September 1, 2013 (the Indenture) between the Authority and The Bank of New York Mellon as trustee (the Trustee), and a resolution duly adopted by the Authority on May 16, 2013. The Trustee will also act as paying agent (the Paying Agent), and as registrar (the Registrar) for the Bonds. The proceeds of the Bonds will be loaned by the Authority to College Avenue Redevelopment Associates LLC (the Company) pursuant to a Loan Agreement dated as of September 1, 2013 (the Loan Agreement), between the Company and the Authority. Pursuant to the Loan Agreement, the Authority will issue the Bonds and loan the proceeds to the Company to finance, together with other available funds, the educational facilities project (the Project) being constructed by the Company on behalf of Rutgers, and to pay the costs of issuance of the Bonds. The Project entails the redevelopment and construction of (i) the Academic Building, (ii) the SAS Improvements, (iii) the Honors College Improvements, (iv) the University Housing Improvements, and (v) the University Parking Improvements. The Project is to be complete by August 2016.

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
Agency for International Development			
USAID Foreign Assistance for Programs Overseas	98.001		177,205
<b>Subtotal Agency for International Development</b>			<b>177,205</b>
Central Intelligence Agency			
Various	12.RD		659,588
<b>Subtotal Central Intelligence Agency</b>			<b>659,588</b>
Environmental Protection Agency			
Surveys, Studies, Research, Investigations, Demonstrations, and Special Purpose Activities Relating to the Clean Air Act	66.034		21,510
Surveys, Studies, Investigations, Demonstrations, and Training Grants and Cooperative Agreements - Section 104(b)(3) of the Clean Water Act	66.436		23,703
Science To Achieve Results (STAR) Research Program	66.509		517,996
Pollution Prevention Grants Program	66.708		57,238
Regional Agricultural IPM Grants	66.714		8,884
Research, Development, Monitoring, Public Education, Training, Demonstrations, and Studies	66.716		55,950
Various	66.RD		62,408
<b>Subtotal Environmental Protection Agency</b>			<b>747,689</b>
Institute of Museum and Library Services			
National Leadership Grants	45.312		144,916
Laura Bush 21st Century Librarian Program	45.313		251,881
<b>Subtotal Institute of Museum and Library Services</b>			<b>396,797</b>
National Aeronautics and Space Administration			
Science	43.001		293,441

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
National Aeronautics and Space Administration			
Various	43.RD		1,279,212
<b>Subtotal National Aeronautics and Space Administration</b>			1,572,653
National Endowment for the Humanities			
Promotion of the Humanities Research	45.161		248,304
<b>Subtotal National Endowment for the Humanities</b>			248,304
National Geospatial-Intelligence Agency			
Basic, Applied, and Advanced Research in Science and Engineering	12.630		(1,931)
<b>Subtotal National Geospatial-Intelligence Agency</b>			(1,931)
National Historical Publications and Records Commission			
National Historical Publications and Records Grants	89.003		116,791
<b>Subtotal National Historical Publications and Records Commission</b>			116,791
National Science Foundation			
Engineering Grants	47.041		7,981,301
Scientific Research Project Support	47.047		254,330
Mathematical and Physical Sciences	47.049		11,635,581
Geosciences	47.050		4,356,176
Computer and Information Science and Engineering	47.070		7,728,942
Biological Sciences	47.074		9,795,233
Social, Behavioral, and Economic Sciences	47.075		1,275,782
Education and Human Resources	47.076		5,756,531
Polar Programs	47.078		502,249
Office of International and Integrative Activities	47.079		63,927

(Continued)



# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
National Science Foundation			
Office of Cyberinfrastructure	47.080		43,087
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	2,160,568
Various	47.RD		769,736
<b>Subtotal National Science Foundation</b>			<b>52,323,443</b>
Oak Ridge National Laboratory			
Various	81.RD		(14,004)
<b>Subtotal Oak Ridge National Laboratory</b>			<b>(14,004)</b>
U.S. Department of Agriculture			
Agricultural Research Basic and Applied Research	10.001		1,328,157
Plant and Animal Disease, Pest Control, and Animal Care	10.025		316,160
Grants for Agricultural Research, Special Research Grants	10.200		3,313,950
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203		4,074,074
Grants for Agricultural Research Competitive Research Grants	10.206		402,397
Biotechnology Risk Assessment Research	10.219		79,321
Agricultural and Rural Economic Research, Cooperative Agreements and Collaborations	10.250		24,485
Integrated Programs	10.303		281,727
International Science and Education Grants	10.305		52,493
Specialty Crop Research Initiative	10.309		394,918
Agriculture and Food Research Initiative (AFRI)	10.310		1,322,830
Hunger Free Communities	10.583		52,975
Rural Business Enterprise Grants	10.769		40,525

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Agriculture			
Rural Cooperative Development Grants	10.771		124,809
Soil and Water Conservation	10.902		27,904
Environmental Quality Incentives Program	10.912		59,338
Technical Agricultural Assistance	10.960		32,983
Scientific Cooperation and Research	10.961		8,569
Various	10.RD		403,928
<b>Subtotal U.S. Department of Agriculture</b>			<b>12,341,543</b>
U.S. Department of Commerce			
Integrated Ocean Observing System (IOOS)	11.012		2,825,840
Coastal Zone Management Estuarine Research Reserves	11.420		526,467
Climate and Atmospheric Research	11.431		64,434
Unallied Science Program	11.472		1,718
Coastal Services Center	11.473		94,701
Measurement and Engineering Research and Standards	11.609		115,237
Technology Innovation Program (TIP)	11.616		1,163,577
Various	11.RD		60,163
<b>Subtotal U.S. Department of Commerce</b>			<b>4,852,137</b>
U.S. Department of Defense			
Basic and Applied Scientific Research	12.300		2,918,342
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		(8,432)
Military Medical Research and Development	12.420		7,684,146
Basic Scientific Research	12.431		834,818

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Defense			
Basic, Applied, and Advanced Research in Science and Engineering	12.630		357,751
Air Force Defense Research Sciences Program	12.800		1,609,686
Mathematical Sciences Grants Program	12.901		221,514
Research and Technology Development	12.910		373,490
Various	12.RD		3,900,687
<b>Subtotal U.S. Department of Defense</b>			17,892,002
U.S. Department of Education			
Graduate Assistance in Areas of National Need	84.200		178,262
Education Research, Development and Dissemination	84.305		477,319
Child Care Access Means Parents in School	84.335		48,427
Teacher Incentive Fund	84.374		503,135
<b>Subtotal U.S. Department of Education</b>			1,207,143
U.S. Department of Energy			
Weatherization Assistance for Low-Income Persons	81.042		127,791
Office of Science Financial Assistance Program	81.049		5,938,324
ARRA-Office of Science Financial Assistance Program	81.049	Y	214,837
Stewardship Science Grant Program	81.112		1,472,709
Energy Efficiency and Renewable Energy Information Dissemination, Outreach, Training and Technical Analysis/Assistance	81.117		755,923
Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135		235,899
<b>Subtotal U.S. Department of Energy</b>			8,745,483

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Health and Human Services			
Environmental Health	93.113		1,326,390
Oral Diseases and Disorders Research	93.121		73,976
Injury Prevention and Control Research and State and Community Based Programs	93.136		195,457
Human Genome Research	93.172		1,373,662
Research Related to Deafness and Communication Disorders	93.173		2,659,393
Research and Training in Complementary and Alternative Medicine	93.213		573,935
Research on Healthcare Costs, Quality and Outcomes	93.226		554,805
Mental Health Research Grants	93.242		6,280,541
Occupational Safety and Health Research Grants	93.262		171,585
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271		25,763
Alcohol Research Programs	93.273		5,942,820
Drug Abuse and Addiction Research Programs	93.279		1,712,535
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,351,982
Trans-NIH Research Support	93.310		1,550,987
Research Infrastructure Programs	93.351		222,350
Nursing Research	93.361		96,392
Academic Research Enhancement Award	93.390		2,439
Cancer Cause and Prevention Research	93.393		2,535,620
Cancer Detection and Diagnosis Research	93.394		1,866
Cancer Treatment Research	93.395		844,741

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Health and Human Services			
Cancer Biology Research	93.396		1,037,286
Health Care Innovation Awards (HCIA)	93.610		2,656,480
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	1,280,054
ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ	93.715	Y	2,279,662
Cardiovascular Diseases Research	93.837		1,034,614
Lung Diseases Research	93.838		60,050
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		13,995
Diabetes, Digestive, and Kidney Diseases Extramural Research	93.847		2,212,745
Kidney Diseases, Urology and Hematology Research	93.849		48,413
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		4,657,416
Allergy, Immunology and Transplantation Research	93.855		6,038,661
Biomedical Research and Research Training	93.859		20,078,575
Child Health and Human Development Extramural Research	93.865		1,735,470
Aging Research	93.866		1,111,579
Vision Research	93.867		771,696
International Research and Research Training	93.989		33,285
Various	93.RD		18,605,699
<b>Subtotal U.S. Department of Health and Human Services</b>			<b>91,152,919</b>
U.S. Department of Homeland Security			
Centers for Homeland Security	97.061		2,729,728
Homeland Security Advanced Research Projects Agency	97.065		(878)

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of Homeland Security			
Homeland Security Research, Development, Testing, Evaluation, and Demonstration of Technologies Related to Nuclear Threat Detection	97.077		32,558
Various	97.RD		2,185
<b>Subtotal U.S. Department of Homeland Security</b>			<b>2,763,593</b>
U.S. Department of Housing and Urban Development			
Sustainable Communities Regional Planning Grant Program	14.703		1,267,640
Various	14.RD		112,133
<b>Subtotal U.S. Department of Housing and Urban Development</b>			<b>1,379,773</b>
U.S. Department of Justice			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		224,600
ARRA-State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Competitive Grant Program	16.809	Y	98,809
Various	16.RD		192,343
<b>Subtotal U.S. Department of Justice</b>			<b>515,752</b>
U.S. Department of Labor			
Disability Employment Policy Development	17.720		447,401
<b>Subtotal U.S. Department of Labor</b>			<b>447,401</b>
U.S. Department of the Interior			
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423		269,936
Fish and Wildlife Management Assistance	15.608		21,109
Great Apes Conservation	15.629		10,969

(Continued)

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RESEARCH AND DEVELOPMENT CLUSTER:			
Direct:			
U.S. Department of the Interior			
Visitor Facility Enhancements - Vehicle Pullouts, Interpretive Trails, and Kiosks	15.654		11,443
Assistance to State Water Resources Research Institutes	15.805		188,671
U.S. Geological Survey Research and Data Acquisition	15.808		63,444
Historic Preservation Fund Grants-In-Aid	15.904		14,417
Cooperative Research and Training Programs – Resources of the National Park System	15.945		201,590
Various	15.RD		277,678
<b>Subtotal U.S. Department of the Interior</b>			1,059,257
U.S. Department of Transportation			
Aviation Research Grants	20.108		270,096
Public Transportation Research	20.514		203,994
University Transportation Centers Program	20.701		1,217,597
Various	20.RD		4,874,134
<b>Subtotal U.S. Department of Transportation</b>			6,565,821
U.S. Department of Veterans Affairs			
Various	64.RD		30,764
<b>Subtotal U.S. Department of Veterans Affairs</b>			30,764
<b>Subtotal Direct Research and Development</b>			\$205,180,123

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Agency for International Development			
Agribusiness in Sustainable Natural African Plant Products			
Various	98.RD		49,886
JBS International, Inc.			
Various	98.RD		50,774
Purdue University			
Various	98.RD		39,535
Solidarity Center			
Various	98.RD		129,769
Tetra Tech ARD			
Various	98.RD		74,304
University of California-Davis			
Various	98.RD		72,404
Subtotal Various			416,672
<b>Subtotal Agency for International Development</b>			416,672
Corporation for National and Community Service			
SNJ-DE-Commission on National and Community Service-			
AmeriCor			
AmeriCorps	94.006		137,155
Subtotal AmeriCorps			137,155
<b>Subtotal Corporation for National and Community Service</b>			137,155
Environmental Protection Agency			
New England Interstate Water Pollution Control Commission			
Water Pollution Control State, Interstate, and Tribal	66.419		107,435
Program Support			
Subtotal Water Pollution Control State, Interstate, and Tribal			107,435
Program Support			
Sussex County			
ARRA-Water Quality Management Planning	66.454	Y	41
Subtotal ARRA-Water Quality Management Planning			41
Montclair State University			
National Estuary Program	66.456		1,400

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Ocean County College-Barnegat Bay NEP National Estuary Program	66.456		5,372
Subtotal National Estuary Program			6,772
Camden County Soil Conservation District Nonpoint Source Implementation Grants	66.460		1,586
SNJ-Department of Environmental Protection Nonpoint Source Implementation Grants	66.460		289,867
Subtotal Nonpoint Source Implementation Grants			291,453
University of Southern California Science To Achieve Results (STAR) Program	66.509		87,832
Subtotal Science To Achieve Results (STAR) Program			87,832
SNJ-Department of Environmental Protection Performance Partnership Grants	66.605		329,323
Subtotal Performance Partnership Grants			329,323
Water Environment Research Foundation Environmental Policy and Innovation Grants	66.611		3,655
Subtotal Environmental Policy and Innovation Grants			3,655
Purdue University Regional Agricultural IPM Grants	66.714		5,388
Subtotal Regional Agricultural IPM Grants			5,388
Ocean County College-Barnegat Bay NEP Various	66.RD		24,299
Ocean County Soil Conservation District Various	66.RD		4,013
SNJ-Department of Environmental Protection Various	66.RD		28,474
SNJ-DEP-NJ Division of Fish and Wildlife Various	66.RD		29,109
Subtotal Various			85,895
<b>Subtotal Environmental Protection Agency</b>			917,794

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
National Aeronautics and Space Administration			
Smithsonian Astrophysical Observatory			
Science	43.001		93,634
University of California-Los Angeles			
Science	43.001		54,968
University of Delaware			
Science	43.001		1,623
Virginia Institute of Marine Science			
Science	43.001		62,168
Subtotal Science			<u>212,393</u>
Baylor College of Medicine			
Various	43.RD		65,000
CIT-Jet Propulsion Laboratory			
Various	43.RD		38,178
Liberty Science Center			
Various	43.RD		17,343
National Space Biomedical Research Institute			
Various	43.RD		8,414
New Jersey Sea Grant Consortium			
Various	43.RD		87,501
Smithsonian Astrophysical Observatory			
Various	43.RD		126,547
Space Telescope Science Institute			
Various	43.RD		114,570
United Silicon Carbide, Inc			
Various	43.RD		24,436
University Corporation for Atmospheric Research			
Various	43.RD		(4,233)
University of Maryland			
Various	43.RD		(9,716)
University of Massachusetts			
Various	43.RD		(536)

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Virginia Institute of Marine Science			
Various	43.RD		(2,033)
Woods Hole Oceanographic Institution			
Various	43.RD		38,944
Subtotal Various			504,415
<b>Subtotal National Aeronautics and Space Administration</b>			716,808
National Endowment for the Humanities			
Butler University			
Promotion of the Humanities Research	45.161		97,940
Subtotal Promotion of the Humanities Research			97,940
<b>Subtotal National Endowment for the Humanities</b>			97,940
National Science Foundation			
Purdue University			
Engineering Grants	47.041		101,850
Subtotal Engineering Grants			101,850
Arizona State University			
Mathematical and Physical Sciences	47.049		11,420
Oregon State University			
Mathematical and Physical Sciences	47.049		200,643
Penn State University			
Mathematical and Physical Sciences	47.049		76,058
University of Washington			
Mathematical and Physical Sciences	47.049		289,465
Subtotal Mathematical and Physical Sciences			577,586
Penn State University			
Geosciences	47.050		44,323
Theiss Research			
Geosciences	47.050		43,923
University Corporation for Atmospheric Research			
Geosciences	47.050		(19,953)

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Oklahoma Health Sciences Center			
Geosciences	47.050		239
Subtotal Geosciences			<u>68,532</u>
Computing Research Association			
Computer and Information Science and Engineering	47.070		1,409
National Science Foundation			
Computer and Information Science and Engineering	47.070		82,182
University of California-Berkeley			
Computer and Information Science and Engineering	47.070		15,721
Subtotal Computer and Information Science and Engineering			<u>99,312</u>
Cary Institute of Ecosystem Studies			
Biological Sciences	47.074		524
Yale University			
Biological Sciences	47.074		24,901
Subtotal Biological Sciences			<u>25,425</u>
Association for Institutional Research			
Social, Behavioral, and Economic Sciences	47.075		16,500
Bermuda Institute of Ocean Sciences			
Social, Behavioral, and Economic Sciences	47.075		500
University of California-San Diego			
Social, Behavioral, and Economic Sciences	47.075		126,651
University of Michigan			
Social, Behavioral, and Economic Sciences	47.075		16,465
Subtotal Social, Behavioral, and Economic Sciences			<u>160,116</u>
Educational Testing Service			
Education and Human Resources	47.076		63,267
SUNY-The Research Foundation			
Education and Human Resources	47.076		14,548
University of California-Berkeley			
Education and Human Resources	47.076		16,316

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Massachusetts			
Education and Human Resources	47.076		14,016
Subtotal Education and Human Resources			<u>108,147</u>
Marine Biological Laboratory			
Polar Programs	47.078		5,033
Subtotal Polar Programs			<u>5,033</u>
US Civilian Research and Development Foundation			
Office of International and Integrative Activities	47.079		3,039
Subtotal Office of International and Integrative Activities			<u>3,039</u>
University of California-San Diego			
Office of Cyberinfrastructure	47.080		(719)
University of Florida			
Office of Cyberinfrastructure	47.080		140,725
University of Tennessee			
ARRA-Office of Cyberinfrastructure	47.080	Y	176,972
Subtotal Office of Cyberinfrastructure			<u>316,978</u>
BBN Technologies			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	33,657
Drexel University			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	4,870
Princeton University			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	69,486
University of Colorado			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	19,876
University of Nevada			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	201,081
Virginia Polytechnic Institute			
Trans-NSF Recovery Act Research Support	47.082		4,453
Subtotal Trans-NSF Recovery Act Research Support			<u>333,423</u>
American Educational Research Association			
Various	47.RD		8,057

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
BBN Technologies			
Various	47.RD		388,891
Consortium of Ocean Leadership			
Various	47.RD		934,534
iBiometrics, Inc.			
Various	47.RD		9,618
Johns Hopkins University			
Various	47.RD		419
Marine Biological Laboratory			
Various	47.RD		62,728
New York University			
Various	47.RD		20,329
Old Dominion University			
Various	47.RD		35,056
Ontash & Ermac Inc.			
Various	47.RD		47,494
Princeton University			
Various	47.RD		1,031
Pyro-E Technologies			
Various	47.RD		15,677
SRI International			
Various	47.RD		2,384
Tufts University			
Various	47.RD		35,868
University of California-San Diego			
Various	47.RD		1,905
University of Denver			
Various	47.RD		36,699
University of Maryland			
Various	47.RD		17,397
University of Massachusetts			
Various	47.RD		29,937

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Missouri			
Various	47.RD		376,219
University of Southern California			
Various	47.RD		4,018
US-Israel Binational Science Foundation			
Various	47.RD		(577)
Subtotal Various			<u>2,027,684</u>
<b>Subtotal National Science Foundation</b>			<u>3,827,125</u>
Naval Post Graduate School			
Various Corporations			
Various	12.RD		17,060
Subtotal Various			<u>17,060</u>
<b>Subtotal Naval Post Graduate School</b>			<u>17,060</u>
Office of Personnel Management			
University of Kansas			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	65,017
Subtotal Trans-NSF Recovery Act Research Support			<u>65,017</u>
<b>Subtotal Office of Personnel Management</b>			<u>65,017</u>
U.S. Department of Agriculture			
University of Rhode Island			
Agricultural Research Basic and Applied Research	10.001		25,854
Subtotal Agricultural Research Basic and Applied Research			<u>25,854</u>
SNJ-Department of Agriculture			
Federal-State Marketing Improvement Program	10.156		23,907
Subtotal Federal-State Marketing Improvement Program			<u>23,907</u>
Connecticut Agricultural Experiment Station			
Grants for Agricultural Research, Special Research Grants	10.200		2,455
Cornell University			
Grants for Agricultural Research, Special Research Grants	10.200		88,696
University of Maine			
Grants for Agricultural Research, Special Research Grants	10.200		12,307

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Maryland			
Grants for Agricultural Research, Special Research Grants	10.200		70,090
Subtotal Grants for Agricultural Research, Special Research Grants			<u>173,548</u>
South Dakota State University			
Grants for Agricultural Research Competitive Research Grants	10.206		(1,956)
University of Southern California			
Grants for Agricultural Research Competitive Research Grants	10.206		43,860
Subtotal Grants for Agricultural Research Competitive Research Grants			<u>41,904</u>
Nutrasorb LLC			
Small Business Innovation Research	10.212		47,913
Subtotal Small Business Innovation Research			<u>47,913</u>
University of Vermont			
Sustainable Agriculture Research and Education	10.215		32,073
Subtotal Sustainable Agriculture Research and Education			<u>32,073</u>
Southern University and A&M College			
1890 Institution Capacity Building Grants	10.216		(519)
University of Tennessee			
1890 Institution Capacity Building Grants	10.216		73,918
Subtotal 1890 Institution Capacity Building Grants			<u>73,399</u>
North Carolina State University			
Higher Education Challenge Grants	10.217		13,605
Ohio State University			
Higher Education Challenge Grants	10.217		1,062
Subtotal Higher Education Challenge Grants			<u>14,667</u>
Colorado State University			
Integrated Programs	10.303		76,193

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Cornell University			
Integrated Programs	10.303		13,222
Illinois Institute of Technology			
Integrated Programs	10.303		3,397
Michigan State University			
Integrated Programs	10.303		60,626
University of Delaware			
Integrated Programs	10.303		(14,966)
University of Rhode Island			
Integrated Programs	10.303		43,989
Subtotal Integrated Programs			182,461
Colorado State University			
Specialty Crop Research Initiative	10.309		(25,710)
Oregon State University			
Specialty Crop Research Initiative	10.309		110,145
Purdue University			
Specialty Crop Research Initiative	10.309		8,332
University of Illinois			
Specialty Crop Research Initiative	10.309		(930)
University of Maryland			
Specialty Crop Research Initiative	10.309		66,832
Subtotal Specialty Crop Research Initiative			158,669
Auburn University			
Agriculture and Food Research Initiative (AFRI)	10.310		4,142
North Carolina State University			
Agriculture and Food Research Initiative (AFRI)	10.310		75,072
Penn State University			
Agriculture and Food Research Initiative (AFRI)	10.310		48,239
University of Nevada			
Agriculture and Food Research Initiative (AFRI)	10.310		2,729
Subtotal Agriculture and Food Research Initiative (AFRI)			130,182

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
SNJ-Department of Agriculture			
Crop Insurance Education in Targeted States	10.458		111,503
Subtotal Crop Insurance Education in Targeted States			<u>111,503</u>
Colorado State University			
Cooperative Extension Service	10.500		22,566
Mississippi State University			
Cooperative Extension Service	10.500		1,652
New Mexico State University			
Cooperative Extension Service	10.500		1,632
Northeast Sustainable Agriculture Resource & Education			
Cooperative Extension Service	10.500		28,480
University of Vermont			
Cooperative Extension Service	10.500		39,315
Subtotal Cooperative Extension Service			<u>93,645</u>
SNJ-Department of Agriculture			
Team Nutrition Grants	10.574		65,036
Subtotal Team Nutrition Grants			<u>65,036</u>
The Xerces Society, Inc			
Environmental Quality Incentives Program	10.912		7,719
University of California-Davis			
Environmental Quality Incentives Program	10.912		10,513
Subtotal Environmental Quality Incentives Program			<u>18,232</u>
Brigham Young University			
Various	10.RD		15,957
IMPAQ International LLC			
Various	10.RD		36,494
New Mexico State University			
Various	10.RD		4,513
SNJ-Department of Agriculture			
Various	10.RD		8,954

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Southern University and A&M College			
Various	10.RD		14,144
USDA Forest Service			
Various	10.RD		9,797
Subtotal Various			89,859
<b>Subtotal U.S. Department of Agriculture</b>			1,282,852
U.S. Department of Commerce			
New Jersey Sea Grant Consortium			
Sea Grant Support	11.417		124,061
University of Washington			
Sea Grant Support	11.417		25,944
Subtotal Sea Grant Support			150,005
University of New Hampshire-CICEET			
Coastal Zone Management Administration Awards	11.419		12,783
Subtotal Coastal Zone Management Administration Awards			12,783
Princeton University			
Office of Oceanic and Atmospheric Research (OAR)	11.432		91,907
Joint and Cooperative Institutes			
Woods Hole Oceanographic Institution			
Office of Oceanic and Atmospheric Research (OAR)	11.432		89,423
Joint and Cooperative Institutes			
Subtotal Office of Oceanic and Atmospheric Research (OAR)			181,330
Joint and Cooperative Institutes			
National Fish and Wildlife Foundation			
Habitat Conservation	11.463		11,566
Subtotal Habitat Conservation			11,566
University of California-Berkeley			
Congressionally Identified Construction Projects	11.469		11,042
Subtotal Congressionally Identified Construction Projects			11,042
Partnership for Mid-Atlantic Fisheries Science			
Unallied Science Program	11.472		65,270

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Subtotal Unallied Science Program			65,270
Monmouth University			
Coastal Services Center	11.473		224,474
Subtotal Coastal Services Center			224,474
University of Texas			
Center for Sponsored Coastal Ocean Research Coastal Ocean Program	11.478		34,283
Subtotal Center for Sponsored Coastal Ocean Research Coastal Ocean Program			34,283
Greater Philadelphia Urban Affairs Coalition			
ARRA-Broadband Technology Opportunities Program (BTOP)	11.557	Y	71,738
Subtotal ARRA-Broadband Technology Opportunities Program (BTOP)			71,738
Telecommunication Company			
ARRA-State Broadband Data and Development Grant Program	11.558	Y	22,381
Subtotal ARRA-State Broadband Data and Development Grant Program			22,381
Garden State Seafood Association			
Various	11.RD		99,662
Global Science & Technology Inc			
Various	11.RD		166,397
New Jersey Sea Grant Consortium			
Various	11.RD		160,870
SUNY-The Research Foundation			
Various	11.RD		95,180
University of Maine			
Various	11.RD		1,518
University of Puerto Rico			
Various	11.RD		3,481

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Virginia Institute of Marine Science			
Various	11.RD		(2,173)
Woods Hole Oceanographic Institution			
Various	11.RD		(2,237)
Subtotal Various			522,698
<b>Subtotal U.S. Department of Commerce</b>			1,307,570
U.S. Department of Defense			
Arctan, Inc.			
Basic and Applied Scientific Research	12.300		27,973
Combustion Research and Flow Technology, Inc			
Basic and Applied Scientific Research	12.300		23,843
Penn State University			
Basic and Applied Scientific Research	12.300		44,367
Woods Hole Oceanographic Institution			
Basic and Applied Scientific Research	12.300		27,297
Subtotal Basic and Applied Scientific Research			123,480
Purdue University			
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		91,749
University of Illinois			
Basic Scientific Research - Combating Weapons of Mass Destruction	12.351		78,692
Subtotal Basic Scientific Research - Combating Weapons of Mass Destruction			170,441
Robert Wood Johnson University Hospital			
Military Medical Research and Development	12.420		411,203
Subtotal Military Medical Research and Development			411,203
Auburn University			
Basic Scientific Research	12.431		55,007
IBM Corporation			
Basic Scientific Research	12.431		9,434
Subtotal Basic Scientific Research			64,441

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Academy of Applied Science			
Basic, Applied, and Advanced Research in Science and Engineering	12.630		39,814
Johns Hopkins University			
Basic, Applied, and Advanced Research in Science and Engineering	12.630		451,689
Subtotal Basic, Applied, and Advanced Research in Science and Engineering			<u>491,503</u>
CUNY-Research Foundation			
Air Force Defense Research Sciences Program	12.800		78,206
DOD-DON-Office of Naval Research			
Air Force Defense Research Sciences Program	12.800		89,247
Duke University			
Air Force Defense Research Sciences Program	12.800		117,967
Stanford University			
Air Force Defense Research Sciences Program	12.800		181,289
Subtotal Air Force Defense Research Sciences Program			<u>466,709</u>
Department of the Interior			
Research and Technology Development	12.910		102,765
Duke University			
Research and Technology Development	12.910		157,045
Johns Hopkins University			
Research and Technology Development	12.910		43,760
University of Illinois			
Research and Technology Development	12.910		2,586
Subtotal Research and Technology Development			<u>306,156</u>
Alion Science and Technology			
Various	12.RD		74,948
Anonymous Corporation			
Various	12.RD		74,154
Applied Communication Sciences			
Various	12.RD		40,765

(Continued)

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Axion International, Inc. Various	12.RD		(321)
Battelle Memorial Institute Various	12.RD		25,811
California Institute of Technology Various	12.RD		16,561
ChromoLogic LLC Various	12.RD		7,221
Combustion Research and Flow Technology, Inc Various	12.RD		20,991
dBmCorp, Inc Various	12.RD		1,265
Folded Structures Co. LLC Various	12.RD		66,935
HYPRES Various	12.RD		2,752
Li Creative Technologies Inc Various	12.RD		40,491
Luna Innovations, Inc. Various	12.RD		(12,348)
NEI Corporation Various	12.RD		(206)
Object Video, Inc Various	12.RD		(6,959)
Polestar Technologies Inc Various	12.RD		32,529
Siemens Corporate Research and Support Inc. Various	12.RD		265,545
SOSSEC, Inc Various	12.RD		766
Technology Holding, LLC Various	12.RD		(2,314)

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Telecommunication Company			
Various	12.RD		247,664
UES, Inc.			
Various	12.RD		36,246
UMDNJ-Cancer Institute of New Jersey			
Various	12.RD		1,044
UMDNJ-Robert Wood Johnson Medical School			
Various	12.RD		2,893
University of Arizona			
Various	12.RD		(1,406)
University of California - Santa Cruz			
Various	12.RD		4,663
University of Texas			
Various	12.RD		142,276
Virginia Center for Innovative Technology			
Various	12.RD		(2,367)
Weidlinger Associates, Inc.			
Various	12.RD		24,788
Woods Hole Oceanographic Institution			
Various	12.RD		124,670
Yale University			
Various	12.RD		172,187
Subtotal Various			<u>1,401,244</u>
<b>Subtotal U.S. Department of Defense</b>			<u>3,435,177</u>
U.S. Department of Education			
Essex County College			
Higher Education Institutional Aid	84.031		41,696
Subtotal Higher Education Institutional Aid			<u>41,696</u>
Syracuse University			
National Institute on Disability and Rehabilitation Research	84.133		(568)

(Continued)



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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of New Hampshire			
National Institute on Disability and Rehabilitation Research	84.133		51,871
Subtotal National Institute on Disability and Rehabilitation Research			<u>51,303</u>
University of Delaware			
Fund for the Improvement of Education	84.215		216
Subtotal Fund for the Improvement of Education			<u>216</u>
Columbia University			
Education Research, Development and Dissemination	84.305		27,873
University of Virginia			
Education Research, Development and Dissemination	84.305		62,275
Subtotal Education Research, Development and Dissemination			<u>90,148</u>
Essex County College			
Strengthening Minority-Serving Institutions	84.382		(1,090)
Subtotal Strengthening Minority-Serving Institutions			<u>(1,090)</u>
SNJ-Department of Labor			
ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act	84.390	Y	113
Subtotal ARRA-Rehabilitation Services-Vocational Rehabilitation Grants to States, Recovery Act			<u>113</u>
Essex County College			
Various	84.RD		(1,959)
ICF Incorporated LLC			
Various	84.RD		471,511
New Jersey Institute of Technology			
Various	84.RD		42,779
Penn State University			
Various	84.RD		80,831
Prevent Child Abuse - New Jersey Chapter			
Various	84.RD		9,973

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
SNJ-Department of Education			
Various	84.RD		66,203
Vanderbilt University			
Various	84.RD		215,393
Subtotal Various			<u>884,731</u>
<b>Subtotal U.S. Department of Education</b>			<u>1,067,117</u>
U.S. Department of Energy			
Opto-Knowledge Systems, Inc			
Office of Science Financial Assistance Program	81.049		39,855
SUNY-The Research Foundation			
Office of Science Financial Assistance Program	81.049		476,539
University of Texas			
Office of Science Financial Assistance Program	81.049		136,779
Subtotal Office of Science Financial Assistance Program			<u>653,173</u>
CCS Materials, Inc.			
Conservation Research and Development	81.086		1,148
Penn State University			
Conservation Research and Development	81.086		782,167
Subtotal Conservation Research and Development			<u>783,315</u>
Penn State University			
Renewable Energy Research and Development	81.087		85,186
South Dakota State University			
Renewable Energy Research and Development	81.087		37,216
University of California-San Diego			
Renewable Energy Research and Development	81.087		351,620
Subtotal Renewable Energy Research and Development			<u>474,022</u>
CCS Materials, Inc.			
Fossil Energy Research and Development	81.089		6,861
Subtotal Fossil Energy Research and Development			<u>6,861</u>
SNJ-Board of Public Utilities			
ARRA-State Energy Program Special Projects	81.119	Y	55,125

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Subtotal ARRA-State Energy Program Special Projects			55,125
Oak Ridge National Laboratory			
ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	Y	19,375
Subtotal ARRA-Energy Efficiency and Conservation Block Grant Program (EECBG)			19,375
Massachusetts Institute of Technology			
ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program	81.135	Y	200,791
Subtotal ARRA-Advanced Research and Projects Agency – Energy Financial Assistance Program			200,791
Battelle Memorial Institute			
Various	81.RD		40,940
Brookhaven National Labs			
Various	81.RD		114,214
CIT-Jet Propulsion Laboratory			
Various	81.RD		1,148
Colorado State University			
Various	81.RD		61,509
Consortium for Plant Biotechnology Research Inc.			
Various	81.RD		(383)
Lawrence Livermore National Laboratory			
Various	81.RD		48,213
National Renewable Energy Laboratory			
Various	81.RD		276
Oak Ridge National Laboratory			
Various	81.RD		71,481
SUNY-The Research Foundation			
Various	81.RD		273,818
TreadStone Technologies, Inc.			
Various	81.RD		1,658
University of California-Davis			
Various	81.RD		85,673

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Texas			
Various	81.RD		911
Vanderbilt University			
Various	81.RD		197,036
Virginia Institute of Technology			
Various	81.RD		70,594
Vista Clara Inc			
Various	81.RD		48,655
Subtotal Various			<u>1,015,743</u>
<b>Subtotal U.S. Department of Energy</b>			<u>3,208,405</u>
U.S. Department of Health and Human Services			
National Institute of Pharmaceutical Technology & Education			
Food and Drug Administration Research	93.103		27,697
Subtotal Food and Drug Administration Research			<u>27,697</u>
University of Southern California			
Adolescent Family Life Research Grants	93.111		135,883
Subtotal Adolescent Family Life Research Grants			<u>135,883</u>
Michigan State University			
Environmental Health	93.113		90,703
UMDNJ-Robert Wood Johnson Medical School			
Environmental Health	93.113		291,895
University of Southern California			
Environmental Health	93.113		(914)
Subtotal Environmental Health			<u>381,684</u>
UMDNJ-New Jersey Medical School			
Oral Diseases and Disorders Research	93.121		79,990
University of Rochester			
Oral Diseases and Disorders Research	93.121		96,673
Subtotal Oral Diseases and Disorders Research			<u>176,663</u>
Lawrence Berkeley National Laboratory			
Human Genome Research	93.172		73,661

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Subtotal Human Genome Research			73,661
Research Institute at Nationwide Children's Hospital			
Research Related to Deafness and Communication Disorders	93.173		(4,271)
Subtotal Research Related to Deafness and Communication Disorders			(4,271)
Pennington Biomedical Research Center			
Research and Training in Complementary and Alternative Medicine	93.213		433,141
Purdue University			
Research and Training in Complementary and Alternative Medicine	93.213		24,871
Subtotal Research and Training in Complementary and Alternative Medicine			458,012
University of Wisconsin			
Policy Research and Evaluation Grants	93.239		18,700
Subtotal Policy Research and Evaluation Grants			18,700
Columbia University			
Mental Health Research Grants	93.242		7,464
Illinois Institute of Technology			
Mental Health Research Grants	93.242		22,331
Johns Hopkins University			
Mental Health Research Grants	93.242		981
Louisiana State University System - LUMCON			
Mental Health Research Grants	93.242		21,310
Research Institute at Nationwide Children's Hospital			
Mental Health Research Grants	93.242		(5,003)
Washington University - St. Louis			
Mental Health Research Grants	93.242		46,893
Subtotal Mental Health Research Grants			93,976

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
UMDNJ-Robert Wood Johnson Medical School			
Substance Abuse and Mental Health Services Projects of Regional and National Significance	93.243		191,766
Subtotal Substance Abuse and Mental Health Services Projects of Regional and National Significance			<u>191,766</u>
The Center to Protect Workers' Rights			
Occupational Safety and Health Program	93.262		154,010
Subtotal Occupational Safety and Health Program			<u>154,010</u>
SUNY-The Research Foundation			
Alcohol Research Programs	93.273		599
University of California-San Diego			
Alcohol Research Programs	93.273		145,360
University of New Mexico			
Alcohol Research Programs	93.273		28,368
University of Puerto Rico			
Alcohol Research Programs	93.273		273,347
Subtotal Alcohol Research Programs			<u>447,674</u>
City College of New York			
Drug Abuse and Addiction Research Programs	93.279		3,709
CUNY-Research Foundation			
Drug Abuse and Addiction Research Programs	93.279		(24,713)
Milwaukee School of Engineering			
Drug Abuse and Addiction Research Programs	93.279		10,481
University of Massachusetts Medical School			
Drug Abuse and Addiction Research Programs	93.279		11,245
Subtotal Drug Abuse and Addiction Research Programs			<u>722</u>
SNJ-Department of Environmental Protection			
ARRA-Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283	Y	34,515
Centers for Disease Control and Prevention Investigations and Technical Assistance	93.283		1,050
Subtotal Centers for Disease Control and Prevention Investigations and Technical Assistance			<u>35,565</u>

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Rice University			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		57,319
University of Cincinnati			
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		1,754
Subtotal Discovery and Applied Research for Technological Innovations to Improve Human Health			59,073
Mt. Sinai School of Medicine			
Minority Health and Health Disparities Research	93.307		3,183
Subtotal Minority Health and Health Disparities Research			3,183
UMDNJ-Robert Wood Johnson Medical School			
Trans-NIH Research Support	93.310		59,134
University of Pennsylvania			
Trans-NIH Research Support	93.310		13,234
Subtotal Trans-NIH Research Support			72,368
University of Michigan			
National Center for Research Resources	93.389		(307)
Subtotal National Center for Research Resources			(307)
Portland State University			
Cancer Cause and Prevention Research	93.393		31,799
UMDNJ-Cancer Institute of New Jersey			
Cancer Cause and Prevention Research	93.393		85,626
Subtotal Cancer Cause and Prevention Research			117,425
Riverside Research Institute			
Cancer Detection and Diagnosis Research	93.394		57,406
UMDNJ-Cancer Institute of New Jersey			
Cancer Detection and Diagnosis Research	93.394		(2,695)
University of Pennsylvania			
Cancer Detection and Diagnosis Research	93.394		38,039
Subtotal Cancer Detection and Diagnosis Research			92,750

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Fox Chase Chemical Diversity Center, Inc Cancer Treatment Research	93.395		77,209
Subtotal Cancer Treatment Research			<u>77,209</u>
UMDNJ-Robert Wood Johnson Medical School Cancer Biology Research	93.396		11,228
Subtotal Cancer Biology Research			<u>11,228</u>
Emory University Cancer Centers Support Grants	93.397		26,968
UMDNJ-Cancer Institute of New Jersey Cancer Centers Support Grants	93.397		18,374
Subtotal Cancer Centers Support Grants			<u>45,342</u>
University of Wisconsin Refugee and Entrant Assistance State Administered Programs	93.566		124,149
Subtotal Refugee and Entrant Assistance State Administered Programs			<u>124,149</u>
State of Washington The Affordable Care Act – Medicaid Adult Quality Grants	93.609		4,167
Subtotal The Affordable Care Act – Medicaid Adult Quality Grants			<u>4,167</u>
Boston University ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(1,381)
Columbia University ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(8,651)
Johns Hopkins University ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(2,528)
Mississippi State University ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	7,266
Ohio State University ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(2)
Research Institute at Nationwide Children's Hospital ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(1,842)

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Scripps Research Institute			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(1,012)
Stanford University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	23
University of Illinois			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	471
University of North Carolina			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	9,320
University of Pennsylvania			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	(5,396)
Vanderbilt University			
ARRA-Trans-NIH Recovery Act Research Support	93.701	Y	11,309
Subtotal ARRA-Trans-NIH Recovery Act Research Support			<u>7,577</u>
Brigham & Womens Medical Hospital, Inc			
ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ	93.715	Y	16,192
Subtotal ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ			<u>16,192</u>
SNJ-Department of Human Services			
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		(48,285)
SNJ-DHS-Division of Disability Services			
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768		175,145
Subtotal Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities			<u>126,860</u>
Mount Sinai Medical Center			
Lung Diseases Research	93.838		34,023
UMDNJ-New Jersey Medical School			
Lung Diseases Research	93.838		63,860
Subtotal Lung Diseases Research			<u>97,883</u>
Hospital for Special Surgery			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		26,399

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
UMDNJ-Robert Wood Johnson Medical School			
Arthritis, Musculoskeletal and Skin Diseases Research	93.846		2,511,486
Subtotal Arthritis, Musculoskeletal and Skin Diseases Research			2,537,885
Children's Hospital of Philadelphia			
Kidney Diseases, Urology and Hematology Research	93.849		(261)
Subtotal Kidney Diseases, Urology and Hematology Research			(261)
California Institute of Technology			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		118,047
Feinstein Institute for Medical Research, The			
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853		78,749
Subtotal Extramural Research Programs in the Neurosciences and Neurological Disorders			196,796
Albert Einstein College of Medicine			
Allergy, Immunology and Transplantation Research	93.855		53,086
Mayo Clinic Rochester			
Allergy, Immunology and Transplantation Research	93.855		168,736
Medicines for Malaria Venture			
Allergy, Immunology and Transplantation Research	93.855		392,812
University of Texas			
Allergy, Immunology and Transplantation Research	93.855		95,946
Yale University			
Allergy, Immunology and Transplantation Research	93.855		58,846
Subtotal Allergy, Immunology and Transplantation Research			769,426
Montefiore Medical Center			
Microbiology and Infectious Diseases Research	93.856		64,757
Subtotal Microbiology and Infectious Diseases Research			64,757
Baylor College of Medicine			
Biomedical Research and Research Training	93.859		174,023
Bowling Green State University			
Biomedical Research and Research Training	93.859		117,516

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Columbia University			
Biomedical Research and Research Training	93.859		83,499
Georgia Institute of Technology			
Biomedical Research and Research Training	93.859		58,543
Princeton University			
Biomedical Research and Research Training	93.859		165,452
Scripps Research Institute			
Biomedical Research and Research Training	93.859		631,724
University of Michigan			
Biomedical Research and Research Training	93.859		91,008
University of Texas			
Biomedical Research and Research Training	93.859		150,702
University of Wisconsin			
Biomedical Research and Research Training	93.859		107,242
Yale University			
Biomedical Research and Research Training	93.859		3,910
Subtotal Biomedical Research and Research Training			1,583,619
CUNY-John Jay College of Criminal Justice			
Child Health and Human Development Extramural Research	93.865		40,171
UMDNJ-Robert Wood Johnson Medical School			
Child Health and Human Development Extramural Research	93.865		160,578
University of Pennsylvania			
Child Health and Human Development Extramural Research	93.865		26,843
University of Texas			
Child Health and Human Development Extramural Research	93.865		125,379
Subtotal Child Health and Human Development Extramural Research			352,971
University of Wisconsin			
Aging Research	93.866		124,972
Subtotal Aging Research			124,972

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of California-Berkeley			
Vision Research	93.867		96,297
Subtotal Vision Research			96,297
Childrens National Medical Center			
Medical Library Assistance	93.879		8,298
Subtotal Medical Library Assistance			8,298
Memphis City Schools			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		628
Subtotal Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			628
Cosmid Capital, LLC			
HIV Prevention Activities Non-Governmental Organization Based	93.939		476
Memorial Sloan Kettering Institute for Cancer Research			
HIV Prevention Activities Non-Governmental Organization Based	93.939		18,919
Subtotal HIV Prevention Activities Non-Governmental Organization Based			19,395
SNJ-DHSS-Division of HIV/AIDS Services			
HIV Prevention Activities Health Department Based	93.940		484,411
Subtotal HIV Prevention Activities Health Department Based			484,411
Commonwealth of Pennsylvania			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		150,379
State of Maryland-Department of Health and Mental Hygiene			
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946		15,500
Subtotal Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs			165,879

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Actuarial Research Corporation			
Various	93.RD		20,471
Albert Einstein College of Medicine			
Various	93.RD		54,201
American Institutes for Research in the Behavioral Sciences			
Various	93.RD		23,098
Behavioral Instruments			
Various	93.RD		453
Columbia University			
Various	93.RD		(9,497)
County of Somerset			
Various	93.RD		32,502
CUNY-John Jay College of Criminal Justice			
Various	93.RD		151,663
EXACT Sports LLC			
Various	93.RD		15,357
Harvard Pilgrim Health Care, Inc			
Various	93.RD		166,548
Henry M. Jackson Fdn for the Adv of Military Medicine			
Various	93.RD		4,548,475
IbRis, Inc			
Various	93.RD		56,114
Mount Sinai Medical Center			
Various	93.RD		(218)
National Institute of Pharmaceutical Technology & Education			
Various	93.RD		(19,213)
New York University School of Medicine			
Various	93.RD		26,201
Princeton University			
Various	93.RD		88,253
Research Institute at Nationwide Children's Hospital			
Various	93.RD		95,162

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YEAR ENDED JUNE 30, 2013

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Scripps Research Institute			
Various	93.RD		150,316
SilaGene, Inc			
Various	93.RD		16,909
SNJ-Department of Banking and Insurance			
Various	93.RD		158,421
SNJ-Department of Health			
Various	93.RD		35,019
SNJ-Department of Health and Senior Services			
Various	93.RD		608,033
SNJ-DHS-Division of Disability Services			
Various	93.RD		389,595
SNJ-DHS-Division of Mental Health and Addiction Services			
Various	93.RD		478,250
SNJ-DHSS-Division of Aging and Community Service			
Various	93.RD		60,541
SNJ-DOH-Division of Family Health Services			
Various	93.RD		47,657
SUNY-The Research Foundation			
Various	93.RD		701,498
UMDNJ-Cancer Institute of New Jersey			
Various	93.RD		218,760
UMDNJ-Robert Wood Johnson Medical School			
Various	93.RD		60,520
University of California-San Francisco			
Various	93.RD		343,614
University of Illinois			
Various	93.RD		32,630
University of Minnesota			
Various	93.RD		34,636
University of South Florida			
Various	93.RD		504,543

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
University of Texas			
Various	93.RD		53,460
Subtotal Various			<u>9,143,972</u>
<b>Subtotal U.S. Department of Health and Human Services</b>			<u>18,595,886</u>
U.S. Department of Homeland Security			
SNJ-DLPS-Office of Emergency Management			
Hazard Mitigation Grant	97.039		208,432
Subtotal Hazard Mitigation Grant			<u>208,432</u>
SNJ-DLPS-Office of Emergency Management			
Emergency Management Performance Grants	97.042		42,900
Subtotal Emergency Management Performance Grants			<u>42,900</u>
SNJ-Department of Environmental Protection			
Cooperating Technical Partners	97.045		19,001
Subtotal Cooperating Technical Partners			<u>19,001</u>
Stevens Institute of Technology			
Centers for Homeland Security	97.061		2,308
University of Connecticut			
Centers for Homeland Security	97.061		93,605
University of Minnesota			
Centers for Homeland Security	97.061		160,011
Subtotal Centers for Homeland Security			<u>255,924</u>
SNJ-Office of Homeland Security and Preparedness			
Homeland Security Grant Program	97.067		(5,693)
Subtotal Homeland Security Grant Program			<u>(5,693)</u>
Purdue University			
Various	97.RD		44,015
SNJ-DLPS-Office of Emergency Management			
Various	97.RD		161,041
SRI International			
Various	97.RD		47,211

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Stevens Institute of Technology			
Various	97.RD		370,501
Subtotal Various			622,768
<b>Subtotal U.S. Department of Homeland Security</b>			<b>1,143,332</b>
U.S. Department of Housing and Urban Development			
Dover, Kohl & Partners			
Various	14.RD		82,192
Trenton Housing Authority			
Various	14.RD		29,356
Subtotal Various			111,548
<b>Subtotal U.S. Department of Housing and Urban Development</b>			<b>111,548</b>
U.S. Department of Justice			
SNJ-DLPS-Juvenile Justice Commission			
Juvenile Justice and Delinquency Prevention Allocation to States	16.540		18,106
Subtotal Juvenile Justice and Delinquency Prevention Allocation to States			18,106
RAND Corporation			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		11,965
Vera Institute of Justice, Inc.			
National Institute of Justice Research, Evaluation, and Development Project Grants	16.560		52,257
Subtotal National Institute of Justice Research, Evaluation, and Development Project Grants			64,222
SNJ-DLPS-Office of Victim Witness Advocacy			
Crime Victim Assistance/Discretionary Grants	16.582		475
Subtotal Crime Victim Assistance/Discretionary Grants			475
National 4-H Council			
Juvenile Mentoring Program	16.726		277
Subtotal Juvenile Mentoring Program			277

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
State of New Jersey			
Edward Byrne Memorial Justice Assistance Grant Program	16.738		30,530
Subtotal	Edward Byrne Memorial Justice Assistance Grant Program		30,530
SNJ-Department of Law and Public Safety			
ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	Y	51,168
SNJ-DLPS-Division of Criminal Justice			
ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories	16.803	Y	1,384
Subtotal	ARRA-Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/ Grants to States and Territories		52,552
Beyond Diversity Resource Center, Inc.			
Various	16.RD		81,011
Boston University			
Various	16.RD		2,470
SNJ-Department of Corrections			
Various	16.RD		252
Subtotal	Various		83,733
<b>Subtotal</b>	<b>U.S. Department of Justice</b>		<b>249,895</b>
U.S. Department of Labor			
Colorado Community College System			
Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants	17.282		338,582
Subtotal	Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants		338,582
Cornell University			
Disability Employment Policy Development	17.720		99,356
Subtotal	Disability Employment Policy Development		99,356

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
BCT Partners			
Various	17.RD		2,603
Colorado Dept of Labor & Employment			
Various	17.RD		39,036
Raritan Valley Community College			
Various	17.RD		91,078
SNJ-Department of Labor			
Various	17.RD		199,599
The Newark Workforce Investment Board, Inc.			
Various	17.RD		43,415
University of Baltimore			
Various	17.RD		2,841
WorkPlace, Inc. The			
Various	17.RD		55,019
Subtotal Various			433,591
<b>Subtotal U.S. Department of Labor</b>			871,529
U.S. Department of the Interior			
University of Vermont			
Cooperative Research and Training Programs – Resources of the National Park System	15.945		1,447
Subtotal Cooperative Research and Training Programs – Resources of the National Park System			1,447
Duke University			
Various	15.RD		12,888
Minnesota Pollution Control Agency			
Various	15.RD		5,529
Telcordia Technologies, Inc			
Various	15.RD		131,772
Subtotal Various			150,189
<b>Subtotal U.S. Department of the Interior</b>			151,636

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
U.S. Department of Transportation			
New Jersey Institute of Technology			
Highway Research and Development Program	20.200		32,428
SNJ-Department of Transportation			
Highway Research and Development Program	20.200		9,481
Subtotal Highway Research and Development Program			41,909
CUNY-Research Foundation			
Highway Planning and Construction	20.205		490
SNJ-Department of Transportation			
Highway Planning and Construction	20.205		99,793
University of New Hampshire			
Highway Planning and Construction	20.205		44,736
Subtotal Highway Planning and Construction			145,019
SNJ-DLPS-Division of Highway Traffic Safety			
State and Community Highway Safety	20.600		112,205
Subtotal State and Community Highway Safety			112,205
SNJ-DLPS-Division of Highway Traffic Safety			
State Traffic Safety Information System Improvement Grants	20.610		1,641
Subtotal State Traffic Safety Information System Improvement Grants			1,641
CUNY-Research Foundation			
University Transportation Centers Program	20.701		12,414
CUNY-Transportation Research Center			
University Transportation Centers Program	20.701		196,054
San Jose State University Research Foundation			
University Transportation Centers Program	20.701		327,547
Subtotal University Transportation Centers Program			536,015
Cornell University			
Biobased Transportation Research	20.761		41,907
Subtotal Biobased Transportation Research			41,907

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER			
Pass-Through:			
Cambridge Systematics, Inc			
Various	20.RD		(5,226)
CUNY-Transportation Research Center			
Various	20.RD		84,109
Dallas Area Rapid Transit			
Various	20.RD		124,824
National Academies-NRC-Transportation Research Board			
Various	20.RD		79,025
Rensselaer Polytechnic Institute			
Various	20.RD		122,994
SNJ-Board of Public Utilities			
Various	20.RD		16,944
SNJ-Department of Transportation			
Various	20.RD		3,936,365
SNJ-DLPS-Division of Highway Traffic Safety			
Various	20.RD		161,635
South Dakota Department of Transportation			
Various	20.RD		60,032
Subtotal Various			4,580,702
<b>Subtotal U.S. Department of Transportation</b>			5,459,398
U.S. Election Assistance Commission			
Clemson University			
U.S. Election Assistance Commission Research Grants	90.403		196,229
Subtotal U.S. Election Assistance Commission Research Grants			196,229
<b>Subtotal U.S. Election Assistance Commission</b>			196,229
			\$43,276,145
			\$248,456,268

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
STUDENT FINANCIAL AID CLUSTER:			
DIRECT:			
U.S. Department of Education			
Federal Supplemental Educational Opportunity Grant Program	84.007		1,549,453
Federal Work-Study Program	84.033		4,447,592
Federal Perkins Loan Program (Including Administrative Cost of \$396,279)	84.038		4,673,109
Federal Pell Grant Program	84.063		66,656,198
Federal Direct Student Loan Program	84.268		325,567,617
<b>Subtotal U.S. Department of Education</b>			<b>\$402,893,969</b>
U.S. Department of Health and Human Services			
Nursing Student Loan Program	93.364		324,864
Scholarships for Disadvantaged Students	93.925		434
<b>Subtotal U.S. Department of Health and Human Services</b>			<b>\$325,298</b>
<b>Subtotal Student Financial Aid Cluster</b>			<b>\$403,219,267</b>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>Federal ARRA Expenditures</u>
TRIO CLUSTER:		
Direct:		
U.S. Department of Education		
TRIO Student Support Services	84.042	922,085
TRIO Talent Search	84.044	675,150
TRIO Upward Bound	84.047	570,454
TRIO McNair Post-Baccalaureate Achievement	84.217	209,752
<b>Subtotal U.S. Department of Education</b>		<u>\$2,377,441</u>
<b>Subtotal TRIO Cluster</b>		<u>\$2,377,441</u>

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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OTHER PROGRAMS:			
Direct:			
Environmental Protection Agency			
Science To Achieve Results (STAR) Fellowship Program	66.514		1,716
Various	66.UNK		3,623
<b>Subtotal Environmental Protection Agency</b>			5,339
Institute of Museum and Library Services			
Museums for America	45.301		1,941
<b>Subtotal Institute of Museum and Library Services</b>			1,941
Internal Revenue Service			
Low Income Taxpayer Clinics	21.008		46,776
<b>Subtotal Internal Revenue Service</b>			46,776
Millennium Challenge Corporation			
Various	85.UNK		67,918
<b>Subtotal Millennium Challenge Corporation</b>			67,918
National Aeronautics and Space Administration			
Science	43.001		27,284
<b>Subtotal National Aeronautics and Space Administration</b>			27,284
National Endowment for the Arts			
Promotion of the Arts Grants to Organizations and Individuals	45.024		79,085
<b>Subtotal National Endowment for the Arts</b>			79,085
National Endowment for the Humanities			
Promotion of the Humanities Public Programs	45.164		1,000
<b>Subtotal National Endowment for the Humanities</b>			1,000
National Historical Publications and Records Commission			
Various	89.UNK		8,680
<b>Subtotal National Historical Publications and Records Commission</b>			8,680

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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OTHER PROGRAMS:			
Direct:			
National Science Foundation			
ARRA-Trans-NSF Recovery Act Research Support	47.082	Y	95,646
Biological Sciences	47.074		258,881
Computer and Information Science and Engineering	47.070		575,576
Education and Human Resources	47.076		1,104,497
Engineering Grants	47.041		302,134
Geosciences	47.050		302,162
Mathematical and Physical Sciences	47.049		1,322,494
Social, Behavioral, and Economic Sciences	47.075		128,044
Various	47.UNK		617,809
<b>Subtotal National Science Foundation</b>			<b>4,707,243</b>
Small Business Administration			
Entrepreneurial Development Disaster Assistance (Disaster Relief Appropriations Act)	59.064		50,694
Small Business Development Center	59.037		3,346,437
Various	59.UNK		119,931
Veterans Business Development	59.044		154,335
<b>Subtotal Small Business Administration</b>			<b>3,671,397</b>
U.S. Department of Agriculture			
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312		23,126
Cochran Fellowship Program-International Training- Foreign Participant	10.962		5,797
Commodity Partnerships for Small Agricultural Risk Management Education Sessions	10.459		104,739
Cooperative Extension Service	10.500		5,132,540
International Science and Education Grants	10.305		54,655
Organic Agriculture Research and Extension Initiative	10.307		176,511
Scientific Cooperation and Research	10.961		62,573

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Agriculture			
Specialty Crop Research Initiative	10.309		370,975
Various	10.UNK		706
<b>Subtotal U.S. Department of Agriculture</b>			5,931,622
U.S. Department of Commerce			
Coastal Zone Management Estuarine Research Reserves	11.420		561,635
Economic Development Technical Assistance	11.303		67,997
Measurement and Engineering Research and Standards	11.609		3,982
Various	11.UNK		9,607
<b>Subtotal U.S. Department of Commerce</b>			643,221
U.S. Department of Defense			
Air Force Defense Research Sciences Program	12.800		292,021
Basic and Applied Scientific Research	12.300		281,369
Language Grant Program	12.900		187,671
Various	12.UNK		223,456
<b>Subtotal U.S. Department of Defense</b>			984,517
U.S. Department of Education			
Comprehensive Regional Assistance Centers	84.283		759,274
Fund for the Improvement of Education	84.215		1,847
Fund for the Improvement of Postsecondary Education	84.116		65,683
Graduate Assistance in Areas of National Need	84.200		905,758
Javits Fellowships	84.170		268,713
<b>Subtotal U.S. Department of Education</b>			2,001,275
U.S. Department of Health and Human Services			
Affordable Care Act (ACA) Advanced Nursing Education Expansion Initiative	93.513		208,440
Aging Research	93.866		20,732
Alcohol Research Programs	93.273		35,904

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Health and Human Services			
ARRA-National Center for Research Resources, Recovery Act Construction Support	93.702	Y	7,905,930
Biomedical Research and Research Training	93.859		709,582
Cancer Research Manpower	93.398		29,546
Child Health and Human Development Extramural Research	93.865		123,291
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286		260,285
Drug Abuse and Addiction Research Programs	93.279		78,752
Environmental Health	93.113		338,220
Mental Health National Research Service Awards for Research Training	93.282		355,003
Nurse Education, Practice Quality and Retention Grants	93.359		372,677
Research and Training in Complementary and Alternative Medicine	93.213		4,088
Research on Healthcare Costs, Quality and Outcomes	93.226		28,506
Various	93.UNK		308,877
<b>Subtotal U.S. Department of Health and Human Services</b>			10,779,833
U.S. Department of Homeland Security			
Homeland Security-Related Science, Technology, Engineering And Mathematics (HS STEM) Career Development Program	97.104		217,320
Various	97.UNK		157,726
<b>Subtotal U.S. Department of Homeland Security</b>			375,046
U.S. Department of Justice			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580		14,038
<b>Subtotal U.S. Department of Justice</b>			14,038
U.S. Department of Labor			
Disability Employment Policy Development	17.720		98,319

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Direct:			
U.S. Department of Labor			
Occupational Safety and Health Susan Harwood Training Grants	17.502		186,894
<b>Subtotal U.S. Department of Labor</b>			<u>285,213</u>
U.S. Department of Transportation			
ARRA-Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	Y	478,335
Public Transportation Research	20.514		2,928,887
University Transportation Centers Program	20.701		(13,224)
Various	20.UNK		125,842
<b>Subtotal U.S. Department of Transportation</b>			<u>3,519,840</u>
U.S. Department of Treasury			
Low Income Taxpayer Clinics	21.008		53,393
Various	21.UNK		15,917
<b>Subtotal U.S. Department of Treasury</b>			<u>69,310</u>
U.S. Department of Veterans Affairs			
Various	64.UNK		57,624
<b>Subtotal U.S. Department of Veterans Affairs</b>			<u>57,624</u>
United States Courts			
Various	16.UNK		201,452
<b>Subtotal United States Courts</b>			<u>201,452</u>
<b>Subtotal Direct Other Programs</b>			<u>\$33,479,654</u>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

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YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Agency for International Development			
Research Triangle Institute			
Various	98.UNK		689,889
Subtotal	Various		<u>689,889</u>
<b>Subtotal</b>	<b>Agency for International Development</b>		<u>689,889</u>
Corporation for National and Community Service			
SNJ-DE-Commission on National and Community Service-			
AmeriCor			
Learn and Serve America School and Community Based	94.004		252
Programs			
Subtotal	Learn and Serve America School and Community Based		<u>252</u>
Programs			
Jumpstart for Young Children			
AmeriCorps	94.006		46,076
SNJ-DE-Commission on National and Community Service-			
AmeriCor			
AmeriCorps	94.006		43,612
SNJ-Department of State			
AmeriCorps	94.006		(354)
The College of New Jersey			
AmeriCorps	94.006		20,695
Subtotal	AmeriCorps		<u>110,029</u>
Cornell University			
Program Development and Innovation Grants	94.007		1,000
Subtotal	Program Development and Innovation Grants		<u>1,000</u>
Mayor's Fund to Advance New York City			
Social Innovation Fund	94.019		146,218
Subtotal	Social Innovation Fund		<u>146,218</u>
<b>Subtotal</b>	<b>Corporation for National and Community Service</b>		<u>257,499</u>

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Environmental Protection Agency			
SNJ-Department of Environmental Protection			
Air Pollution Control Program Support	66.001		40,548
Subtotal Air Pollution Control Program Support			40,548
PA-Department of Environmental Protection			
Water Quality Management Technical Planning Assistance	66.023		3,732
Subtotal Water Quality Management Technical Planning Assistance			3,732
SNJ-Department of Environmental Protection			
Capitalization Grants for Drinking Water State Revolving Funds	66.468		74,459
Subtotal Capitalization Grants for Drinking Water State Revolving Funds			74,459
SNJ-Department of Environmental Protection			
Performance Partnership Grants	66.605		3,315
Subtotal Performance Partnership Grants			3,315
SNJ-Department of Environmental Protection			
Various	66.UNK		39,885
Subtotal Various			39,885
<b>Subtotal Environmental Protection Agency</b>			161,939
Institute of Museum and Library Services			
New York Public Library			
Various	45.UNK		7,787
Subtotal Various			7,787
<b>Subtotal Institute of Museum and Library Services</b>			7,787
National Aeronautics and Space Administration			
Stockton State College			
Various	43.UNK		1,113
Subtotal Various			1,113
<b>Subtotal National Aeronautics and Space Administration</b>			1,113

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
National Endowment for the Arts			
Arts Midwest			
Promotion of the Arts Grants to Organizations and Individuals	45.024		15,959
Subtotal Promotion of the Arts Grants to Organizations and Individuals			15,959
SNJ-DS-NJ State Council on the Arts			
Promotion of the Arts Partnership Agreements	45.025		28,645
Subtotal Promotion of the Arts Partnership Agreements			28,645
New Jersey Council for the Humanities			
Various	45.UNK		450
SNJ-DS-NJ State Council on the Arts			
Various	45.UNK		1,150
Subtotal Various			1,600
<b>Subtotal National Endowment for the Arts</b>			<b>46,204</b>
National Endowment for the Humanities			
New Jersey Council for the Humanities			
Promotion of the Humanities Federal/State Partnership	45.129		8,990
Subtotal Promotion of the Humanities Federal/State Partnership			8,990
New Jersey Council for the Humanities			
Various	45.UNK		12,213
NJ Council for the Humanities			
Various	45.UNK		7,678
Subtotal Various			19,891
<b>Subtotal National Endowment for the Humanities</b>			<b>28,881</b>
National Science Foundation			
Institute for Advanced Studies			
Mathematical and Physical Sciences	47.049		(1,001)
Mathematical Association of America			
Mathematical and Physical Sciences	47.049		27,489
Subtotal Mathematical and Physical Sciences			26,488

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Education Development Center			
Education and Human Resources	47.076		7,868
Subtotal Education and Human Resources			7,868
Consortium of Ocean Leadership			
Various	47.UNK		36,281
Newark Public Schools			
Various	47.UNK		80,541
University of Notre Dame			
Various	47.UNK		800
Subtotal Various			117,622
<b>Subtotal National Science Foundation</b>			151,978
Office of the Director of National Intelligence			
The College of New Jersey			
AmeriCorps	94.006		12,116
Subtotal AmeriCorps			12,116
<b>Subtotal Office of the Director of National Intelligence</b>			12,116
Small Business Administration			
Various Corporations			
Various	59.UNK		11,610
Subtotal Various			11,610
<b>Subtotal Small Business Administration</b>			11,610
U.S. Department of Agriculture			
USDA - Agricultural Research Service (ARS)			
Agricultural Research Basic and Applied Research	10.001		207,872
Subtotal Agricultural Research Basic and Applied Research			207,872
University of Connecticut			
Grants for Agricultural Research, Special Research Grants	10.200		4,932
Subtotal Grants for Agricultural Research, Special Research Grants			4,932
Penn State University-Northeast IPM Center			
Integrated Programs	10.303		566

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Subtotal Integrated Programs			566
Cornell University			
Homeland Security Agricultural	10.304		23,909
Subtotal Homeland Security Agricultural			23,909
University of Minnesota			
ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)	10.315	Y	80
Subtotal ARRA-Trade Adjustment Assistance for Farmers Training Coordination Program (TAAF)			80
SNJ-Department of Agriculture			
Crop Insurance Education in Targeted States	10.458		75,925
Subtotal Crop Insurance Education in Targeted States			75,925
Kansas State University			
Cooperative Extension Service	10.500		129,075
North Carolina State University			
Cooperative Extension Service	10.500		7,968
University of Delaware			
Cooperative Extension Service	10.500		3,770
University of Vermont			
Cooperative Extension Service	10.500		28,918
Subtotal Cooperative Extension Service			169,731
SNJ-Department of Agriculture			
Team Nutrition Grants	10.574		69,880
Subtotal Team Nutrition Grants			69,880
<b>Subtotal U.S. Department of Agriculture</b>			<b>552,895</b>
U.S. Department of Commerce			
Woods Hole Oceanographic Institution			
Various	11.UNK		12,618
Subtotal Various			12,618
<b>Subtotal U.S. Department of Commerce</b>			<b>12,618</b>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
U.S. Department of Defense			
Princeton University			
Basic and Applied Scientific Research	12.300		769
Subtotal Basic and Applied Scientific Research			769
<b>Subtotal U.S. Department of Defense</b>			769
U.S. Department of Education			
CUNY-LaGuardia Community College			
Fund for the Improvement of Postsecondary Education	84.116		851
Subtotal Fund for the Improvement of Postsecondary Education			851
SNJ-Commission on Higher Education			
College Access Challenge Grant Program	84.378		34,643
Subtotal College Access Challenge Grant Program			34,643
Middletown, Township of			
ARRA-Special Education Grants to States (IDEA Part B), Recovery Act	84.391	Y	(373)
North Plainfield Board of Education			
ARRA-Special Education Grants to States (IDEA Part B), Recovery Act	84.391	Y	(4)
Trenton Public Schools			
ARRA-Special Education Grants to States (IDEA Part B), Recovery Act	84.391	Y	1,321
Subtotal ARRA-Special Education Grants to States (IDEA Part B), Recovery Act			944
MPR Associates, Inc.			
Various	84.UNK		1,049
National Writing Project			
Various	84.UNK		52,470
SNJ-Commission on Higher Education			
Various	84.UNK		89,383
SNJ-Department of Education			
Various	84.UNK		514,884

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Various Associations/Other			
Various	84.UNK		29,904
WestEd			
Various	84.UNK		53,481
Subtotal Various			741,171
<b>Subtotal U.S. Department of Education</b>			777,609
U.S. Department of Energy			
University of Pennsylvania			
Conservation Research and Development	81.086		2,500
Subtotal Conservation Research and Development			2,500
<b>Subtotal U.S. Department of Energy</b>			2,500
U.S. Department of Health and Human Services			
SNJ-Department of Community Affairs			
Injury Prevention and Control Research and State and Community Based Programs	93.136		29,381
Subtotal Injury Prevention and Control Research and State and Community Based Programs			29,381
Pennington Biomedical Research Center			
Research and Training in Complementary and Alternative Medicine	93.213		131,096
Subtotal Research and Training in Complementary and Alternative Medicine			131,096
SNJ-DHS-Division of Addiction Services			
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		(4,561)
SNJ-DHS-Division of Mental Health and Addiction Services			
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement	93.238		49,704
Subtotal Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies Enhancement			45,143
SNJ-Department of Human Services			
Child Support Enforcement	93.563		4,138,492

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Subtotal Child Support Enforcement			4,138,492
Maine DHS-Bureau of Elder and Adult Services			
ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ	93.715	Y	14,176
Subtotal ARRA-Recovery Act – Comparative Effectiveness Research - AHRQ			14,176
University of Pittsburgh			
Allergy, Immunology and Transplantation Research	93.855		335
Subtotal Allergy, Immunology and Transplantation Research			335
Chicago Board of Education			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		(6,230)
Newark Public Schools			
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		48,800
Subtotal Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems			42,570
Center for Great Expectations, The			
Various	93.UNK		39,842
International Social Service, USA Branch Inc			
Various	93.UNK		21,167
North Jersey Community Research Initiative			
Various	93.UNK		64,302
SNJ-Department of Education			
Various	93.UNK		2,831
SNJ-Department of Health and Senior Services			
Various	93.UNK		334,165
SNJ-DHS-Division of Family Development			
Various	93.UNK		(23,543)

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
SNJ-DHS-Division of Mental Health and Addiction Services			
Various	93.UNK		981
UMDNJ-Cancer Institute of New Jersey			
Various	93.UNK		15,000
University of Oklahoma Health Sciences Center			
Various	93.UNK		41,424
Subtotal Various			496,169
<b>Subtotal U.S. Department of Health and Human Services</b>			<b>4,897,362</b>
U.S. Department of Housing and Urban Development			
SNJ-DS-New Jersey Historical Commission			
Various	14.UNK		(12,452)
Subtotal Various			(12,452)
<b>Subtotal U.S. Department of Housing and Urban Development</b>			<b>(12,452)</b>
U.S. Department of Justice			
SNJ-Department of Community Affairs			
Sexual Assault Services Formula Program	16.017		8,798
Subtotal Sexual Assault Services Formula Program			8,798
SNJ-DLPS-Office of Victim Witness Advocacy			
Crime Victim Assistance	16.575		82,937
Subtotal Crime Victim Assistance			82,937
National 4-H Council			
Juvenile Mentoring Program	16.726		2,511
Subtotal Juvenile Mentoring Program			2,511
SNJ-Department of Law and Public Safety			
ARRA-Recovery Act - State Victim Assistance Formula Grant Program	16.801	Y	23,373
SNJ-DLPS-Office of Victim Witness Advocacy			
ARRA-Recovery Act - State Victim Assistance Formula Grant Program	16.801	Y	67
Subtotal ARRA-Recovery Act - State Victim Assistance Formula Grant Program			23,440

(Continued)

# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
Middlesex County			
Various	16.UNK		6,089
SNJ-DLPS-Office of Victim Witness Advocacy			
Various	16.UNK		6,738
Subtotal   Various			<u>12,827</u>
<b>Subtotal U.S. Department of Justice</b>			<u>130,513</u>
U.S. Department of Labor			
Camden County Workforce Investment Board			
Various	17.UNK		145,238
City of Newark, NJ			
Various	17.UNK		306,512
National Organization on Disability			
Various	17.UNK		47,425
Ocean County PIC			
Various	17.UNK		4,308
SNJ-Department of Labor			
Various	17.UNK		476,380
Subtotal   Various			<u>979,863</u>
<b>Subtotal U.S. Department of Labor</b>			<u>979,863</u>
U.S. Department of the Interior			
Dept of the Interior - National Park Service			
Various	15.UNK		9,865
Subtotal   Various			<u>9,865</u>
<b>Subtotal U.S. Department of the Interior</b>			<u>9,865</u>
U.S. Department of Transportation			
Various Associations/Other			
Public Transportation Research	20.514		359,293
Subtotal   Public Transportation Research			<u>359,293</u>

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
CUNY-Research Foundation			
University Transportation Centers Program	20.701		50,000
Subtotal University Transportation Centers Program			<u>50,000</u>
Cornell University			
Biobased Transportation Research	20.761		4,884
Subtotal Biobased Transportation Research			<u>4,884</u>
SNJ-Department of Transportation			
Various	20.UNK		749,792
Subtotal Various			<u>749,792</u>
<b>Subtotal U.S. Department of Transportation</b>			<u>1,163,969</u>
<b><u>Child Care and Development Fund (CCDF) Cluster</u></b>			
U.S. Department of Health and Human Services			
SNJ-Department of Children and Families			
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		179,771
Subtotal Child Care Mandatory and Matching Funds of the Child Care and Development Fund			<u>179,771</u>
<b>Subtotal U.S. Department of Health and Human Services</b>			<u>179,771</u>
<b><u>Child Nutrition Cluster</u></b>			
U.S. Department of Agriculture			
SNJ-Department of Agriculture			
Summer Food Service Program for Children	10.559		(1,682)
Subtotal Summer Food Service Program for Children			<u>(1,682)</u>
<b>Subtotal U.S. Department of Agriculture</b>			<u>(1,682)</u>
<b><u>SNAP Cluster</u></b>			
U.S. Department of Agriculture			
SNJ-Department of Health and Senior Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		4,045,420

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# RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2013

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers or Other I.D. Numbers</u>	<u>ARRA</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:			
Pass-Through:			
SNJ-DHS-Division of Family Development			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561		2,596,097
Subtotal State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			6,641,517
<b>Subtotal U.S. Department of Agriculture</b>			<b>6,641,517</b>
<b><u>Transit Services Programs Cluster</u></b>			
U.S. Department of Transportation New Jersey Transit Corporation			
New Freedom Program	20.521		123,522
Subtotal New Freedom Program			123,522
<b>Subtotal U.S. Department of Transportation</b>			<b>123,522</b>
			<b>\$16,827,655</b>
<b>Subtotal Pass-Through Other Programs</b>			<b>\$16,827,655</b>
<b>Subtotal Other Programs and Student Financial Aid Cluster</b>			<b>\$455,904,017</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$704,360,285</b>

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, 2013

#### (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, 2013, 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 2013 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 expenses in the statements of revenues, expenses, and changes in net position. 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, 2013

**(2) Subrecipients**

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

<b>Program title</b>	<b>Federal CFDA numbers</b>	<b>Amount provided to subrecipients</b>
Agricultural Research Basic and Applied Research	10.001	\$ 259,837
Plant and Animal Disease, Pest Control, and Animal Care	10.025	82,816
Grants for Agricultural Research, Special Research Grants	10.200	429,631
Grants for Agricultural Research Competitive Research Grants	10.206	2,247
Integrated Programs	10.303	12,820
Organic Agriculture Research and Extension Initiative	10.307	125,289
Specialty Crop Research Initiative	10.309	277,913
Agriculture and Food Research Initiative (AFRI)	10.310	340,429
Biomass Research and Development Initiative Competitive Grants Program (BRDI)	10.312	23,126
Cooperative Extension Service	10.500	1,219
Various	10.RD	107,662
Integrated Ocean Observing System (IOOS)	11.012	1,832,223
Coastal Zone Management Estuarine Research Reserves	11.420	17,955
Office of Oceanic and Atmospheric Research (OAR) Joint and Cooperative Institutes	11.432	357
Unallied Science Program	11.472	2,290
Coastal Services Center	11.473	95,716
Technology Innovation Program (TIP)	11.616	628,032
Basic and Applied Scientific Research	12.300	451,790
Military Medical Research and Development	12.420	5,210,635
Basic Scientific Research	12.431	85,257
Basic, Applied, and Advanced Research in Science and Engineering	12.630	167,534
Air Force Defense Research Sciences Program	12.800	96,007
Research and Technology Development	12.910	52,729
Various	12.RD	319,765
Sustainable Communities Regional Planning Grant Program	14.703	585,844
Various	14.RD	48,852
Minerals Management Service (MMS) Environmental Studies Program (ESP)	15.423	187,518
Assistance to State Water Resources Research Institutes	15.805	188,671
Cooperative Research and Training Programs – Resources of the National Park System	15.945	4,000
Various	15.RD	170,061

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

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

<b>Program title</b>	<b>Federal CFDA numbers</b>	<b>Amount provided to subrecipients</b>
ARRA - Recovery Act – State and Local Law Enforcement Assistance Program: Combating Criminal Narcotics Activity Stemming from the Southern Border of the United States Competitive Grant Program	16.809	\$ 18,655
Various	16.RD	8,057
Occupational Safety and Health Susan Harwood Training Grants	17.502	133,440
Employment Programs for People with Disabilities	17.720	224,541
Various	17.RD	29,798
Various	17.UNK	19,848
Public Transportation Research	20.514	551,362
ARRA - Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	168,564
State and Community Highway Safety	20.600	20,809
University Transportation Centers Program	20.701	586,590
Various	20.RD	2,466,157
Science	43.001	62,464
Various	43.RD	332,152
National Leadership Grants	45.312	43,667
Engineering Grants	47.041	2,849,751
Mathematical and Physical Sciences	47.049	89,078
Geosciences	47.050	184,078
Computer and Information Science and Engineering	47.070	149,450
Biological Sciences	47.074	2,330,921
Social, Behavioral, and Economic Sciences	47.075	115,356
Education and Human Resources	47.076	(2,255,039)
Polar Programs	47.078	2,534
ARRA - Trans-NSF Recovery Act Research Support	47.082	51,833
Various	47.RD	700,079
Various	47.UNK	51,243
Small Business Development Center	59.037	1,071,368
Entrepreneurial Development Disaster Assistance (Disaster Relief Appropriations Act)	59.064	16,539
Water Pollution Control State, Interstate, and Tribal Program Support	66.419	10,000
Nonpoint Source Implementation Grants	66.460	130,270
Science To Achieve Results (STAR) Program	66.509	121,405
Performance Partnership Grants	66.605	14,966
Office of Science Financial Assistance Program	81.049	586,139
Conservation Research and Development	81.086	54,500
Stewardship Science Grant Program	81.112	1,157,645
Various	81.RD	44,958
Comprehensive Regional Assistance Centers	84.283	434,043

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

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

<b>Program title</b>	<b>Federal CFDA numbers</b>	<b>Amount provided to subrecipients</b>
Education Research, Development and Dissemination	84.305	\$ 72,625
Teacher Incentive Fund	84.374	23,430
Various	85.UNK	8,878
U.S. Election Assistance Commission Research Grants	90.403	194,979
Environmental Health	93.113	20,817
Oral Diseases and Disorders Research	93.121	44,000
Human Genome Research	93.172	334,561
Research Related to Deafness and Communication Disorders	93.173	291,224
Research and Training in Complementary and Alternative Medicine	93.213	8,108
Research on Healthcare Costs, Quality and Outcomes	93.226	53,298
Mental Health Research Grants	93.242	1,078,853
Occupational Safety and Health Research Grants	93.262	87,043
Alcohol Research Programs	93.273	100,175
Drug Abuse and Addiction Research Programs	93.279	32,114
Discovery and Applied Research for Technological Innovations to Improve Human Health	93.286	263,159
Trans-NIH Research Support	93.310	379,252
Cancer Cause and Prevention Research	93.393	48,226
Cancer Treatment Research	93.395	101,619
Cancer Biology Research	93.396	229,081
Health Care Innovation Awards (HCIA)	93.610	2,085,798
Trans-NIH Recovery Act Research Support	93.701	(54,167)
ARRA - Recovery Act - Comparative Effectiveness Research - AHRQ	93.715	609,934
Medicaid Infrastructure Grants To Support the Competitive Employment of People with Disabilities	93.768	20,000
Cardiovascular Diseases Research	93.837	84,519
Diabetes, Digestive and Kidney Disease Extramural Research	93.847	16,877
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	286,816
Allergy, Immunology and Transplantation Research	93.855	1,071,374
Biomedical Research and Research Training	93.859	5,766,547
Child Health and Human Development Extramural Research	93.865	164,318
Aging Research	93.866	14,335
Vision Research	93.867	25,402
International Research and Research Training	93.989	13,855
Various	93.RD	1,958,974
Various	93.UNK	30,954

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

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

<b>Program title</b>	<b>Federal CFDA numbers</b>	<b>Amount provided to subrecipients</b>
Centers for Homeland Security	97.061	\$ 827,557
Various	97.RD	121,000
USAID Foreign Assistance for Programs Overseas	98.001	30,819
Various	98.RD	46,302
Various	98.UNK	50,173
Total amount provided to subrecipients		\$ <u>40,928,275</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, 2013.

**(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, 2013 were as follows:

	<b>Year ended June 30, 2013</b>		
	<b>Federal Perkins Loan Program</b>	<b>Nursing Student Loan Program</b>	<b>Income Contingent Loan Program</b>
Beginning balance	\$ 38,979,906	897,985	83,168
New loans issued	4,005,322	324,864	—
Payments	(4,457,369)	(108,697)	—
Adjustments	(613,209)	52,366	(35,067)
Cancellations	(197,974)	(27,344)	—
Ending balance	\$ <u>37,716,676</u>	<u>1,139,174</u>	<u>48,101</u>



KPMG LLP  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

**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, 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 business-type activities and the aggregate discretely presented component unit 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, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements, and have issued our report thereon dated November 1, 2013, which contained an unmodified opinion on those financial statements with an emphasis of matter paragraph regarding the University's adoption of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements Nos. 14 and 34* and GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*. The financial statements of the blended and discretely presented component units of Rutgers, The State University of New Jersey were not audited in accordance with *Government Auditing Standards* and accordingly this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance with the blended and discretely presented component units of Rutgers, The State University of New Jersey.

**Internal Control Over Financial Reporting**

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

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



Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2013-001, that we consider to be a significant deficiency.

### **Compliance and Other Matters**

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

### **The University's Response to the Finding**

The University's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The University's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

### **Purpose of this Report**

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

**KPMG LLP**

Short Hills, New Jersey  
November 1, 2013



KPMG LLP  
New Jersey Headquarters  
51 John F. Kennedy Parkway  
Short Hills, NJ 07078-2702

**Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations**

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

**Report on Compliance for Each Major Federal Program**

We have audited Rutgers, the State University of New Jersey's (the University) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the University's major federal programs for the year ended June 30, 2013. The University's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of the University's major federal programs based on our audit of the types of compliance requirements referred to above. 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the University's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the University's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the University complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



## **Report on Internal Control Over Compliance**

Management of the University is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the University's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.





### **Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133**

We have audited the financial statements of the business-type activities and the aggregate discretely presented component unit of the University as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the University's basic financial statements. We issued our report thereon dated November 1, 2013, which contained unmodified opinions on those financial statements with an emphasis of matter paragraph regarding the University's adoption of Governmental Accounting Standards Board (GASB) Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment to GASB Statements Nos. 14 and 34* and GASB Statement No. 65, *Reporting Items Previously Recognized as Assets and Liabilities*. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

**KPMG LLP**

Short Hills, New Jersey  
March 28, 2014

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

**(1) Summary of Auditor's Results:**

- (a) Unmodified opinions were issued on the financial statements of the business-type activities and the aggregate discretely presented component unit 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, 2013, which collectively comprise the University's basic financial statements.
- (b) Significant deficiencies in internal control disclosed by the audit of the basic financial statements of the University as of and for the year ended June 30, 2013: **one finding was reported (2013-001)** Material weaknesses: **no**
- (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, 2013.
- (d) Significant deficiencies in internal control over the major Federal programs of the University for the year ended June 30, 2013: **none noted** Material weaknesses: **no**
- (e) An unmodified opinion was issued on the University's compliance with its major Federal programs for the year ended June 30, 2013.
- (f) There were no audit findings which were required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2013.
- (g) The major Federal programs of the University for the year ended June 30, 2013 were as follows:
  - Research and Development Cluster (various CFDA numbers)
  - Student Financial Aid Cluster (various CFDA numbers)
  - Public Transportation Research (20.514)
  - ARRA – Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions (20.523)
  - ARRA – National Center for Research Resources, Recovery Act Construction Support (93.702)
- (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, 2013.
- (i) The University qualified as a low-risk auditee for Federal awards for the year ended June 30, 2013.

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

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

***2013-001 – PeopleSoft Application – Information Technology General and Application Controls over User Access***

**Criteria:**

The A-102 Common Rule and OMB Circular A-110 (2 CFR part 215) require that non-Federal entities receiving Federal awards (i.e., auditee management) establish and maintain internal control designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. OMB Circular A-133 requires auditors to obtain an understanding of the non-Federal entity's internal control over Federal programs sufficient to plan the audit to support a low assessed level of control risk for major programs, plan the testing of internal control over major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program, and, unless internal control is likely to be ineffective, perform testing of internal control as planned.

As part of an entity's internal controls to reasonably ensure compliance over Federal laws and regulations, an entity must maintain an effective control environment over their information technology systems used to generate and process information to administer Federal programs in accordance with the respective rules and regulations that govern the program.

**Condition:**

The University maintains and utilizes PeopleSoft as its information technology (IT) application to maintain human resource records and process payroll and benefits transactions. There are a limited number of IT users that have administrative privileges in PeopleSoft based upon their job responsibilities. Such job responsibilities allow users access to specific modules to perform their required functions and allow proper segregation of duties within the application and processing of transactions.

As part of the University's process of ongoing monitoring of access to programs and data within PeopleSoft, the University should perform, on an annual basis, a review of user access and proper segregation of duties of the users by sending the user list to the respective department managers. Upon review by the department manager, a user's access should be verified that it is still appropriate and either retained, disabled, modified or deleted. While the University performed such user access reviews over other key IT applications during fiscal year 2013, such review was not performed over users of the PeopleSoft application.

Furthermore, there are certain IT controls within the PeopleSoft application to ensure only authorized users have the required and appropriate access based upon their job functions. Such controls include segregation of duties to process payroll and perform changes to salary and benefits information, limiting changes to charging instructions, and processing and approving payroll and benefits transactions. The following were noted as a result of the audit procedures performed:

- One user had inappropriate access to process payroll and perform changes to salary and benefits information;

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

- Four users had inappropriate access to change charging instructions; and
- Six users had inappropriate access to process and approve payroll and benefit transactions.

It was noted that during fiscal year 2013, there were no actual instances of inappropriate access or changes made to the PeopleSoft application.

**Cause:**

The University did not perform the appropriate user access reviews over the PeopleSoft application during fiscal year 2013.

**Effect:**

The risk that such instances of inappropriate access or changes occurring is elevated given the instances noted as a result of the audit procedures performed.

**Recommendation:**

We recommend that the University ensure that proper reviews of user access and segregation of duties over the PeopleSoft application be performed on at least an annual basis and to ensure that individuals have the appropriate levels of access based upon their job functions.

**View of Responsible Official:**

The individual that had access to both process payroll and perform salary and benefit changes had been a part of the implementation team for the system and had that access to be able to test the system during the design and implementation. This access was to be removed when the system went live, but somehow access to salary and benefit changes was not deleted. This access has now been deleted. There were no transactions to change salaries or benefits initiated by this individual since the system has been in production.

Four individuals from University departments were inappropriately given a central admin role in the commitment accounting module of the system. This role allowed these individuals to retroactively adjust the salary charges between accounts within their area of responsibility. This role does not permit any change in salary payment. It only provides access to change the account a salary is charged to. It does not provide global access for these redistributions, but only to accounts within the individual's area of responsibility. We currently limit this access to allow a department to retroactively make these changes for no more than the prior two pay periods. Any changes required prior to that time period require explanation and approval in order to ensure compliance with federal regulations on federal grants. A new electronic process is in development that will allow all departments to make these changes for payments made within 90 days of the date of the change. In the meantime, the access for these individuals has been changed.

Of the six users that had access to prepare and approve time, one was a departmental user. That individual has been identified and their access has been corrected. The remaining five individuals are members of the central payroll staff. These individuals were granted this access to be able to respond to questions from departmental users. Without this access, they would not be able to see the transactions in question, making it difficult to respond. Since this was needed, we developed a report so that we could ensure that these

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

Schedule of Findings and Questioned Costs

Year ended June 30, 2013

individuals did not prepare or approve any inappropriate time. Unfortunately, we did not print these reports to document that the review had taken place. We were able to document that no inappropriate transactions had been made. We will now print the report, initial and date to document that the review did take place. It is also important to note that the system has controls in place that will not permit anyone to prepare and approve their own time.

We are also developing a report that will identify individuals with both a preparer and approval role in any module of the system which will review regularly to monitor inappropriate access. In addition, we will develop a report of all roles that will be distributed annually to departments for their verification of all appropriate individuals that have access to their data.

Since implementation of the PeopleSoft HR/Payroll module, the University has been involved in resolving a number of system modifications. Unfortunately, this delayed our progress on implementing a process to verify users. We will begin implementation of a process to annually review the access list with departments.

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

No findings or questioned costs which are required to be reported.



## **CORRECTIVE ACTION PLAN**

**JUNE 30, 2013**

### ***2013-001 – PeopleSoft Application – Information Technology General and Application Controls over User Access***

Contact Person – Stephen J. DiPaolo, University Controller, 848-445-5012

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Anticipated Completion Date – FY 2014



**Prior Year A133 Audit Findings  
For The Year Ended June 30, 2013**

**12-1 – Special Tests, Verification – Significant Deficiency**

Contact Person – Jean McDonald Rash, University Director of Financial Aid, Financial Aid Office,  
848-932-7057 extension 22605

Corrective Action Plan - The financial aid counselors have been advised that this was to be reported as an untaxed income item, however, this particular tax credit has been eliminated and will not create any future concerns.

Anticipated Completion Date – Completed

**12-2 – Special Tests, Return of Title IV Funds – Significant Deficiency**

Contact Person – Jean McDonald Rash, University Director of Financial Aid, Financial Aid Office,  
848-932-7057 extension 22605

Corrective Action Plan - Additional training has been provided for the three regions. Corrections have been submitted to the Department of Education. Reports are being periodically run to ensure all calculations at the Newark campus are being properly completed. Beginning in the 2013-2014 funding year, all Return to Title IV processing will be done on the New Brunswick campus to prevent any future findings of this nature.

Anticipated Completion Date – Completed