

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

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

June 30, 2003

(With Independent Auditors' Reports Thereon)

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

June 30, 2003

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

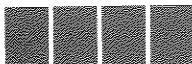
The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

We have audited the accompanying statement of net assets of Rutgers, The State University of New Jersey (the University), a component unit of the State of New Jersey, as of June 30, 2003, and the related statements of revenues, expenses, and changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audit. The accompanying financial statements of the University as of and for the year ended June 30, 2002, were audited by other auditors whose report thereon dated September 13, 2002, expressed an unqualified opinion on those statements and included an explanatory paragraph that referred to the change in the University's method of financial reporting to conform to Governmental Accounting Standards Board Statement No. 35, "Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and University."

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the 2003 financial statements referred to above present fairly, in all material respects, the financial position of Rutgers, The State University of New Jersey as of June 30, 2003, and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated October 10, 2003 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 grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.



The management's discussion and analysis on pages F4 through F10 is not a required part of the basic financial statements but is supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of Federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 2003 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the 2003 basic financial statements taken as a whole.

KPMG LLP

October 10, 2003

Rutgers, The State University of New Jersey
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2003 and 2002

The following management discussion and analysis (MD&A) provides a comprehensive overview of the financial position of Rutgers, The State University of New Jersey (the University) at June 30, 2003 and 2002, and its results of operations for the years then ended. Management has prepared the financial statements and related footnote disclosures along with this MD&A in accordance with generally accepted accounting principles as defined by the Governmental Accounting Standards Board for public colleges and universities. This MD&A should be read in conjunction with the audited financial statements and related footnotes of the University, which directly follow the MD&A.

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

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

Statement of Net Assets

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

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

capital projects. Many of these designations result from the funds being earned through special purpose fees charged for the specific purposes. The University therefore has an obligation to its students to maintain these funds for the purposes that they were received.

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2003 and 2002 is as follows (dollars in thousands):

	2003	2002
Assets		
Current Assets	\$356,803	\$345,378
Noncurrent Assets		
Endowment, Restricted and Other		
Noncurrent Cash and Investments	666,463	557,177
Capital Assets (Property, Plant and Equipment), Net	1,439,879	1,396,470
Other Assets	39,723	34,830
Total Assets	2,502,868	2,333,855
Liabilities		
Current Liabilities	166,750	163,179
Noncurrent Liabilities	540,983	483,369
Total Liabilities	707,733	646,548
Net Assets (Assets Less Liabilities)		
Invested in Capital Assets, Net of Debt	970,139	927,679
Restricted – Expendable	347,259	311,502
Restricted – Nonexpendable	191,882	183,582
Unrestricted	285,855	264,544
Total Net Assets	\$1,795,135	\$1,687,307

A review of the University's statement of net assets at June 30, 2003, reflects an increase in total assets of \$169.0 million. This increase was primarily due to an increase of \$109.3 million in the University's noncurrent cash and investments. This increase resulted from the proceeds of additional Higher Education Capital Improvement Program bonds issued by the state in 2003 and the proceeds from Series 2002C bonds issued by the University. The University received an allocation of \$94.0 million from this new bond issued by the state and \$49.8 million from the University's bond issue. These funds will be used for capital expenditures. Capital assets (property, plant and equipment) also increased by \$43.4 million. Included in this increase was the capitalization of improvements to the Stadium, improvements at Davidson Commons to house the RUNet 2000 operations, and improvements to the Engineering Building and Voorhees Chapel.

Total liabilities for the year increased by \$61.2 million. The primary cause for the increase was due to the issuance of Series 2003C bonds in the amount of \$50.0 million and the issuance of additional Higher Education Capital Improvement bonds resulting in an additional \$31.3 million liability to the University. These programs resulted in a total increase of \$46.3 million to our outstanding debt obligation. This was offset by payments to our existing debt totaling \$23.3 million. Deferred revenues also increased by \$2.5 million as a result of an increase in the tuition rates on summer programs and an increase in the enrollments in those programs.

Net assets increased by \$107.8 million primarily as a result of the \$42.4 million increase in the University's invested in capital assets. This increase is a result of a number of Higher Education Capital Improvement Program (HECIP) projects, such as the renovations at the Wright-Rieman Chemistry Building, the Engineering

MANAGEMENT'S DISCUSSION AND ANALYSIS

Building, Lipman Hall, and the relocation of underground utilities. The University's restricted expendable net assets increased \$35.7 million primarily as a result of the grant portion of the Higher Education Capital Improvement Program received from the state. These funds are restricted for use on deferred maintenance projects throughout the University.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are classified as either operating or nonoperating. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating. Nonoperating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as nonoperating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriations, grants and gifts received by the University specifically for capital expenditures as well as gifts received from donors as endowments, are reported as other revenue.

A summarized comparison of the University's revenues, expenses, and changes in net assets for the years ended June 30, 2003 and 2002 is as follows (dollars in thousands):

	2003	2002
Operating Revenues		
Student Tuition and Fees (Net of Scholarship Allowance)	\$311,711	\$273,842
Grants and Contracts	308,209	287,246
Auxiliary Enterprises	157,444	152,124
Other Operating Revenues	43,617	35,654
Total Operating Revenues	820,981	748,866
Operating Expenses	1,250,212	1,181,313
Operating Loss	(429,231)	(432,447)
Nonoperating Revenues (Expenses)		
State Appropriations (Including Fringe Benefits Paid Directly by the State)	436,122	436,602
Gifts	25,139	35,067
Endowment and Investment Income	20,197	25,755
Unrealized Gain (Loss) on Marketable Securities	8,250	(29,179)
Interest on Capital Asset Related Debt	(22,419)	(23,577)
Net Other Nonoperating Revenues (Expenses)	(22,969)	1,107
Net Nonoperating Revenues	444,320	445,775
Income before Other Revenues, Expenses, Gains and Losses	15,089	13,328
Other Revenues, Expenses, Gains and Losses	92,739	90,895
Increase in Net Assets	107,828	104,223
Net Assets at Beginning of Year	1,687,307	1,583,084
Net Assets at End of Year	<u>\$1,795,135</u>	<u>\$1,687,307</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

The University's net assets increased this year by \$107.8 million with \$81.9 million of this increase attributable to capital appropriations, grants and gifts that were used to construct, renovate or acquire capital assets. In addition, \$10.9 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

Tuition and fees are reflected net of scholarship allowances. Scholarship allowances represent scholarships and fellowships applied to student accounts for tuition and residence fees. These scholarships and fellowships are funded through federal and state grant programs and gifts raised by the University. The University provided \$97.0 million of a total of \$123.9 million of student aid directly to student accounts. The remaining \$26.9 million was paid to students and is reflected as scholarship and fellowship expense. Scholarship allowances allocated to tuition and fees amounted to \$76.5 million. Another \$20.5 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$37.9 million. The increase resulted primarily from the 9.8% increase in tuition rates and a 2.3% increase in enrollment.

Grant and contract activity continues to grow with an increase of \$21.0 million this year. Federal and state funds received as support for student aid are included as grant revenue. The University received an increase of \$3.8 million in federal support and \$1.4 million in state support for student aid. The federal support increased primarily as a result of an increase in the maximum amounts authorized under the Pell Grant Program that provided an additional \$3.9 million to the University. The state support increased primarily due to an increase in Tuition Aid Grant awards this year.

Federal grants for research increased by \$17.1 million. This increase resulted primarily from several large grants received this year; in particular, the University's National Transit Institute received an increase of \$4.0 million in their award from the Federal Transit Administration, \$4.1 million was received from the National Science Foundation for the Macromolecular Structural Database project, and \$2.4 million from the Healthcare Financing Administration for a National Technical Assistance Exchange.

State support for research increased by \$1.6 million this year. This increase is primarily attributed to an increase in grant activity from two state agencies. The State of New Jersey Department of Health and Senior Services grant revenue increased by \$1.7 million and the State of New Jersey Department of Law increased by \$1.4 million. These increases were offset by a decrease from the Commission on Higher Education of \$1.9 million resulting from the discontinuation of the Capacity Building Funds Program.

Finally, nongovernmental grants and contracts decreased by \$2.9 million. Therefore, total grant and contract revenue from all three sources, federal, state and nongovernmental, for research increased by \$15.8 million. As a result of this increase in revenue, total expenses for research increased by \$22.3 million.

Auxiliary revenue, net of scholarship allowances, increased this year by \$5.3 million while expenditures increased only \$5.0 million. The increase in revenue resulted primarily from an increase in housing and dining rates. The net increase in revenues supports renovations to residence and dining facilities and permits planning for the anticipated debt service increase in 2003. Debt service is not included in the operating expenses for auxiliaries.

Total state appropriations, including fringe benefits paid directly by the state, decreased \$0.5 million. The appropriation by the state for University operations actually decreased \$13.9 million as a result of the state's budget imbalance this year. This decrease was offset by an increase in the state payments on behalf of the University for fringe benefits of \$13.4 million. This increase in benefits was primarily attributable to an increase in the cost of health and prescription plan coverage as well as an increase in the number of employees enrolled in the plan.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Student service expenditures increased by \$3.8 million in 2003. This increase is attributable to an increase in wages and benefits due to contractual salary increases and increasing health care costs, as well as the hiring of support staff for computing services in the University's residence halls. In addition, there was an increase in insurance costs for major medical coverage for students and additional costs for coverage extended to international students.

Expenditures for operation and maintenance of plant increased by \$9.4 million. Insurance costs are responsible for much of this increase. Self-insurance reserves were increased as a result of an increase in claims and the occurrence of several significant claims this past year. In addition, insurance premiums increased by approximately 52.0% this year as a result of the difficult insurance market.

The University's endowment and investment income decreased by \$5.6 million this year. This decrease is the result of the continuing decline in interest rates, the maturity of several long term investments that were reinvested at significantly lower rates, and the movement into alternative investments. In January of 2002, the Investment Committee of the Joint Boards adopted a revised asset allocation policy. Alternative investments such as arbitrage, private equity, and real estate investment trusts are being added to diversify the University's investment portfolio. In addition, the University had unrealized losses on its investments totaling \$22.4 million.

The University has established a policy on the valuation of patents that only the actual cash received and the fair market value of any tangible property received in connection with the patent will be recorded. A value will only be assigned to the intellectual property if there are licenses in place that will generate a clear and convincing revenue stream of royalty income that will exceed the expenditures required to manage and market the technology. In that case, the patent will be valued at the present value of the estimated net revenues expected. A review of the existing patent recorded has determined that there are no clear and convincing revenues at this time, and therefore, the value was written down to reflect only the tangible assets received. This resulted in a write-down of \$25.5 million which appears as loss/disposal on capital assets in the Statement of Revenues, Expenses, and Changes in Net Assets during 2003.

The University also received a total of \$67.2 million in additional appropriations from the state for the construction, renovation or acquisition of capital assets. Included in this total is Rutgers' allocation of the proceeds of the Higher Education Capital Improvement Program (HECIP). The HECIP bonds were primarily issued to help the state's institutions of higher education address their deferred maintenance backlog. The University received a total of \$94.0 million and must pay 33.0% of the debt service on these bonds or a total of \$31.3 million. The balance is paid by the state and is reflected as capital funds from the state.

The University received several donations of equipment that are a major factor in the increase in Capital Gifts and Grants. In particular, a high vacuum system and related equipment valued at \$3.1 million was donated to the Chemistry Department. In addition, a donation of a microscope system and tube furnaces was donated to Physics at a value of \$1.7 million.

Capital and Debt Activities

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

Capital asset increases totaled \$43.4 million in 2003, as compared to \$163.1 million in 2002. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities

MANAGEMENT'S DISCUSSION AND ANALYSIS

as well as significant investments in equipment, including information technology. Several major projects completed during 2003 include:

- Completion of the facility that houses RUNet 2000 support staff.
- Completion of several deferred maintenance projects to upgrade and improve existing facilities, such as the Engineering Building, Douglass Developmental Disability Center, and Voorhees Chapel.

These additions were funded primarily with the proceeds of bonds and capital appropriations from the state under the Higher Education Capital Improvement Program, the Dormitory Safety Trust Fund and the Equipment Leasing Fund. As of June 30, 2003, the University had various projects under construction or in the design stage. Significant projects include:

- A new facility to provide laboratory space for the Department of Genetics and the New Jersey Center for Biomaterials to be constructed on the Busch campus. The project will also include a multipurpose atrium to provide a central meeting place for the Division of Life Sciences.
- A new facility on the Busch campus for Biomedical Engineering. This facility will provide conference and classroom space, research laboratories, laboratory support facilities, teaching laboratories, faculty office and computer facilities.
- Expansion of Olson Hall on the Newark campus to create a research and instructional facility for the life sciences program. This expansion will provide state-of-the-art laboratories, conference rooms, classroom space and faculty offices for the Biological Sciences and Chemistry disciplines.
- Expansion of the Hale Center to provide additional training and academic support facilities for the University's athletic programs.

In 2003, the University issued general obligation bonds, 2002 Series B, in the amount of \$50.0 million. The proceeds of this debt issue will be used primarily for the construction of the facilities mentioned above.

Economic Outlook

As the State University of New Jersey, the appropriation from the state represents a vital part of University's funding. The continuing economic problems experienced by the state resulted in a reduction of the appropriation to the University for fiscal year 2003 of \$13.9 million. The appropriation for 2004 will remain at the level received in 2003. With increasing costs, particularly resulting from contractual obligations with faculty and staff, the University faces critical funding issues again this year. The University has addressed this funding challenge through various means such as the elimination of positions and reduction of other costs, increases in tuition and fee charges, reallocation of University reserves, fund-raising and the use of debt financing.

Current indications are that the state economy is improving modestly. While the unemployment rate in New Jersey has only improved slightly this year, it continues to remain below the national average.

In April 2000, the Boards of the University endorsed a major capital campaign. The goal of this campaign was to raise \$500.0 million by June 2004. The Foundation has already exceeded this goal and has currently received cash and pledges totaling \$530.0 million.

The University refinanced several outstanding general obligation and revenue bonds in July 2003 to take advantage of favorable interest rates. This refinancing reduced the University's debt service by \$34.0 million over the life of the debt. Both Moody's and Standard & Poor's maintained their bond ratings for the University during their reviews of this new debt offering. The University is also in the process of issuing new debt to help finance the cost of several deferred maintenance projects throughout the University. Debt service on this new debt will not exceed the savings generated on the recent refinancing.

MANAGEMENT'S DISCUSSION AND ANALYSIS

On October 25, 2002, the Board of Governors and the Board of Trustees announced the end of the presidential search with the appointment of Dr. Richard L. McCormick as President of the University. Dr. McCormick effectively assumed the role of President on December 1, 2002, and was officially inaugurated on April 13, 2003.

On October 14, 2002, the New Jersey Commission on Health, Science, Education, and Training issued a report recommending that the state create a single research university system by combining the three Rutgers campuses, the University of Medicine and Dentistry of New Jersey schools and its affiliated hospitals, and the New Jersey Institute of Technology. The envisioned system would have principal campuses in Newark, New Brunswick/Piscataway, and Camden/Stratford, each operating as an independent university with its own president. Each of the three universities would have its own undergraduate and graduate programs and medical school. In December 2002, Governor James E. McGreevey established the Review, Planning, and Implementation Steering Committee to create a comprehensive implementation plan for the commission's proposal. The steering committee first met on January 15, 2003, and continues to meet monthly; it is expected to take at least a year to complete its work. The University is an active participant in the endeavor with representatives on the Review, Planning and Implementation Steering Committee and all of the related subcommittees.

Rutgers, The State University of New Jersey
STATEMENTS OF NET ASSETS
For the Years Ended June 30, 2003 and 2002
(dollars in thousands)

	Total 2003	Total 2002
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$27,416	\$35,710
Short-Term Investments	233,021	216,493
Accounts Receivable, Net	61,200	59,406
Student Notes Receivable, Net	7,340	7,850
Contributions Receivable, Net	12,830	13,447
Inventories	3,702	4,015
Prepaid Expenses and Deferred Charges	6,196	5,813
Construction Costs Reimbursable	5,098	2,644
Total Current Assets	356,803	345,378
Noncurrent Assets		
Cash and Cash Equivalents	170,784	72,598
Endowment Investments	359,879	347,988
Other Investments	135,800	136,591
Student Notes Receivable, Net	30,074	28,543
Contributions Receivable, Net	6,581	3,623
Bond Issuance Costs, Net	3,068	2,664
Capital Assets (Property, Plant and Equipment), Net	1,439,879	1,396,470
Total Noncurrent Assets	2,146,065	1,988,477
TOTAL ASSETS	2,502,868	2,333,855
LIABILITIES		
Current Liabilities		
Accounts Payable and Accrued Expenses - Current Portion	98,697	97,639
Deferred Revenue	34,807	32,325
Payroll Withholdings	6,623	6,958
Other Payables	1,208	1,228
Annuities Payable - Current Portion	904	894
Long-Term Liabilities - Current Portion	24,511	24,135
Total Current Liabilities	166,750	163,179
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	6,800	6,231
Annuities Payable	5,668	5,592
Long-Term Liabilities	528,515	471,546
Total Noncurrent Liabilities	540,983	483,369
TOTAL LIABILITIES	707,733	646,548

Continued on next page

STATEMENTS OF NET ASSETS (cont'd)

NET ASSETS		
Invested in Capital Assets, Net of Related Debt	970,139	927,679
Restricted for		
Nonexpendable		
Instruction	87,091	86,477
Scholarships and Fellowships	90,948	83,981
Libraries	5,819	5,624
Other	8,024	7,500
Expendable		
Instruction	45,102	44,467
Research	39,699	40,939
Scholarships and Fellowships	53,109	62,513
Libraries	8,639	6,071
Loans	38,316	37,890
Capital Projects	69,650	37,123
Debt Service Reserve	24,175	24,358
Renewal and Replacement Reserve	8,854	8,854
Other	59,715	49,287
Unrestricted	285,855	264,544
TOTAL NET ASSETS	<u>\$1,795,135</u>	<u>\$1,687,307</u>

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
For the Years Ended June 30, 2003 and 2002
(dollars in thousands)

	Total 2003	Total 2002
OPERATING REVENUES		
Student Tuition and Fees (Net of Scholarship Allowances of \$76,510 in 2003 and \$70,531 in 2002)	\$311,711	\$273,842
Federal Appropriations	6,918	7,079
Federal Grants and Contracts	167,293	146,422
State and Municipal Grants and Contracts	88,288	85,256
Nongovernmental Grants and Contracts	52,628	55,568
Auxiliary Enterprises (Net of Scholarship Allowances of \$20,473 in 2003 and \$20,712 in 2002)	157,444	152,124
Other Operating Revenues	36,699	28,575
Total Operating Revenues	820,981	748,866
OPERATING EXPENSES		
Educational and General		
Instruction	425,448	403,791
Sponsored Research	133,327	122,990
Other Separately Budgeted Research	65,030	63,960
Other Sponsored Programs	66,411	54,420
Extension and Public Service	27,070	27,238
Libraries	33,816	32,694
Student Services	50,328	46,463
Operations and Maintenance of Plant	103,870	94,468
General Administration and Institutional	94,484	91,904
Scholarships and Fellowships	26,899	25,403
Depreciation	73,622	73,166
Auxiliary Enterprises	148,585	143,623
Other Operating Expenses	1,322	1,193
Total Operating Expenses	1,250,212	1,181,313
Operating Loss	(429,231)	(432,447)
NONOPERATING REVENUES (EXPENSES)		
State Appropriations	322,412	336,289
State Paid Fringe Benefits	113,710	100,313
Contributions	25,139	35,067
Endowment and Investment Income	20,197	25,755
Unrealized Gain (Loss) on Marketable Securities	8,250	(29,179)
Interest on Capital Asset Related Debt	(22,419)	(23,577)
Loss on Disposal of Capital Assets (Property, Plant and Equipment)	(26,401)	(762)
Other Nonoperating Revenues	3,432	1,869
Net Nonoperating Revenues	444,320	445,775
Income before Other Revenues and Expenses	15,089	13,328

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STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
(cont'd)

	Total	Total
	2003	2002
Capital Appropriations	67,163	66,907
Capital Grants and Gifts	14,689	6,197
Additions to Permanent Endowments	10,887	17,791
Increase in Net Assets	107,828	104,223
Net Assets - Beginning of the Year	1,687,307	1,583,084
Net Assets - End of the Year	<u>\$1,795,135</u>	<u>\$1,687,307</u>

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2003 and 2002
(dollars in thousands)

	Total 2003	Total 2002
Cash Flows from Operating Activities		
Student Tuition and Fees	\$351,776	\$311,365
Research Grants and Contracts	313,179	299,022
Federal Appropriations	4,663	6,331
Payments to Employees and for Benefits	(660,044)	(645,353)
Payments to Suppliers	(321,409)	(292,695)
Payments for Utilities	(46,062)	(41,721)
Payments for Scholarships and Fellowships	(49,216)	(54,550)
Collection of Loans to Students and Employees	9,326	9,030
Auxiliary Enterprise Receipts		
Housing	65,243	62,102
Dining	38,600	38,929
Athletics	9,486	7,181
Parking	5,591	5,146
Other	17,782	21,369
Other Receipts	25,590	28,964
Net Cash Used by Operating Activities	(235,495)	(244,880)
Cash Flows from Noncapital Financing Activities		
State Appropriations	322,066	335,955
Contributions for Other than Capital Purposes	27,914	21,193
Contributions for Endowment Purposes	12,565	27,523
Net Cash Provided by Noncapital Financing Activities	362,545	384,671
Cash Flows from Financing Activities		
Proceeds from Capital Debt and Leases	81,502	158,694
Capital Appropriations	64,331	66,009
Capital Grants and Gifts Received	3,644	20,796
Purchases of Capital Assets and Construction	(145,344)	(159,926)
Principal Paid on Capital Debt and Leases	(22,774)	(17,295)
Interest Paid on Capital Debt and Leases	(24,039)	(24,205)
Debt Defeasance		(121,329)
Bond Issuance Costs	(707)	(635)
Other Receipts	1,841	572
Net Cash Used by Financing Activities	(41,546)	(77,319)

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STATEMENTS OF CASH FLOWS (cont'd)

	Total 2003	Total 2002
Cash Flows from Investing Activities		
Proceeds from Sales and Maturities of Investments	4,411,780	4,160,920
Investment Income	21,196	26,579
Purchase of Investments	(4,428,588)	(4,216,902)
Net Cash Provided (Used) by Investing Activities	4,388	(29,403)
Net Increase in Cash and Cash Equivalents	89,892	33,069
Cash and Cash Equivalents - Beginning of the Year	108,308	75,239
Cash and Cash Equivalents - End of the Year	<u>\$198,200</u>	<u>\$108,308</u>
Reconciliation of Net Operating Revenues (Expenses) to Net Cash Provided (Used) by Operating Activities		
Operating Loss	(\$429,231)	(\$432,447)
Adjustments to Reconcile Operating Net Cash		
Used by Operating Activities		
State Paid Fringe Benefits	113,710	100,313
Depreciation	73,622	73,166
Payment in Lieu of Taxes	700	700
Adjustment of Actuarial Liability for Annuities Payable	86	58
Changes in Assets and Liabilities		
Receivables, Net	(2,916)	757
Inventories	313	(291)
Prepaid Expenses and Deferred Charges	(437)	1,354
Accounts Payable and Accrued Liabilities	6,607	9,782
Deferred Revenue	2,482	3,097
Payroll Withholdings	(335)	841
Other Payables	(96)	(2,104)
Other		(106)
Net Cash Used by Operating Activities	<u>(\$235,495)</u>	<u>(\$244,880)</u>

See accompanying notes to the financial statements.

Rutgers, The State University of New Jersey
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2003 and 2002

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING AND REPORTING POLICIES

Basis of Accounting

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

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

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

Reporting Entity

The University's financial statements and notes thereto include the financial statements of the Rutgers University Foundation (the "Foundation"). The Foundation was formed to aid the University in obtaining private funds and other resources to meet the needs and achieve the goals of the University. Although the Foundation is a legally separate, not-for-profit organization, it exists for the benefit of the University and is considered a component unit of the University. Its balances and transactions were blended with those of the University for reporting purposes, in accordance with GASB Statement No. 14, "The Financial Reporting Entity."

Under the law, the University is an instrumentality of the State of New Jersey with a high degree of autonomy. However, under GASB Statement No. 14, 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.

Cash and Cash Equivalents

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

Investments

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

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

NOTES TO THE FINANCIAL STATEMENTS

Net realized and unrealized gains (losses) are included in unrealized gains (losses) on marketable securities in the Statements of Revenues, Expenses, and Changes in Net Assets.

Funds Held in Trust

Funds held in trust by others and not in the possession of, nor under the control of, the University are not included in the University's cash and investments. The market value of such funds aggregated approximately \$51.1 million at June 30, 2003 (\$52.1 million in 2002). Income derived from such irrevocable trust funds held by others, aggregating approximately \$2.7 million in 2003 and \$1.7 million in 2002, is reported in the accompanying financial statements as nonoperating revenues.

Inventories

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

Bond Issuance Costs

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

Capital Assets (Property, Plant and Equipment)

Capital assets consist of land, buildings, land improvements and infrastructure, equipment, construction in progress, art collections and patents. 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 4.9 million (4.8 million in 2002) volumes have not been capitalized.

Deferred Revenues and Deferred Charges

Deferred revenues and deferred charges include Summer Session activity which will be recognized as revenue and expense in the following fiscal year.

Net Assets

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

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

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

Restricted net assets – nonexpendable consist of endowment and similar type funds in 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.

NOTES TO THE FINANCIAL STATEMENTS

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

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

Revenue Recognition

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

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

Revenue from state appropriations is recognized in the fiscal year during which the State of New Jersey appropriates the funds to the University.

Contributions, including pledges other than endowment, are recognized as revenues in the period donated. Additions to permanent endowment are recognized upon receipt. Endowment and investment income are 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 assets are those that serve the University's principal purpose and generally result from exchange transactions such as the payment received for services and payment made for the purchase of goods and services. Examples include (1) student tuition and fees, net of scholarship allowances, (2) auxiliary enterprises, net of scholarship allowances, and (3) most federal, state and municipal and other nongovernmental grants and contracts. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as operating appropriations from the state, endowment and investment income and contributions.

Scholarships and Fellowships

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

The University distributes loans to students under the Federal Direct Student Loan Program. Under this program, the U.S. Department of Education makes interest subsidized and unsubsidized loans, through schools, directly to students. During the year ended June 30, 2003, the University disbursed \$131.5 million (\$116.5 million in 2002) under the Federal Direct Loan Program. Direct student loans receivable are not included in the University's Statements of Net Assets since they are repayable directly to the U.S. Department of Education.

NOTES TO THE FINANCIAL STATEMENTS

Encumbrances

The University maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the year. At June 30, 2003, encumbrances totaled \$307.2 million, which represents the estimated amount of expenses ultimately to result if unperformed contracts in process at June 30, 2003, are completed. Approximately \$104.3 million of the total is committed for capital projects.

Encumbrances outstanding at June 30, 2003, do not constitute expenses or liabilities and are not reflected in the financial statements.

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.

NOTE 2 – CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

The cash and cash equivalents balance at June 30, 2003, includes a cash book balance of \$3.1 million (negative \$7.9 million in 2002). The actual amount of cash on deposit in the University's bank accounts at June 30, 2003, was \$24.4 million (\$15.3 million in 2002). Of this amount, \$0.6 million (\$0.7 million in 2002) was insured by the Federal Deposit Insurance Corporation at June 30, 2003, \$21.9 million (\$12.9 million in 2002) was collateralized in accordance with Chapter 64 of Title 18A of New Jersey Statutes at June 30, 2003, and \$1.9 million (\$1.7 million in 2002) was uninsured and uncollateralized at June 30, 2003.

Cash Equivalents and Investments

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

The University's investments at June 30, 2003 and 2002 are categorized by custodial credit risk in the table below. Credit risk pertains to custodial risk, which is the risk that the University will not be able to recover the value of investment or collateral securities that are in the possession of an outside party if the counterparty to the investment transaction fails. Custodial credit risk should not be confused with market risk, which is the risk that the market value of a security may decline. There are three categories of custodial credit risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Category 1 includes investments that are insured or registered or for which the securities are held by the University or its agent in the University's name.

Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the University's name.

NOTES TO THE FINANCIAL STATEMENTS

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the University's name. GASB Statement No. 3 also states that investments in pools managed by other governments or in mutual funds should be disclosed but not categorized, because they are not evidenced by securities that exist in physical or book entry form.

Investments by custodial credit risk at June 30, 2003, are as follows (dollars in thousands):

	Category 1 Insured or Registered	Category 2 Uninsured or Unregistered in University's Name	Category 3 Uninsured or Unregistered Not in University's Name	Total
Cash Equivalents				
Money Market Funds	\$6,140	\$40,545	\$125,013	\$171,698
Repurchase Agreements		23,453		23,453
Total Cash Equivalents	\$6,140	\$63,998	\$125,013	\$195,151
Investments				
Commercial Paper	\$58,678	\$125,935		\$184,613
U.S. Government Direct Securities	59,272	55,818	\$17,105	132,195
U.S. Government Agency Securities	25,222	95,883		121,105
Fixed Income		713		713
U.S. Corporate Debt Securities	34,292	10,698		44,990
Foreign Corporate Debt Securities	4,414			4,414
U.S. Corporate Equities	124,538	8,991	53,916	187,445
Foreign Corporate Equities	38,504			38,504
Asset-Backed Securities	1,295	33		1,328
Real Estate		490	12,903	13,393
Total Investments	\$346,215	\$298,561	\$83,924	\$728,700
Total Cash Equivalents and Investments				\$923,851

NOTES TO THE FINANCIAL STATEMENTS

Investments by custodial credit risk at June 30, 2002, are as follows (dollars in thousands):

	Category 1 Insured or Registered	Category 2 Uninsured or Unregistered in University's Name	Category 3 Uninsured or Unregistered Not in University's Name	Total
Cash Equivalents				
Money Market Funds	\$8,626	\$35,493	\$50,793	\$94,912
Repurchase Agreements		21,287		21,287
Total Cash Equivalents	\$8,626	\$56,780	\$50,793	\$116,199
Investments				
Commercial Paper	\$72,248	\$115,493		\$187,741
Demand Notes		36,635		36,635
U.S. Government Direct Securities	33,739	31,532		65,271
U.S. Government Agency Securities	34,518	87,400		121,918
State and County Municipal Securities	652			652
Fixed Income	2,952	1,150		4,102
U.S. Corporate Debt Securities	40,369	12,733		53,102
Foreign Corporate Debt Securities	4,513			4,513
U.S. Corporate Equities	153,635	11,634	\$52,492	217,761
Foreign Corporate Equities	2,539			2,539
Asset-Backed Securities	6,302	58		6,360
Real Estate		478		478
Total Investments	\$351,467	\$297,113	\$52,492	\$701,072
Total Cash Equivalents and Investments				\$817,271

Investments – Endowment Funds

The majority of endowment funds assets are combined into two separate investment pools. Each individual fund subscribes to or disposes of units in the pools on the basis of the per-unit market value at the beginning of the three-month period within which the transaction takes place. At June 30, 2003, the pooled cash, receivables and investments had a total market value of \$305.4 million (\$291.8 million in 2002). In addition, the aggregate market value of endowment funds cash receivables and investments separately invested was \$55.6 million at June 30, 2003 (\$56.0 million in 2002). The investment appreciation was \$10.1 million at June 30, 2003 (depreciation of \$15.7 million in 2002). These amounts are included in restricted non-expendable, restricted expendable and unrestricted net assets.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3 – RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

Accounts receivable are shown net of the allowance for doubtful accounts and were comprised of the following at June 30, 2003 and 2002 (dollars in thousands):

	Accounts Receivable	Allowance	Net 2003	Net 2002
Government Grants Receivable and Other Sponsored Programs	\$43,740	\$580	\$43,160	\$42,052
Student Accounts Receivable	4,185	1,392	2,793	2,268
Other	15,900	653	15,247	15,086
Total	\$63,825	\$2,625	\$61,200	\$59,406

Students' notes receivable in the Statements of Net Assets are also shown net of the allowance for doubtful notes which amounted to \$3.8 million at June 30, 2003 (\$3.8 million in 2002).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at June 30, 2003 and 2002 on the Statements of Net Assets, considering type, age, collection history and other appropriate factors.

NOTE 4 – CONTRIBUTIONS RECEIVABLE

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

Year	Amount
2004	\$12,855
2005-2008	6,531
Thereafter	50
	19,436
Less Allowance for Uncollectible Receivables	25
Total	\$19,411

Contributions receivable related to permanent endowments and term endowments do not meet the recognition criteria of GASB Statement No. 33. These contributions receivable, which approximated \$11.4 million at June 30, 2003 (\$10.1 million in 2002) have not been included in the accompanying Statements of Net Assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5 – CAPITAL ASSETS (PROPERTY, PLANT AND EQUIPMENT)

The detail of capital assets activity for the years ended June 30, 2003 and 2002 is as follows (dollars in thousands):

	Balance 2002	Additions	Retirements/ Capitalization	Balance 2003
Capital Assets Not Being Depreciated				
Land	\$38,608	\$1,513		\$40,121
Capitalized Collections	38,666	3,633		42,299
Construction in Progress	97,071	91,522	\$114,884	73,709
Total	174,345	96,668	114,884	156,129
Capital Assets Being Depreciated				
Land Improvements	157,970	17,824		175,794
Buildings	1,349,156	99,146		1,448,302
Equipment	489,947	44,678	8,237	526,388
Intangible Assets - Patents	28,525		28,525	
Total	2,025,598	161,648	36,762	2,150,484
Less Accumulated Depreciation				
Land Improvements	43,420	13,890		57,310
Buildings	416,994	29,033		446,027
Equipment	340,056	30,699	7,358	363,397
Intangible Assets - Patents	3,003		3,003	
Total	803,473	73,622	10,361	866,734
Net Capital Assets Being Depreciated	1,222,125	88,026	26,401	1,283,750
Total Capital Assets (Net)	\$1,396,470	\$184,694	\$141,285	\$1,439,879

During 2003, the University has capitalized interest income of \$217 thousand and interest expense of \$974 thousand in construction in progress in the accompanying Statements of Net Assets.

	Balance 2001	Additions	Retirements/ Capitalization	Balance 2002
Capital Assets Not Being Depreciated				
Land	\$38,052	\$808	\$252	\$38,608
Capitalized Collections	33,002	5,664		38,666
Construction in Progress	82,848	100,523	86,300	97,071
Total	153,902	106,995	86,552	174,345
Capital Assets Being Depreciated				
Land Improvements	80,324	77,646		157,970
Buildings	1,333,111	16,045		1,349,156
Equipment	450,446	48,663	9,162	489,947
Intangible Assets - Patents	28,525			28,525
Total	1,892,406	142,354	9,162	2,025,598

Continued on next page

NOTES TO THE FINANCIAL STATEMENTS

CAPITAL ASSETS (cont'd)

	Balance 2001	Additions	Retirements/ Capitalization	Balance 2002
Less Accumulated Depreciation				
Land Improvements	37,153	6,267		43,420
Buildings	387,664	29,330		416,994
Equipment	313,891	34,566	8,401	340,056
Intangible Assets - Patents		3,003		3,003
Total	738,708	73,166	8,401	803,473
Net Capital Assets Being Depreciated	1,153,698	69,188	761	1,222,125
Total Capital Assets (Net)	\$1,307,600	\$176,183	\$87,313	\$1,396,470

NOTE 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses consist of the following at June 30, 2003 and 2002 (dollars in thousands):

	2003	2002
Vendors	\$31,598	\$37,480
Compensated Absences	32,613	25,119
Accrued Salaries and Benefits	16,686	15,017
Retainage	4,561	7,745
Workers Compensation	10,203	7,595
Interest Payable	3,420	4,086
Other Accrued Expenses	6,416	6,828
Total	\$105,497	\$103,870

NOTE 7 – NONCURRENT LIABILITIES

Noncurrent liabilities activity for the years ended June 30, 2003 and 2002 was as follows (dollars in thousands):

	Balance 2002	Additions	Reductions	Balance 2003	Current Portion
Accounts Payable and Accrued Expenses	\$103,870	\$1,627		\$105,497	\$98,697
Annuities Payable	6,486	86		6,572	904
Long-Term Liabilities	495,681	81,744	\$24,399	553,026	24,511
Total	\$606,037	\$83,457	\$24,399	\$665,095	\$124,112

	Balance 2001	Additions	Reductions	Balance 2002	Current Portion
Accounts Payable and Accrued Expenses	\$94,063	\$9,807		\$103,870	\$97,639
Annuities Payable	6,011	475		6,486	894
Long-Term Liabilities	480,517	156,418	\$141,254	495,681	24,135
Total	\$580,591	\$166,700	\$141,254	\$606,037	\$122,668

NOTES TO THE FINANCIAL STATEMENTS

NOTE 8 – LONG-TERM LIABILITIES

Long-term liability activity for the years ended June 30, 2003 and 2002, is as follows (dollars in thousands):

	Balance 2002	Additions	Retirements	Balance 2003	Current Portion
General Obligation Bonds Payable	\$293,279	\$50,000	\$12,007	\$331,272	\$12,428
Revenue Bonds Payable	83,850		5,580	78,270	5,860
Lease Obligations	116,925	31,744	6,760	141,909	6,168
Notes Payable	1,627		52	1,575	55
Total Long-Term Liabilities	\$495,681	\$81,744	\$24,399	\$553,026	\$24,511

	Balance 2001	Additions	Retirements	Balance 2002	Current Portion
General Obligation Bonds Payable	\$243,460	\$110,138	\$60,319	\$293,279	\$12,007
Revenue Bonds Payable	160,855		77,005	83,850	5,580
Lease Obligations	74,525	46,280	3,880	116,925	6,495
Notes Payable	1,677		50	1,627	53
Total Long-Term Liabilities	\$480,517	\$156,418	\$141,254	\$495,681	\$24,135

Notes Payable

Notes payable at June 30, 2003 and 2002 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.5%, final installment due January 1, 2021.

The University has an unsecured \$20.0 million line of credit with a bank to be used for interim financing requirements. The amount available under the line of credit is reduced by a \$0.1 million letter of credit which is used for interim financing of construction projects and as collateral for a lease obligation. No portion of the line of credit is in use, and no funds have been drawn on the letter of credit at June 30, 2003 or 2002.

Bonds Payable

A summary of bonds issued and outstanding at June 30, 2003 and 2002 is as follows (dollars in thousands):

	Date of Series	Original Amount	Outstanding June 30,	
			2003	2002
Revenue Refunding Bonds				
Series S, 5.11% effective, due serially to May 1, 2014	Apr. 15, 1993	\$35,170	\$17,030	\$19,245
Series T, 5.34% effective, due serially to May 1, 2016	Apr. 15, 1993	36,270	25,430	26,755
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	40,015	32,115	33,605
Total Revenue Refunding Bonds		111,455	74,575	79,605

Continued on next page

NOTES TO THE FINANCIAL STATEMENTS

Bonds Payable (cont'd)

	Date Of Series	Original Amount	Outstanding June 30,	
			2003	2002
Revenue Bonds				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	555	585
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	1,000	1,060
Series H, 5.90% effective, due serially to May 1, 2007	Nov. 1, 1970	8,300	2,140	2,600
Total Revenue Bonds		11,850	3,695	4,245
General Obligation Refunding Bonds				
1992 Series A, 6.51% effective, due serially to May 1, 2007, and term bonds due May 1, 2013 and 2018	Feb. 1, 1992	94,370	26,605	26,605
1993 Series 1, 5.32% effective, due serially to May 1, 2015	Apr. 15, 1993	10,275	6,910	7,320
1993 Series A, 5.12% effective, due serially to May 1, 2014, and term bonds due May 1, 2014 and 2019	Oct. 1, 1993	81,600	59,860	62,290
2002 Series A, 3.96% effective, due serially to May 1, 2018	Feb. 1, 2002	110,000	103,000	110,000
Total General Obligation Refunding Bonds		296,245	196,375	206,215
General Obligation Bonds				
1993 Series B, 5.37% effective, due serially to May 1, 2012, and term bonds due May 1, 2016	Apr. 15, 1993	28,020	20,560	21,645
1997 Series A, 5.34% effective, due serially to May 1, 2017, and term bonds due May 1, 2002 and 2027	June 1, 1997	25,385	22,820	23,295
1998 Series A, 4.89% effective, due serially to May 1, 2018, and term bonds due May 1, 2020, 2023, and 2029	Nov. 1, 1998	50,000	46,450	47,390
2002 Series B, 4.60% effective, due serially to May 1, 2023, and term bonds due May 1, 2027, 2032, and 2034	Nov. 1, 2002	50,000	50,000	
Total General Obligation Bonds		153,405	139,830	92,330
Total Bonds		\$572,955	\$414,475	\$382,395

The General Obligation Bonds Payable is net of \$4.9 million at June 30, 2003 (\$5.3 million in 2002) of unamortized charges related to Series 2002A.

The Revenue Refunding Bonds, Series S-U, and the Revenue Bonds, Series E, F and H, were issued under an open-ended indenture of trust dated May 1, 1967, to finance the construction of auxiliary enterprise facilities and to consolidate previously outstanding bond indebtedness. Under the terms of the indenture, all bonds

NOTES TO THE FINANCIAL STATEMENTS

issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey. All revenues from auxiliary enterprise facilities constructed from the proceeds of the bonds, together with revenues from certain other such facilities, are pledged to secure the indebtedness and must be applied to (1) annual interest and amortization payments, (2) debt service reserve deficiencies, if any, (3) operating and maintenance expenses and (4) the funding of repair and replacement reserves. The excess of funds, after satisfying these requirements, is available to the University. The University has covenanted that so long as the bonds are outstanding it will not incur any other indebtedness secured by a pledge of the facility revenues, nor sell, mortgage or otherwise dispose of such facilities.

The General Obligation Refunding Bonds, 1992 and 1993 Series A, and General Obligation Bonds, 1993 Series B, 1997 and 1998 Series A, were issued under an open-ended indenture of trust, dated May 1, 1987, as supplemented; the General Obligation Refunding Bonds, 1993 Series 1, were issued under an indenture of trust, dated May 1, 1986, 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.

In September 2001, the University entered into an interest rate swap agreement, effective February 4, 2002, with the intention of lowering its effective interest rate related to the \$110.0 million of its 2002 Series A General Obligation Refunding Bonds. The swap's notional amount is \$109.1 million. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.96% to the counterparty to the swap. In return, the counterparty owes the University floating rate interest based on the BMA Municipal Swap Index. Only the net difference in interest payments is actually exchanged with the counterparty. The \$110.0 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

Because interest rates have declined since execution of the swap, the swap had a negative fair value of \$9.6 million at June 30, 2003. The swap's negative fair value may be countered by a reduction in total interest payments required under the floating-rate bonds, creating a lower synthetic rate. Because the coupons on the University's floating-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was provided by the counterparty and derived from proprietary models based upon well recognized financial principles and reasonable estimates about relevant future market conditions.

At June 30, 2003, the University was not exposed to credit risk, because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the University would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated AA- by Standard & Poor's at June 30, 2003.

The swap exposes the University to basis risk should the relationship between the floating rate and the BMA converge, changing the synthetic rate of the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate, 3.6%, and the synthetic rate at June 30, 2003, 3.68%. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. At June 30, 2003, the BMA rate was 1.05%.

The swap terminates on February 4, 2018, but is cancelable at the option of the counterparty under certain circumstances. Beginning on May 1, 2005, the counterparty may terminate the swap on each day that the average of the BMA index for the immediately preceding 180 day period exceeds 7.0%. In the unlikely event that the counterparty fails to perform under the contract, the University bears the credit risk that payments

NOTES TO THE FINANCIAL STATEMENTS

due to the University may not be collected. If at the time of termination the swap has a negative fair value, the University would be liable to the counterparty for a payment equal to the swap's fair value.

Using rates as of June 30, 2003, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, were as follows (dollars in thousands). As rates vary, variable-rate bond interest payments and net swap payments will vary.

Floating Rate Bonds				
Year	Principal	Interest	Interest Rate Swap, Net	Total
2004	\$6,300	\$793	\$2,997	\$10,090
2005	6,600	745	2,814	10,159
2006	6,800	694	2,622	10,116
2007	7,000	641	2,424	10,065
2008	3,500	587	2,220	6,307
2009-2013	19,700	561	2,119	22,380
2014-2018	53,100	409	1,545	55,054
Total	\$103,000	\$4,430	\$16,741	\$124,171

The General Obligation Bonds, 2002 Series B, were issued in the amount of \$50.0 million and dated November 1, 2002. The 2002 Series B Bonds are secured under the provisions of an Indenture of Trust, dated as of February 1, 2002, as supplemented by a First Supplemental Indenture of Trust, dated as of February 1, 2002, each between the University and First Union National Bank (now known as Wachovia Bank, National Association), as trustee and a Second Supplemental Indenture of Trust, dated as of November 1, 2002, between the University and the trustee. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the University, are being used to finance, in part, the costs of the construction of new buildings for the Department of Biomedical Engineering and the Department of Human Genetics on the Busch campus; the renovation of Olson Hall on the Newark campus to upgrade and expand laboratory space, conference room space, classroom space and faculty offices for the Biological Sciences and Chemistry Departments; implementation of the Housing Fire Safety Program mandating installation of automatic fire suspension systems in all student residences and certain environmental remediation, health and safety and infrastructure support in accordance with state regulations; and the financing of certain, deferred maintenance and other capital improvements in accordance with the state Higher Education Capital Improvement Fund Act of 1999.

Debt service payments to maturity at June 30, 2003, are as follows (dollars in thousands):

Year	Principal	Interest	Total
2004	\$18,620	\$19,689	\$38,309
2005	19,515	18,869	38,384
2006	19,320	18,001	37,321
2007	20,125	17,142	37,267
2008	20,420	16,237	36,657
2009-2013	115,375	64,770	180,145
2014-2018	118,055	35,708	153,763
2019-2023	34,945	16,068	51,013
2024-2028	29,270	8,693	37,963
2029-2033	15,860	2,738	18,598
2034-2038	2,970	141	3,111
Total	\$414,475	\$218,056	\$632,531

CAPITALIZED LEASE OBLIGATIONS**Facilities Authority**

Dormitories — Pursuant to the terms of a lease and agreement dated September 1, 1971, between the University and the New Jersey Educational Facilities Authority (the “Facilities Authority”), the University transferred to the Facilities Authority title to certain land, upon which dormitories have been constructed. In 1974, the Facilities Authority issued bonds in the aggregate amount of \$6.7 million at an effective interest cost of 5.95% per annum, for the purpose of providing long-term financing for the aforementioned facilities. Such bonds mature serially through 2008. In accordance with the agreement, the University is required to pay an annual rental to the Facilities Authority over the life of the agreement in amounts necessary to retire the bonds, including interest, provide sinking fund and reserve account requirements and reimburse the Facilities Authority for its administrative costs. As security for its obligation under the agreement, the University has pledged the revenues arising from the financed facilities. Upon retirement of the bonds, title to the land and facilities will revert to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capitalized lease obligation. At June 30, 2003, this liability was \$1.9 million (\$2.3 million in 2002).

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 will be obligated to pay one-third of the debt service on the bonds when issued. 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, 2003, the University had a capital lease obligation of \$54.9 million (\$24.4 million in 2002).

Equipment Leasing Fund (ELF) — Under the terms of the Higher Education Equipment Leasing Fund Act of 1993 (ELF), the state issued bonds to finance additional equipment for laboratory and instructional facilities at state institutions of higher education. The University received \$22.3 million from this bond issue. The bonds were issued on October 11, 2001, and bear interest at a rate of 3.089%. In accordance with this act, the University is required to make annual lease payments to retire 25% of the University’s portion of the bonds, including interest. The State of New Jersey is obligated to pay the remaining 75% of the annual debt service. Title to all equipment purchased under this lease agreement will be transferred to the University at the conclusion of the lease. At June 30, 2003, the University had a capital lease obligation of \$4.9 million for equipment purchased under the terms of this agreement (\$5.6 million in 2002).

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, 2003, the University had a capital lease of \$26.9 million (\$29.0 million in 2002).

NOTES TO THE FINANCIAL STATEMENTS

Housing Authority

In connection with a redevelopment project undertaken by the Housing and Urban Development Authority of the City of New Brunswick (the "Housing Authority"), a series of agreements were entered into by the University, the Housing Authority and Robert Wood Johnson University Hospital, Inc., the outcome of which was the construction of a student apartment complex, parking deck, health club facility and multi-unit retail center. Pursuant to the terms of the capital lease and agreement dated July 1, 1992, between the University and the Housing Authority, the Housing Authority issued bonds in the aggregate amount of \$55.3 million on July 23, 1992, at an effective interest rate of 6.23% per annum, for the purpose of providing long-term financing for the project. On December 1, 1998, these bonds were refinanced in the aggregate amount of \$54.5 million, at an effective interest rate of 4.83% per annum. Such bonds mature serially through 2024. In accordance with the agreement, the University is required to pay an annual rental to the Housing Authority over the life of the agreement in amounts necessary to retire the University's portion of the bonds, including interest, to provide for sinking fund and reserve account requirements and to reimburse the Housing Authority for its administrative costs. Upon retirement of the bonds, title to the student apartment complex, parking deck, health club facility and the related common space will be transferred to the University. Accordingly, the land and facilities have been capitalized with a corresponding liability classified as a capital lease obligation. At June 30, 2003, this liability was \$44.8 million (\$46.2 million in 2002). 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, 2003, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$7.9 million (\$8.2 million in 2002). Payments required under the lease and agreement between the University and the Housing Authority are in no way conditional upon the receipt of payments from the Hospital under the sublease and agreement.

Development Authority

Pursuant to the terms of a lease and agreement dated September 1, 1993, between the University and the New Jersey Economic Development Authority (the "Development Authority"), the University transferred to the Development Authority title to certain land, upon which a facility was constructed to house the Visual Arts Department of the Mason Gross School of the Arts, the Edward J. Bloustein School of Planning and Public Policy and the Center for Urban Policy Research. On May 1, 1994, the Development Authority issued bonds in the aggregate amount of \$17.6 million, maturing serially through July 1, 2024, at an effective interest rate of 6.138% per annum. The bonds were issued for the purpose of providing long-term financing for the construction of the aforementioned facility. Additional financing of approximately \$20.0 million was also provided by grants from The Port Authority of New York and New Jersey and the State of New Jersey.

NOTES TO THE FINANCIAL STATEMENTS

In accordance with the lease and agreement, the University is required to pay an annual rental to the Development Authority over the life of the agreement in amounts necessary to retire the bonds, including interest, and reimburse the Development Authority for its administrative costs. Upon retirement of the bonds, title to the land and facility will revert to the University. Accordingly, the University has recorded a capitalized lease obligation for the debt financed portion of the project. At June 30, 2003, the outstanding balance of this obligation was \$15.0 million (\$15.4 million in 2002).

Future lease payments (receipts) applicable to the aforementioned capital leases at June 30, 2003, are as follows (dollars in thousands):

Year	Facilities Authority			DSTF (2001A)	DSTF (2001B)	Housing Authority	Hospital Sublease	Development Authority	Total
	Dormitories	HECIP	ELF						
2004	\$462	\$2,655	\$939	\$2,040	\$33	\$3,664	(\$653)	\$1,283	\$10,423
2005	461	3,598	939	2,040	33	3,664	(652)	1,286	11,369
2006	464	3,598	940	2,040	33	3,659	(652)	1,282	11,364
2007	461	4,486	939	2,040	33	3,667	(653)	1,282	12,255
2008	461	4,488	939	2,040	32	3,660	(652)	1,281	12,249
2009-2013		22,442	939	10,199	162	18,319	(3,262)	6,414	55,213
2014-2018		22,453		6,119	97	18,328	(3,262)	6,447	50,182
2019-2023		25,657				18,318	(3,263)	6,487	47,199
2024-2028								1,305	1,305
Total Lease Payments	2,309	89,377	5,635	26,518	423	73,279	(13,049)	27,067	211,559
Less Amount									
Representing Interest	364	34,447	762			28,503	(5,101)	12,052	71,027
Present Value of Lease Payments	\$1,945	\$54,930	\$4,873	\$26,518	\$423	\$44,776	(\$7,948)	\$15,015	\$140,532

Miscellaneous Equipment Leases

The University has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2003, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$1.4 million (\$2.3 million in 2002). The annual rentals for these capitalized lease obligations are provided for in the University's operating budget and in the aggregate are not considered material.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 9 – COMMITMENTS

At June 30, 2003, 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 \$286.2 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	<u>Total Project Funding</u>		
	<u>Received at June 30, 2003</u>	<u>Additional Funding Required at June 30, 2003</u>	<u>Estimated Total Cost</u>
Borrowing	\$50,000	\$25,000	\$75,000
State Bond Issues and Capital Appropriations	125,000	7,885	132,885
Gifts and Other Sources	44,767	33,532	78,299
Total	<u>\$219,767</u>	<u>\$66,417</u>	<u>\$286,184</u>

The University leases certain space used in general operations. Rental expense was approximately \$2.9 million in 2003 (\$2.5 million in 2002). The leases are noncancelable and have been classified as operating leases which are expected to expire through 2033. Minimum annual rental commitments approximate the following (dollar in thousands):

<u>Year</u>	<u>Amount</u>
2004	\$2,340
2005	1,841
2006	1,429
2007	894
2008	598
2009-2013	1,427
2014-2018	649
2019-2023	649
2024-2028	649
2029-2033	396
Total	<u>\$10,872</u>

NOTE 10 – EMPLOYEE BENEFITS

Retirement Plans

The University has primarily two retirement plans available to its employees, the State of New Jersey Public Employees Retirement System, a defined benefit plan, and the Alternate Benefit Program, a defined contribution plan. The State of New Jersey, in accordance with state statutes, makes employer contributions on behalf of the University for these plans. Pension expense paid directly by the State of New Jersey for 2003 aggregated \$28.7 million (\$27.8 and \$26.3 million in 2002 and 2001, respectively) of which \$3.6 million (\$5.3 and \$4.6 million in 2002 and 2001, respectively) has been reimbursed to the state from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the state for all state plans. The University has no direct pension obligation associated with the state plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

NOTES TO THE FINANCIAL STATEMENTS

Public Employees Retirement System ("PERS")

Plan Description — PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey. The payroll for employees covered by PERS for the year ended June 30, 2003, was \$144.0 million (\$150.3 million in 2002).

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 10 years of credited service. Members are eligible for retirement at age 60 with no minimum years of service required. Members who have 25 years or more of credited service may also select early retirement without penalty at or after age 55 and receive full retirement benefits. PERS also provides death and disability benefits. Benefits are established by state statute.

Contributions — Covered University employees were required by PERS to contribute 3.0% of their annual compensation during fiscal years 2003 and 2002. The state contributes the remaining amounts necessary to pay benefits when due. The state contribution is based upon annual actuarially determined percentages of total compensation of all active members. The state's annual contribution approximates the actuarially determined pension cost for the year.

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

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

Alternate Benefit Program ("ABP")

Plan Description — ABP is a multiple-employer, state retirement plan established as an alternative to PERS. The payroll for employees covered by ABP for the year ended June 30, 2003, was \$363.1 million (\$349.1 million in 2002).

Faculty, professional and administrative staff, and certain other salaried employees are eligible to participate in ABP. Employer (state) contributions vest on reaching one year of credited service. The program also provides long-term disability and life insurance benefits. Benefits are payable upon termination at the member's option unless the participant is reemployed 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. Additional voluntary contributions may be made on a tax-deferred basis, subject to limits within the Internal Revenue Code.

Other Retirement Plans

The University has a small number of employees enrolled in the State of New Jersey Police and Firemen's Retirement System ("PFRS") and two federal retirement plans, the Civil Service Retirement System ("CSRS") and the Federal Employees Retirement System ("FERS"). All three of the plans are defined benefit plans and cover the University's police (PFRS) and selected positions related to the University's Cook College/New Jersey

NOTES TO THE FINANCIAL STATEMENTS

Agricultural Experiment Station (CSRS or FERS). The University also has a small number of Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund ("TIAA-CREF"), which provides for the purchase of annuities for the covered employees. Participation in all of these plans is limited, and the associated amounts are not significant.

Postretirement Health Care Benefits

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

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

Deferred Compensation Plan

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

NOTE 11 – COMPENSATED ABSENCES

The University recorded a liability for accumulated vacation time in the amount of \$26.7 million at June 30, 2003 (\$24.5 million in 2002). The liability is calculated based upon employees' accrued vacation time as of the Statements of Net Assets date. The University also recorded a liability for the Early Retirement Incentive (ERI) program which was offered to regular full time employees who are eligible for the State Health Benefits Program and meet certain eligibility criteria based upon age and years of service. The amount recorded was \$2.4 million at June 30, 2003. The liabilities above were recorded in accounts payable and accrued expenses in the accompanying Statement of Net Assets.

Payments for accumulated sick leave balances are made to retiring employees upon regular retirement. The payout to retirees for unused accumulated sick time is calculated at the lesser of one-half 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 \$3.5 million at June 30, 2003 (\$0.6 million in 2002) which is included in accounts payable and accrued expenses in the accompanying Statements of Net Assets.

NOTE 12 – RISK MANAGEMENT

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

The University has accrued expenses for deductibles and incurred but not reported liabilities in the Statements of Net Assets. The accrued expenses are based on estimates by management and third party claims administrators and generally represent the present value of the unpaid claims including the estimates for claims incurred but not reported. No excess costs have been paid by the University in excess of the deductibles.

NOTE 13 – CONTINGENCIES

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

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

NOTE 14 – SUBSEQUENT EVENTS

General Obligation Refunding Bonds, 2003 Series C

On July 15, 2003, the University issued General Obligation Refunding Bonds, 2003 Series C, in the aggregate amount of \$111.3 million. 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, will be 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.

LEAP Academy University Charter School, Inc.

The Delaware River Port Authority is planning to issue its \$8.5 million Charter School Project Bonds, Series of 2003, LEAP Academy University Charter School, Inc. The Charter School Project Bonds are being issued to provide funds to pay (i) a portion of the costs of construction and equipping of a charter high school for students in grades 9 through 12 on a parcel of real property at Sixth and Cooper Streets in Camden, New Jersey, owned by Rutgers, and leased by Rutgers pursuant to the Lease Agreement to LEAP, which will own and operate the School, (ii) capitalized interest on the Charter School Project Bonds to October 1, 2004, and (iii) all or a portion of the costs of issuance and sale of the Charter School Project Bonds. The balance of the costs of the Project including a portion of the costs of issuance of the charter School Project Bonds are to be paid from the proceeds of a \$2.0 million grant to LEAP from the Authority. Timely payment of the principal of and interest on the Charter School Project Bonds is guaranteed by Rutgers pursuant to the Guaranty.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Bureau of Alcohol, Tobacco & Firearms		
Various	21.RD	\$3,860
Subtotal		3,860
Department of Agriculture		
Agricultural Research_Basic and Applied Research	10.001	56,285
Biotechnology Risk Assessment Research	10.219	7,030
Community Food Projects	10.225	25,103
Cooperative Forestry Assistance	10.664	77,966
Crop Insurance	10.450	51,218
Forestry Research	10.652	8,968
Grants for Agricultural Research, Special Research Grants	10.200	3,133,840
Grants for Agricultural Research_Competitive Research Grants	10.206	1,027,439
Higher Education Challenge Grants	10.217	5,358
Initiative for Future Agriculture and Food Systems	10.302	881,997
Integrated Programs	10.303	554,007
Payments to Agricultural Experiment Stations Under the Hatch Act	10.203	3,114,810
Scientific Cooperation and Research	10.961	1,980
Various	10.RD	292,347
Subtotal		9,238,348
Department of Commerce-EDA		
Economic Development_Technical Assistance	11.303	133,723
Research and Evaluation Program	11.312	18,035
Various	11.RD	(1,630)
Subtotal		150,128
Department of Commerce-NOAA		
Climate and Atmospheric Research	11.431	310,685

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of Commerce-NOAA		
Coastal Zone Management Estuarine Research Reserves	11.420	355,804
Cooperative Science and Education Program	11.455	678,212
Sea Grant Support	11.417	33,298
Undersea Research	11.430	1,352,038
Various	11.RD	31,871
Subtotal		2,761,908
Department of Commerce-NOAA-NJ Sea Grant Consortium (DNU)		
Various	11.RD	13,753
Subtotal		13,753
Department of Defense		
Military Medical Research and Development	12.420	41,566
Various	12.RD	302,306
Subtotal		343,872
Department of Education		
International Research and Studies	84.017	26,429
Undergraduate International Studies and Foreign Language Programs	84.016	73,958
Various	84.RD	34,124
Subtotal		134,511
Department of Energy		
Office of Science Financial Assistance Program	81.049	1,095,657
Various	81.RD	4,470,478
Various	84.RD	71,138
Subtotal		5,637,273

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of Health and Human Services		
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations and Evaluations	93.779	1,286,410
Nursing Research	93.361	10,686
Various	93.RD	87,878
Subtotal		<u>1,384,974</u>
Department of Housing and Urban Development		
Community Outreach Partnership Center Program	14.511	13,056
Doctoral Dissertation Research Grants	14.516	11,945
Various	14.RD	633
Subtotal		<u>25,634</u>
Department of Justice		
Various	16.RD	(2,056)
Subtotal		<u>(2,056)</u>
Department of Justice-NIJ		
Criminal Justice Research and Development_Graduate Research Fellowships	16.562	2,672
Various	16.RD	39,144
Subtotal		<u>41,816</u>
Department of Labor		
Various	17.RD	(11,878)
Subtotal		<u>(11,878)</u>
Department of the Interior		
Various	15.RD	27,112
Subtotal		<u>27,112</u>

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
Department of the Interior-NPS		
Various	15.RD	84,797
Subtotal		84,797
Department of the Interior-USGS		
Assistance to State Water Resources Research Institutes	15.805	82,569
Various	15.RD	(357)
Subtotal		82,212
Department of Transportation-FAA		
Aviation Research Grants	20.108	263,826
Various	20.RD	303,259
Subtotal		567,085
Department of Transportation-FTA		
Various	20.RD	59,315
Subtotal		59,315
DHHS-Agency for Healthcare Research and Quality		
Research on Healthcare Costs, Quality and Outcomes	93.226	643,739
Subtotal		643,739
DHHS-PHS-CDC		
Centers for Disease Control and Prevention_ Investigations and Technical Assistance	93.283	504,344
Subtotal		504,344
DHHS-PHS-FDA		
Food and Drug Administration_Research	93.103	118,940
Subtotal		118,940
DHHS-PHS-NIH		
Aging Research	93.866	1,041,947

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH		
Alcohol Research Programs	93.273	358,564
Allergy, Immunology and Transplantation Research	93.855	310,886
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	3,013
Biological Basis Research in the Neurosciences	93.854	447,309
Biological Response to Environmental Health Hazards	93.113	358,490
Biomedical Imaging Research	93.286	11,369
Biomedical Technology	93.371	(9,669)
Cancer Biology Research	93.396	843,451
Cancer Cause and Prevention Research	93.393	578,757
Cancer Control	93.399	400,064
Cell Biology and Biophysics Research	93.821	7,058,188
Center for Medical Rehabilitation Research	93.929	102,002
Center for Research for Mothers and Children	93.865	743,485
Clinical Research	93.333	48,839
Diabetes, Endocrinology and Metabolism Research	93.847	240,434
Digestive Diseases and Nutrition Research	93.848	383,432
Drug Abuse Research Programs	93.279	40,745
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1,018,982
Genetics and Developmental Biology Research and Research Training	93.862	2,638,645
Heart and Vascular Diseases Research	93.837	313,028
Human Genome Research	93.172	23,585
Kidney Diseases, Urology and Hematology Research	93.849	109,337
Mental Health Research Career/Scientist Development Awards	93.281	3,680
Mental Health Research Grants	93.242	613,411
Microbiology and Infectious Diseases Research	93.856	933,544

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH		
Nursing Research	93.361	(2,305)
Oral Diseases and Disorders Research	93.121	210,762
Pharmacology, Physiology, and Biological Chemistry Research	93.859	833,102
Population Research	93.864	45,027
Research Infrastructure	93.389	3,151
Research on Healthcare Costs, Quality and Outcomes	93.226	48,007
Research Related to Deafness and Communication Disorders	93.173	253,550
State Memorandum of Agreement Program for the Reimbursement of Technical Services	93.113	333,064
Various	93.RD	366,552
Vision Research	93.867	94,124
Subtotal		20,800,552
DHHS-PHS-NIH-NCI		
Blood Diseases and Resources Research	93.839	123,735
Cancer Biology Research	93.396	165,198
Cancer Cause and Prevention Research	93.393	2,228,569
Cancer Control	93.399	160,381
Cancer Detection and Diagnosis Research	93.394	386,093
Cancer Treatment Research	93.395	(620)
Various	93.RD	209,659
Subtotal		3,273,015
DHHS-PHS-NIH-NCRR		
Bioengineering Research	93.287	272,194
Subtotal		272,194
DHHS-PHS-NIH-NEI		
Vision Research	93.867	737,872

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NEI		
Subtotal		737,872
DHHS-PHS-NIH-NHLBI		
Heart and Vascular Diseases Research	93.837	15,890
Subtotal		15,890
DHHS-PHS-NIH-NIA		
Aging Research	93.866	604,476
Subtotal		604,476
DHHS-PHS-NIH-NIAAA		
Alcohol Research Career Development Awards for Scientists and Clinicians	93.271	98,151
Alcohol Research Programs	93.273	1,039,489
Various	93.RD	9,752
Subtotal		1,147,392
DHHS-PHS-NIH-NIAID		
Allergy, Immunology and Transplantation Research	93.855	304,547
Microbiology and Infectious Diseases Research	93.856	30,091
Various	93.RD	1,582
Subtotal		336,220
DHHS-PHS-NIH-NIAMSD		
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	(359)
Subtotal		(359)
DHHS-PHS-NIH-NICHD		
Center for Research for Mothers and Children	93.865	464,122
Subtotal		464,122

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NIDA		
Career Development Awards	93.277	93,098
Drug Abuse Research Programs	93.279	530,668
Various	93.RD	1,819,744
Subtotal		2,443,510
DHHS-PHS-NIH-NIDCD		
Research Related to Deafness and Communication Disorders	93.173	282,750
Subtotal		282,750
DHHS-PHS-NIH-NIDDKD		
Diabetes, Endocrinology and Metabolism Research	93.847	(32,257)
Kidney Diseases, Urology and Hematology Research	93.849	488,893
Subtotal		456,636
DHHS-PHS-NIH-NIEHS		
Various	93.RD	(14,005)
Subtotal		(14,005)
DHHS-PHS-NIH-NIGMS		
Bioinformatics and Computational Biology Research	93.309	167,531
Cell Biology and Biophysics Research	93.821	4,395,747
Genetics and Developmental Biology Research and Research Training	93.862	583,693
Pharmacology, Physiology, and Biological Chemistry Research	93.859	248,195
Various	93.RD	(7,464)
Subtotal		5,387,702
DHHS-PHS-NIH-NIMH		
Biological Basis Research in the Neurosciences	93.854	192,124
Drug Abuse Research Programs	93.279	114,053

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DHHS-PHS-NIH-NIMH		
Mental Health Planning and Demonstration Projects	93.125	396,310
Mental Health Research Grants	93.242	3,049,192
Subtotal		3,751,679
DHHS-PHS-NIH-NINCDS		
Biological Basis Research in the Neurosciences	93.854	311,636
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	938,496
Subtotal		1,250,132
DHHS-PHS-SAMHSA-CSAP		
Consolidated Knowledge Development and Application (KD&A) Program	93.230	384,403
Subtotal		384,403
DOD-Army Medical Research Command		
Various	12.RD	241,104
Subtotal		241,104
DOD-DAF-Air Force Office of Scientific Research		
Air Force Defense Research Sciences Program	12.800	426,490
Basic, Applied, and Advanced Research in Science and Engineering	12.630	326,176
Various	12.RD	187,149
Subtotal		939,815
DOD-DARPA		
Various	12.RD	572,010
Subtotal		572,010
DOD-Defense Logistics Agency		
Various	12.RD	1,136,996

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DOD-Defense Logistics Agency		
Subtotal		1,136,996
DOD-Department of the Navy		
Research and Technology Development	12.910	654,039
Subtotal		654,039
DOD-Department of Veterans Affairs		
Various	12.RD	600
Subtotal		600
DOD-DOA-Army Corps of Engineers		
Various	12.RD	66,310
Subtotal		66,310
DOD-DOA-Army Medical Research Acquisition Activity		
Military Medical Research and Development	12.420	17,572
Subtotal		17,572
DOD-DOA-Army Research Laboratory		
Various	12.RD	392,151
Subtotal		392,151
DOD-DOA-Army Research Office		
Various	12.RD	324,909
Subtotal		324,909
DOD-DOA-CECOM		
Various	12.RD	546,279
Subtotal		546,279
DOD-DON-Office of Naval Research		
Basic and Applied Scientific Research	12.300	4,636,390

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
DOD-DON-Office of Naval Research		
Various	12.RD	1,056,638
Subtotal		5,693,028
DOD-National Security Agency		
Mathematical Sciences Grants Program	12.901	146,699
Various	12.RD	47,034
Subtotal		193,733
DOD-Naval Undersea Warfare Center		
Various	12.RD	27,761
Subtotal		27,761
DOD-Technical Support Working Group		
Various	12.RD	1,124
Subtotal		1,124
Environmental Protection Agency		
Environmental Protection_Consolidated Research	66.500	51,004
Pesticide Environmental Stewardship Regional Grants	66.714	21,111
Pollution Prevention Grants Program	66.708	99,753
Solid Waste Management Assistance	66.808	26,775
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	(2,785)
Surveys, Studies, Investigations and Special Purpose Grants	66.606	31,598
Various	66.RD	29,430
Subtotal		256,886
National Aeronautics and Space Administration		
Various	43.RD	3,090,066
Subtotal		3,090,066

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Direct:		
National Endowment for the Humanities		
Promotion of the Humanities_Division of Preservation and Access	45.149	49,090
Promotion of the Humanities_Research	45.161	269,943
Various	45.RD	39,470
Subtotal		358,503
National Historical Publications and Records Commission		
National Historical Publications and Records Grants	89.003	75,808
Various	89.RD	(415)
Subtotal		75,393
National Renewable Energy Laboratory		
Various	81.RD	(5,311)
Subtotal		(5,311)
National Science Foundation		
Biological Sciences	47.074	9,008,902
Computer and Information Science and Engineering	47.070	6,920,845
Education and Human Resources	47.076	1,169,470
Engineering Grants	47.041	2,195,410
Geosciences	47.050	3,978,793
Mathematical and Physical Sciences	47.049	6,924,287
Polar Programs	47.078	19,962
Social, Behavioral, and Economic Sciences	47.075	1,210,367
Various	47.RD	2,882,087
Subtotal		34,310,123
Subtotal Direct Research and Development		\$112,296,959

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Advanced Fuel Research, Inc.		
Various	81.RD	\$1,002
Subtotal		1,002
Albert Einstein College of Medicine		
Cancer Control	93.399	37,843
Microbiology and Infectious Diseases Research	93.856	73,877
Subtotal		111,720
Allied-Signal Corporation		
Various	12.RD	1,202
Subtotal		1,202
Brookhaven National Labs		
AIDS Education and Training Centers	93.145	75,287
Various	81.RD	1,166
Subtotal		76,453
CACI Technologies International, Inc		
Various	12.RD	1,170
Subtotal		1,170
California Institute of Technology		
Various	12.RD	36,346
Various	43.RD	(1,940)
Various	47.RD	11,213

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
California Institute of Technology		
Various	81.RD	278,323
		323,942
Subtotal		
California Polytechnic State University		
National Institute on Student Achievement, Curriculum, and Assessment	84.305	39,609
		39,609
Subtotal		
Carnegie Mellon University		
Engineering Grants	47.041	177,143
Various	81.RD	61,917
		239,060
Subtotal		
Case Western Reserve University		
Nursing Research	93.361	9,484
		9,484
Subtotal		
Ceramare Corporation		
Engineering Grants	47.041	121,712
		121,712
Subtotal		
Children's Hospital of Philadelphia		
Mental Health Research Grants	93.242	88,317
		88,317
Subtotal		

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
City College of New York		
Engineering Grants	47.041	(9,287)
		<hr/>
Subtotal		(9,287)
College of William and Mary		
Various	12.RD	139,385
		<hr/>
Subtotal		139,385
Colorado State University		
Applied Toxicological Research and Testing	93.114	127,018
		<hr/>
Subtotal		127,018
Columbia University		
Computer and Information Science and Engineering	47.070	66,688
		<hr/>
Subtotal		66,688
Commonwealth of Massachusetts		
Unallied Science Program	11.472	21,460
		<hr/>
Subtotal		21,460
Community Options, Inc.		
National Institute on Disability and Rehabilitation Research	84.133	(26,180)
		<hr/>
Subtotal		(26,180)
Computer Sciences Corporation		
Various	93.RD	101,185

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Computer Sciences Corporation		
Subtotal		101,185
Cornell University		
Grants for Agricultural Research, Special Research Grants	10.200	137,676
Integrated Programs	10.303	86,062
Subtotal		223,738
Cosmos Corporation		
Various	47.RD	3,591
Subtotal		3,591
Cumberland County Empowerment Zone Corporation		
Various	15.RD	5,649
Subtotal		5,649
CUNY-Research Foundation		
Federal Transit Grants for University Research and Training	20.502	54,252
Various	20.RD	(1,280)
Subtotal		52,972
Delaware River Basin Commission		
Surveys, Studies, Investigations and Special Purpose Grants	66.606	191,615
Subtotal		191,615
Desert Research Institute		
Various	12.RD	3,849

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Desert Research Institute		3,849
Subtotal		3,849
Electricore Consortium		
Various	20.RD	3,702
Subtotal		3,702
Electro Energy, Inc.		
Various	12.RD	16,086
Subtotal		16,086
Fox Chase Cancer Center		
Various	93.RD	17,364
Subtotal		17,364
Georgia Institute of Technology		
Engineering Grants	47.041	7,174
Subtotal		7,174
Harvard University		
Education and Human Resources	47.076	111,939
Eisenhower Professional Development State Grants	84.281	372,140
Various	66.RD	47,295
Various	84.RD	65,699
Subtotal		597,073

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Health Effects Institute		
Various	66.RD	116,042
Subtotal		116,042
Honeywell, Inc.		
Various	12.RD	563
Subtotal		563
Hospital for Special Surgery		
Geosciences	47.050	22,485
Various	93.RD	24,538
Subtotal		47,023
ICF Consulting		
Various	66.RD	20,000
Subtotal		20,000
Institute for Advanced Studies		
Mathematical and Physical Sciences	47.049	41,101
Subtotal		41,101
Institute for Responsible Management, Inc.		
Various	81.DE-FG26-	150,393
Various	81.RD	1,041,349
Subtotal		1,191,742

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Iowa State University		
National Institute on Disability and Rehabilitation Research	84.133	47,920
Subtotal		<hr/> 47,920
ITT Industries		
Various	12.RD	62,544
Subtotal		<hr/> 62,544
Jefferson Lab		
Various	81.RD	53,981
Subtotal		<hr/> 53,981
Joint Center for Poverty Research		
Various	93.RD	23,284
Subtotal		<hr/> 23,284
Lawrence Livermore National Laboratory		
Various	81.RD	85,390
Subtotal		<hr/> 85,390
Layered Manufacturing, Inc.		
Various	12.RD	14,764
Various	93.RD	(2,103)
Subtotal		<hr/> 12,661
Lear Siegler Services, Inc.		
Various	12.RD	73,802

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Lear Siegler Services, Inc.		73,802
Subtotal		73,802
Los Alamos National Laboratory		
Various	81.RD	94,287
Subtotal		94,287
Massachusetts Institute of Technology		
Basic and Applied Scientific Research	12.300	173,828
Engineering Grants	47.041	146,444
Subtotal		320,272
Michigan State University		
Integrated Programs	10.303	56,549
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	192,793
Subtotal		249,342
Middlesex County Public Health Department		
HIV Emergency Relief Project Grants	93.914	153,218
Ryan White HIV/AIDS Dental Reimbursements	93.924	67,052
Subtotal		220,270
Missouri Downtown Association		
Various	15.RD	2,048
Subtotal		2,048

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Montefiore Medical Center		
Microbiology and Infectious Diseases Research	93.856	21,191
		<hr/>
Subtotal		21,191
Monterey Bay Aquarium Research Institute		
Various	47.RD	4,879
		<hr/>
Subtotal		4,879
Mote Marine Laboratory		
Biological Sciences	47.074	83,365
		<hr/>
Subtotal		83,365
Mt. Sinai School of Medicine		
Various	93.RD	(1,477)
		<hr/>
Subtotal		(1,477)
Nanopowder Enterprises, Inc.		
Various	12.RD	22,864
		<hr/>
Subtotal		22,864
Nanoprobes, Inc.		
Various	93.RD	1,198
		<hr/>
Subtotal		1,198
National Research Council		
Social, Behavioral, and Economic Sciences	47.075	166

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
National Research Council		166
Subtotal		166
National Trust for Historic Preservation		
General Research and Technology Activity	14.506	18,700
Subtotal		18,700
New Brunswick Tomorrow		
Temporary Assistance for Needy Families	93.558	16,386
Subtotal		16,386
New England Small Farm Institute, Inc.		
Various	10.RD	(407)
Subtotal		(407)
New Jersey Higher Education Consortium		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	7,151
Subtotal		7,151
New Jersey Institute of Technology		
Development and Promotion of Ports and Intermodal Transportation	20.801	75,000
Environmental Protection_Consolidated Research	66.500	4,501
Highway Planning and Construction	20.205	48,648
Various	20.RD	51,542
Various	47.RD	397

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
New Jersey Institute of Technology		
Subtotal		180,088
New Jersey Marine Sciences Consortium		
Sea Grant Support	11.417	356,357
Various	11.RD	5,233
Subtotal		361,590
New Jersey Space Grant Consortium		
Various	43.RD	55,256
Subtotal		55,256
New Mexico State University		
Military Medical Research and Development	12.420	11,304
Subtotal		11,304
New York Blood Center		
Various	93.RD	14,697
Subtotal		14,697
New York University		
Basic/Core Area Health Education Centers	93.824	95,608
Various	93.RD	146,707
Subtotal		242,315
Nian-Crae, Inc.		
Various	93.RD	29,886

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Nian-Crae, Inc.		
Subtotal		29,886
North Carolina State University		
Polar Programs	47.078	630
Various	47.RD	(14,105)
Subtotal		(13,475)
Northeastern University		
Mathematical and Physical Sciences	47.049	65,239
Subtotal		65,239
Oak Ridge National Laboratory		
Various	81.RD	40,176
Subtotal		40,176
Ohio State University		
Initiative for Future Agriculture and Food Systems	10.302	5,991
Mathematical and Physical Sciences	47.049	65,004
Social, Behavioral, and Economic Sciences	47.075	25,219
Subtotal		96,214
Pace University		
Geosciences	47.050	11,338
Subtotal		11,338

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Penn State University		
Basic and Applied Scientific Research	12.300	88,018
Grants for Agricultural Research, Special Research Grants	10.200	(1,866)
Grants for Agricultural Research__Competitive Research Grants	10.206	8,512
Mathematical and Physical Sciences	47.049	46,382
Social, Behavioral, and Economic Sciences	47.075	14,756
Subtotal		155,802
Philadelphia University		
Various	11.RD	98,904
Subtotal		98,904
Princeton University		
Mathematical and Physical Sciences	47.049	234,795
Mental Health Research Grants	93.242	6,337
Various	47.RD	20,948
Various	93.RD	86,631
Subtotal		348,711
Process Technology Optimization, Inc		
Engineering Grants	47.041	11,402
Subtotal		11,402
Purdue University		
Research and Training in Complementary and Alternative Medicine	93.213	87,997

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Purdue University		
Subtotal		87,997
Quantum Leap Innovations		
Various	12.RD	64,297
Subtotal		64,297
Research and Development Laboratories		
Air Force Defense Research Sciences Program	12.800	6,005
Subtotal		6,005
Rowan College of New Jersey		
Block Grants for Prevention and Treatment of Substance Abuse	93.959	1,160
Subtotal		1,160
SAIC		
Various	93.RD	98,496
Subtotal		98,496
Sensors Unlimited, Inc.		
Various	43.RD	1,404
Subtotal		1,404
Slattery-Skanska		
Various	20.RD	19,347
Subtotal		19,347

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Smithsonian Astrophysical Observatory		
Various	43.RD	17,164
Subtotal		17,164
Smithsonian Institution		
Social, Behavioral, and Economic Sciences	47.075	6,753
Various	43.RD	61,845
Subtotal		68,598
SNJ-Board of Public Utilities		
Various	81.RD	172,229
Subtotal		172,229
SNJ-DCA-Council on Affordable Housing		
Various	14.RD	11,948
Subtotal		11,948
SNJ-Department of Agriculture		
Federal-State Marketing Improvement Program	10.156	10,137
Subtotal		10,137
SNJ-Department of Education		
Various	84.RD	74,021
Subtotal		74,021
SNJ-Department of Environmental Protection		
Clean Vessel Act	15.616	20,574

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
SNJ-Department of Environmental Protection		
Grants for Mining and Mineral Resources and Research Institutes	15.308	4,528
National Spatial Data Infrastructure Cooperative Agreements Program	15.809	1,323
Performance Partnership Grants	66.605	50,470
Surveys, Studies, Investigations and Special Purpose Grants	66.606	57,978
Various	66.RD	566
Water Pollution Control_State and Interstate Program Support	66.419	46,533
Wetland Program Development Grants	66.461	(967)
Subtotal		181,005
SNJ-Department of Health		
Various	93.RD	470
Subtotal		470
SNJ-Department of Health and Senior Services		
Center for Research for Mothers and Children	93.865	54,369
Centers for Disease Control and Prevention_Investigations and Technical Assistan	93.283	(8,444)
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studie	93.238	765,031
HIV Prevention Activities_Health Department Based	93.940	388,186
Policy Research and Evaluation Grants	93.239	52,120
Various	84.RD	(208)
Various	93.RD	436,970

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
SNJ-Department of Health and Senior Services		
Subtotal		1,688,024
SNJ-Department of Labor		
WIA Adult Program	17.258	229,239
Subtotal		229,239
SNJ-Department of Transportation		
Federal Transit Grants for University Research and Training	20.502	39,999
Highway Planning and Construction	20.205	31,923
University Transportation Centers Program	20.701	135,571
Various	20.NJ80X021	76,439
Various	20.RD	1,117,026
Subtotal		1,400,958
Space Telescope Science Institute		
Various	43.RD	204,309
Subtotal		204,309
Stanford University		
Pharmacology, Physiology, and Biological Chemistry Research	93.859	7,266
Various	47.RD	40,276
Subtotal		47,542
Sundstrand Corporation		
Various	12.RD	(231)

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Sundstrand Corporation		
Subtotal		(231)
SUNY-Albany		
Various	12.RD	368,789
Subtotal		368,789
SUNY-The Research Foundation		
Various	11.RD	19,546
Various	93.RD	656,133
Subtotal		675,679
Temple University		
Various	47.RD	2,120
Subtotal		2,120
Texas A&M Research Foundation		
Geosciences	47.050	25,398
Subtotal		25,398
Texas Tech University		
Grants for Agricultural Research_ Competitive Research Grants	10.206	23,477
Subtotal		23,477
The PMK Group		
Various	66.RD	4,909

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
The PMK Group		
Subtotal		4,909
Titan Systems Corporation		
Various	20.RD	1,552
Subtotal		1,552
UMDNJ		
Arthritis, Musculoskeletal and Skin Diseases Research	93.846	50,207
Biological Response to Environmental Health Hazards	93.113	35,673
Cancer Centers Support Grants	93.397	143,397
Center for Research for Mothers and Children	93.865	22,864
Military Medical Research and Development	12.420	28,781
NIEHS Superfund Hazardous Substances_Basic Research and Education	93.143	172,273
Various	66.RD	219,473
Various	81.RD	(17,952)
Various	93.RD	728,329
Subtotal		1,383,045
UMDNJ-New Jersey Medical School		
Various	93.RD	72,959
Subtotal		72,959
UMDNJ-Robert Wood Johnson Medical School		
Various	66.RD	21,803

(Continued)

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
UMDNJ-Robert Wood Johnson Medical School		
Various	93.RD	46,236
		<hr/>
Subtotal		68,039
Universities Consortium for Geographic Information Sciences		
U.S. Geological Survey_Research and Data Acquisition	15.808	22,163
		<hr/>
Subtotal		22,163
Universities Space Research Association		
Various	43.RD	65,694
		<hr/>
Subtotal		65,694
University Corporation for Atmospheric Research		
Cooperative Science and Education Program	11.455	8,859
		<hr/>
Subtotal		8,859
University of Alaska		
Undersea Research	11.430	79,408
		<hr/>
Subtotal		79,408
University of California		
Microbiology and Infectious Diseases Research	93.856	46,004
		<hr/>
Subtotal		46,004
University of California-Berkeley		
Various	81.RD	1,495

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of California-Berkeley		
Subtotal		1,495
University of California-San Diego		
Computer and Information Science and Engineering	47.070	175,926
Geosciences	47.050	10,278
Various	47.RD	18,246
Subtotal		204,450
University of Cincinnati		
Biological Response to Environmental Health Hazards	93.113	(6,507)
Subtotal		(6,507)
University of Florida		
Biological Sciences	47.074	121,344
Subtotal		121,344
University of Georgia		
Various	93.RD	282,320
Subtotal		282,320
University of Hawaii		
Various	93.RD	(1,342)
Subtotal		(1,342)
University of Illinois		
Geosciences	47.050	53,394

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Illinois		
Social Security_Research and Demonstration	96.007	(124,606)
Various	93.RD	478,048
Various	96.RD	302,433
		<hr/>
Subtotal		709,269
University of Maine		
Grants for Agricultural Research, Special Research Grants	10.200	1,172
		<hr/>
Subtotal		1,172
University of Maryland		
Diabetes, Endocrinology and Metabolism Research	93.847	34,662
Various	43.RD	51,473
Various	47.RD	199,494
		<hr/>
Subtotal		285,629
University of Massachusetts		
Grants for Agricultural Research, Special Research Grants	10.200	3,733
		<hr/>
Subtotal		3,733
University of Minnesota		
Basic, Applied, and Advanced Research in Science and Engineering	12.630	109,822
		<hr/>
Subtotal		109,822
University of Missouri		
Various	12.RD	63,887

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Missouri		
Subtotal		63,887
University of New Hampshire		
Coastal Zone Management Estuarine Research Reserves	11.420	134,984
Unallied Science Program	11.472	40,734
Subtotal		175,718
University of New Mexico		
Various	12.RD	26,651
Subtotal		26,651
University of Pennsylvania		
Various	84.RD	80,376
Subtotal		80,376
University of Pittsburgh		
Biological Basis Research in the Neurosciences	93.854	50,460
Subtotal		50,460
University of Puerto Rico		
Mental Health Research Grants	93.242	18,234
Subtotal		18,234
University of Rhode Island		
Basic and Applied Scientific Research	12.300	23,224

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
University of Rhode Island		
Subtotal		23,224
University of Rochester		
Various	12.RD	96,524
Subtotal		96,524
University of Tennessee		
Education and Human Resources	47.076	50,660
Subtotal		50,660
University of Vermont		
Grants for Agricultural Research, Special Research Grants	10.200	43,777
Various	10.RD	62,519
Subtotal		106,296
University of Washington		
Various	93.RD	16,702
Subtotal		16,702
University of Wisconsin		
Aging Research	93.866	748
Various	47.RD	181,129
Subtotal		181,877

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
Virginia Institute of Marine Science		
Fisheries Development and Utilization Research and Development Grants and Cooper	11.427	24,189
Sea Grant Support	11.417	12,205
Various	11.RD	3,200
		<hr/>
Subtotal		39,594
Washington State University		
Computer and Information Science and Engineering	47.070	7,917
Population Research	93.864	47,600
		<hr/>
Subtotal		55,517
Washington University - St. Louis		
Various	47.RD	603
Various	93.RD	2,773,433
		<hr/>
Subtotal		2,774,036
Water Environment Research Foundation		
Environmental Protection_Consolidated Research	66.500	90,399
		<hr/>
Subtotal		90,399
Wayne State University		
Engineering Grants	47.041	10,708
		<hr/>
Subtotal		10,708
WellGen, Inc.		
Various	93.RD	33,750

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
RESEARCH AND DEVELOPMENT CLUSTER:		
Pass-Through:		
WellGen, Inc.		33,750
Subtotal		33,750
Western Massachusetts Training Consortium, Inc.		
Various	93.RD	95,031
Subtotal		95,031
Yale University		
Office of Science Financial Assistance Program	81.049	12,306
Subtotal		12,306
Subtotal Pass-Through Research and Development		20,048,037
Subtotal Research and Development		\$132,344,996

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Numbers</u>	<u>Agency or Pass-Through Number</u>	<u>Federal Expenditures</u>
STUDENT FINANCIAL AID CLUSTER:			
Direct:			
Department of Education			
Federal Supplemental Educational Opportunity Grant Program	84.007	E-PO07A72602	\$2,639,927
Federal Direct Loan Program	84.032	P268K030272	131,532,189
Federal Work Study Program	84.033	E-PO33A72602	5,385,067
Perkins Loan Program (Including Administrative Cost of \$ 607,780)	84.038	E-PO68A72602	10,374,241
Federal Pell Grant Program	84.063	E-PO63P74152	28,620,375
Department of Health and Human Services-Public Health Service			
Scholarships for Disadvantaged Students	93.925	3-4017839D97	135,370
Subtotal Student Financial Aid			<u>\$178,687,169</u>

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of Agriculture		
Cooperative Extension Service	10.500	\$3,582,014
Cooperative Forestry Assistance	10.664	2,882
Food and Agricultural Sciences National Needs Graduate Fellowship Grants	10.210	9,080
Higher Education Multicultural Scholars Program	10.220	10,500
International Training Foreign Participant	10.962	210,993
Various	10.UNK	158
Subtotal		3,815,627
Department of Commerce-EDA		
Economic Development Technical Assistance	11.303	(34,104)
Subtotal		(34,104)
Department of Commerce-NOAA		
Coastal Zone Management Estuarine Research Reserves	11.420	20,222
Cooperative Science and Education Program	11.455	389,287
Various	11.NA56AB0558	72,163
Various	11.NA97OR0150	29,458
Subtotal		511,130
Department of Defense		
Various	12.UNK	9,184
Subtotal		9,184
Department of Education		
Charter Schools	84.282	193,071
Fund for the Improvement of Education	84.215	883,120
Fund for the Improvement of Postsecondary Education	84.116	169,661
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	340,208

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of Education		
Graduate Assistance in Areas of National Need	84.200	158,809
International: Overseas_Doctoral Dissertation	84.022	334,383
International: Overseas_Group Projects Abroad	84.021	76,364
Javits Fellowships	84.170	31,022
Patricia Roberts Harris Fellowships	84.094	(8,775)
Preparing Tomorrow's Teachers to Use Technology	84.342	103,998
TRIO_McNair Post-Baccalaureate Achievement	84.217	268,622
TRIO_Upward Bound	84.047	833,458
Various	84.344A990010	147,047
Various	84.P116B980382	109,910
Various	84.P170B980013	28,022
Various	84.P200A000107	94,796
Various	84.P344A990014	108,707
Various	84.R215K010193	220
Various	84.R303K010075	208,719
Subtotal		4,081,362
Department of Energy		
Various	81.UNK	42,862
Subtotal		42,862
Department of Health and Human Services		
Various	93.90CT0076/01	30,804
Various	93.UNK	5,778
Subtotal		36,582
Department of Housing and Urban Development		
Community Outreach Partnership Center Program	14.511	23,633
Doctoral Dissertation Research Grants	14.516	17,679

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of Housing and Urban Development		
Housing Subsidy - NJEFA Bonds	14.UNK	135,364
Housing Subsidy - Series H Bonds	14.UNK	69,381
Various	14.CDWS-NJ-0011	38,349
Various	14.H-21228SG	3,230
Various	14.H-21231SG	444
Various	14.H-21280 SG	264
Subtotal		288,344
Department of Justice		
Various	16.UNK	135,972
Subtotal		135,972
Department of Labor		
Various	17.46B9HT06	(1,035)
Various	17.K-6826-8-00-80-30	125,387
Various	17.UNK	10,000
Subtotal		134,352
Department of Labor-OSHA		
Various	17.UNK	86,264
Subtotal		86,264
Department of State		
College and University Partnerships Program	19.405	163,768
Various	19.UNK	63,598
Subtotal		227,366
Department of the Interior-NPS		
Various	15.1443PX2605-99-173	(134)

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Department of the Interior-NPS		
Various	15.UNK	15,171
Subtotal		15,037
Department of the Interior-USGS		
Assistance to State Water Resources Research Institutes	15.805	31,103
Subtotal		31,103
Department of Transportation		
University Transportation Centers Program	20.701	247,494
Subtotal		247,494
Department of Transportation-FAA		
Aviation Research Grants	20.108	140,803
Subtotal		140,803
Department of Transportation-FHA		
Various	20.UNK	30,469
Subtotal		30,469
Department of Transportation-FTA		
Human Resource Programs	20.511	2,424
Various	20.NJ-26-2901	487,735
Various	20.NJ-26-7006	4,011,335
Various	20.UNK	247,577
Subtotal		4,749,071
DHHS-PHS-FDA		
Various	93.223-98-6051	1,750

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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-FDA		
Subtotal		1,750
DHHS-PHS-HRSA-BHP		
Advanced Education Nursing Traineeships	93.358	(5,064)
Subtotal		(5,064)
DHHS-PHS-HRSA-BHP-NUR		
Advanced Education Nursing Grant Program	93.247	384,569
Advanced Education Nursing Traineeships	93.358	133,796
Subtotal		518,365
DHHS-PHS-NIH		
Cell Biology and Biophysics Research	93.821	155,000
Clinical Research	93.333	224,700
Drug Abuse National Research Service Awards for Research Training	93.278	(17,989)
Heart and Vascular Diseases Research	93.837	142,242
Mental Health National Research Service Awards for Research Training	93.282	26,852
Minority Access to Research Careers	93.880	45,816
Minority Biomedical Research Support	93.375	371,370
Pharmacology, Physiology, and Biological Chemistry Research	93.859	255,917
Resource and Manpower Development in the Environmental Health Sciences	93.894	78,201
Special Minority Initiatives	93.960	175,874
Various	93.UNK	104,660
Subtotal		1,562,643
DHHS-PHS-NIH-FIC		

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-NIH-FIC		
Senior International Fellowships	93.989	7,693
Subtotal		7,693
DHHS-PHS-NIH-NCI		
Cancer Research Manpower	93.398	1,969
Various	93.UNK	2,893
Subtotal		4,862
DHHS-PHS-NIH-NIAAA		
Alcohol National Research Service Awards for Research Training	93.272	187,658
Various	93.5 T32 AA 07569-05	(6,104)
Various	93.5 T32 AA 07569-06	(10,672)
Subtotal		170,882
DHHS-PHS-NIH-NIAID		
Microbiology and Infectious Diseases Research	93.856	37,973
Subtotal		37,973
DHHS-PHS-NIH-NIAMSD		
Various	93.1 F31 AR 08457-03	(3,842)
Subtotal		(3,842)
DHHS-PHS-NIH-NIDA		
Drug Abuse National Research Service Awards for Research Training	93.278	24,959
Various	93.UNK	17,486
Subtotal		42,445
DHHS-PHS-NIH-NIEHS		

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DHHS-PHS-NIH-NIEHS		
Resource and Manpower Development in the Environmental Health Sciences	93.894	253,262
Various	93.UNK	2,878
Subtotal		<u>256,140</u>
DHHS-PHS-NIH-NIGMS		
Minority Biomedical Research Support	93.375	184,707
Special Minority Initiatives	93.960	153,975
Various	93.5R25GM60826-02	765
Subtotal		<u>339,447</u>
DHHS-PHS-NIH-NIMH		
Mental Health National Research Service Awards for Research Training	93.282	572,796
Mental Health Research Grants	93.242	108,765
Various	93.UNK	(1,039)
Subtotal		<u>680,522</u>
DHHS-PHS-NIH-NINCDS		
Biological Basis Research in the Neurosciences	93.854	86,709
Extramural Research Programs in the Neurosciences and Neurological Disorders	93.853	1,971
Subtotal		<u>88,680</u>
DHHS-PHS-NIH-NINR		
Nursing Research	93.361	54,467
Various	93.1F31NR07538-01NIH D	11,605
Subtotal		<u>66,072</u>
DOD-DOA-Army Research Office		

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
DOD-DOA-Army Research Office		
Basic Scientific Research	12.431	31,680
Various	12.TNGGRP00007029	761
Various	12.UNK	161,334
Subtotal		193,775
DOD-DON-Office of Naval Research		
Basic and Applied Scientific Research	12.300	17,526
Subtotal		17,526
DOD-National Security Agency		
Mathematical Sciences Grants Program	12.901	3,250
Various	12.UNK	(416)
Subtotal		2,834
Environmental Protection Agency		
Innovative Community Partnership	66.651	20,336
Pollution Prevention Grants Program	66.708	44,778
Surveys Studies, Investigations Demonstrations and Special Purpose Activities Relating to the Clean Air Act	66.034	33,534
Surveys, Studies, Investigations and Special Purpose Grants	66.606	24,291
Training and Fellowships for the Environmental Protection Agency	66.607	325,580
Various	66.T 826479-01-2	12,499
Various	66.UNK	141,132
Subtotal		602,150
Institute of Museum Services		
Institute of Museum and Library Services	45.301	77,570
Various	45.UNK	8,789

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
Institute of Museum Services		_____
Subtotal		86,359
Internal Revenue Service		
Low-Income Taxpayer Clinics	21.008	78,323
Subtotal		78,323
Los Alamos National Laboratory		
Various	81.UNK	1,650
Subtotal		1,650
National Aeronautics and Space Administration		
Various	43.NGT-30351	(3,449)
Various	43.UNK	456,321
Subtotal		452,872
National Endowment for the Arts		
Promotion of the Arts_Partnership Agreements	45.025	46,554
Subtotal		46,554
National Endowment for the Humanities		
Promotion of the Humanities_Division of Preservation and Access	45.149	24,293
Subtotal		24,293
National Science Foundation		
Biological Sciences	47.074	205,355
Computer and Information Science and Engineering	47.070	159,093
Education and Human Resources	47.076	1,975,754
Geosciences	47.050	96,260

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Direct:		
National Science Foundation		
Mathematical and Physical Sciences	47.049	37,523
Social, Behavioral, and Economic Sciences	47.075	21,706
Various	47.CCR 9906105	8,740
Various	47.DBI 9974200	(870)
Various	47.DGE 9616173	26,512
Various	47.ESR 9810311	26,361
Various	47.UNK	597,918
Subtotal		3,154,352
Small Business Administration		
Small Business Development Center	59.037	2,523,404
Various	59.SBA01-7620-0031-20	18,726
Subtotal		2,542,130
US Information Agency		
Various	82.IA-ASJL-G8190210	50,592
Various	82.IA-PNJL-G9190180	14,493
Various	82.UNK	2,746
Subtotal		67,831
Subtotal Direct Other Programs		\$25,588,135

(Continued)

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Academy of Applied Science		
Various	12.UNK	\$23,942
Subtotal		23,942
Association of Universities for Research in Astronomy, Inc.		
Various	47.UNK	20,801
Subtotal		20,801
Center for Civic Education		
Various	84.UNK	4,017
Subtotal		4,017
Center for Problem-Oriented Policing, Inc.		
Various	16.UNK	11,890
Subtotal		11,890
Columbia University		
Various	93.UNK	272,938
Subtotal		272,938
Consortium for Oceanographic Research and Education		
Coastal Zone Management Estuarine Research Reserves	11.420	11,844
Subtotal		11,844
Constitutional Rights Foundatin		
Juvenile Justice and Delinquency Prevention_Special Emphasis	16.541	7,478

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Constitutional Rights Foundatin		
Subtotal		7,478
County of Passaic		
Various	93.90TA0014/01	1,594
Subtotal		1,594
Cumberland County Empowerment Zone Corporation		
Various	14.UNK	5,868
Various	15.UNK	83,612
Subtotal		89,480
CUNY-Research Foundation		
Federal Transit Grants for University Research and Training	20.502	3,999
Subtotal		3,999
East Carolina Univeristy		
Various	47.UNK	31,073
Subtotal		31,073
Fermilab		
Various	47.UNK	9,000
Subtotal		9,000
Institute for International Education		
Various	19.UNK	192,204

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Institute for International Education		192,204
Subtotal		192,204
Institute of Electrical & Electronics Engineers, Inc.		
Engineering Grants	47.041	6,299
Subtotal		6,299
International Association of Chiefs of Police		
Various	20.UNK	3,218
Subtotal		3,218
Joint Oceanographic Institutions, Inc.		
Various	47.UNK	8,113
Subtotal		8,113
LEAP Academy Charter School		
Various	84.UNK	258,838
Subtotal		258,838
Michigan State University		
Cooperative Extension Service	10.500	1,013
Subtotal		1,013
National Research Council		
Various	47.UNK	356
Subtotal		356

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
National Urban League		
Various	17.UNK	124,223
Subtotal		124,223
National Writing Project		
Various	84.UNK	26,194
Subtotal		26,194
NESCAUM		
Various	66.UNK	4,973
Subtotal		4,973
New Jersey Space Grant Consortium		
Various	43.UNK	14,135
Subtotal		14,135
New York University		
Civil Rights Training and Advisory Services	84.004	(1,194)
Various	84.S004D990013-02	(216)
Various	84.UNK	104,032
Subtotal		102,622
Newark Public Schools		
Education and Human Resources	47.076	140,631
Subtotal		140,631

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
NJ Council for the Humanities		
Various	45.UNK	845
Subtotal		845
North Star Academy Charter School of Newark		
Various	84.UNK	9,116
Subtotal		9,116
Occidental College		
Various	10.UNK	52,392
Subtotal		52,392
Ohio State University		
Education and Human Resources	47.076	92,760
Subtotal		92,760
Penn State University		
Cooperative Extension Service	10.500	14,502
Integrated Programs	10.303	40,288
Subtotal		54,790
Princeton University		
Various	81.UNK	12,112
Subtotal		12,112
Research for Better Schools, Inc.		
Eisenhower Regional Mathematics and Science Education Consortia	84.319	118,675

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Research for Better Schools, Inc.		_____
Subtotal		118,675
Rodale Institute		
Initiative for Future Agriculture and Food Systems	10.302	519
Subtotal		519
Smithsonian Astrophysical Observatory		
Various	43.UNK	35,446
Subtotal		35,446
SNJ-DE-State Library		
Institute of Museum and Library Services	45.301	(1,413)
Subtotal		(1,413)
SNJ-Department of Agriculture		
Crop Insurance	10.450	75,084
Team Nutrition Grants	10.574	67,967
Subtotal		143,051
SNJ-Department of Commerce & Economic Development		
Various	59.UNK	(3,303)
Subtotal		(3,303)
SNJ-Department of Community Affairs		
Preventive Health and Health Services Block Grant	93.991	108,077
Various	93.UNK	617,475

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-Department of Community Affairs		
Subtotal		725,552
SNJ-Department of Education		
Eisenhower Mathematics and Science Education-State Grants	84.164	(334)
Eisenhower Professional Development State Grants	84.281	84,188
Goals 2000_State and Local Education Systemic Improvement Grants	84.276	1,374
National Institute on Postsecondary Education, Libraries, and Lifelong Learning	84.309	155,331
Various	47.UNK	595
Various	84.UNK	105,624
Various	93.UNK	21,319
Subtotal		368,097
SNJ-Department of Environmental Protection		
Alcohol, Tobacco, and Firearms_Training Assistance	21.052	32,338
Capitalization Grants for Drinking Water State Revolving Funds	66.468	22,894
Nonpoint Source Implementation Grants	66.460	146,390
Various	66.UNK	50,448
Subtotal		252,070
SNJ-Department of Health and Senior Services		
Various	93.UNK	57,120
Subtotal		57,120

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-Department of Human Services		
Comprehensive Community Mental Health Services for Children with Serious Emotion	93.104	212,454
Various	10.RNE00C	531,741
Various	10.UNK	1,335,565
Subtotal		2,079,760
SNJ-Department of Law and Public Safety		
Byrne Formula Grant Program	16.579	413,279
Crime Victim Assistance	16.575	33,267
Various	16.UNK	29,089
Various	20.UNK	148,021
Violence Against Women Formula Grants	16.588	69,678
Subtotal		693,334
SNJ-Department of Transportation		
Various	20.99R001	750,261
Various	20.UNK	225,299
Subtotal		975,560
SNJ-DLPS-Juvenile Justice Commission		
Juvenile Justice and Delinquency Prevention_Allocation to States	16.540	65,420
Subtotal		65,420
SNJ-DS-NJ State Council on the Arts		
Promotion of the Arts_Partnership Agreements	45.025	138,157
Various	45.UNK	10,000

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
SNJ-DS-NJ State Council on the Arts		_____
Subtotal		148,157
SNJ-New Jersey Highway Authority		
Various	20.UNK	30,516
Subtotal		30,516
Temple University		
Various	84.UNK	155,550
Subtotal		155,550
The Sharing Network		
Grants to Increase Organ Donations	93.134	88,690
Subtotal		88,690
UMDNJ		
Various	93.R25	17,386
Subtotal		17,386
University of Connecticut		
Higher Education Challenge Grants	10.217	2,436
Subtotal		2,436
University of Delaware		
Cooperative Extension Service	10.500	7,500
Subtotal		7,500

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
University of Nevada		
Small Business Development Center	59.037	41,468
Subtotal		<u>41,468</u>
University of New Hampshire		
Highway Planning and Construction	20.205	449
Subtotal		<u>449</u>
University of Pennsylvania		
Cooperative Extension Service	10.500	10,552
Subtotal		<u>10,552</u>
University of Puerto Rico		
Biological Sciences	47.074	3,331
Subtotal		<u>3,331</u>
University of Vermont		
Cooperative Extension Service	10.500	822
Various	10.NE SARE	27,456
Subtotal		<u>28,278</u>

(Continued)
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RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2003

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Federal Expenditures</u>
OTHER PROGRAMS:		
Pass-Through:		
Subtotal Pass-Through Other Programs		\$7,637,091
Subtotal Other Programs		\$33,225,226
Total Expenditures of Federal Awards		\$344,257,391

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, 2003

(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, 2003, 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. 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:

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

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

(2) Subrecipients

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

<u>Program Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Grants for Agricultural Research, Special Research Grants	10.200	\$ 26,112
Grants for Agricultural Research, Competitive Research Grants	10.206	74,821
Initiative for Future Agriculture and Food Systems	10.302	174,110
Integrated Programs	10.303	284,669
Various	10.RD	10,950
Undersea Research	11.430	276,353
Cooperative Science and Education Program	11.455	406,874
Various	11.RD	(1,243)
Basic and Applied Scientific Research	12.300	842,531
Basic, Applied and Advanced Research in Science and Engineering	12.630	180,850
Air Force Defense Research Sciences Program	12.800	7,204
Various	12.RD	703,621
WIA Adult Program	17.258	145,681
Various	19.UNK	19,000
Aviation Research Grants	20.108	29,883
University Transportation Centers Program	20.701	5,000
Development and Promotion of Ports and Intermodal Transportation	20.801	46,691
Various	20.99R001	486,380
Various	20.NJ-26-7006	2,555,185
Various	20.RD	22,930
Various	43.RD	97,973
Engineering Grants	47.041	45,925
Mathematical and Physical Sciences	47.049	160,707
Geosciences	47.050	319,001
Computer and Information Science and Engineering	47.070	1,012,933
Biological Sciences	47.074	3,110,061
Social, Behavioral and Economic Sciences	47.075	70,940
Education and Human Resources	47.076	55,014
Various	47.RD	650,481
Environmental Protection Consolidated Research	66.500	15,870
Pollution Prevention Grants Program	66.708	8,736

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Notes to Schedule of Expenditures of Federal Awards

Year ended June 30, 2003

<u>Program Title</u>	<u>Various Federal CFDA Numbers</u>	<u>Amount Provided to Subrecipients</u>
Various	81.RD	2,349,002
Various	84.P344A990014	20,000
Various	84.RD	52,949
Oral Diseases and Disorders Research	93.121	41,264
Research on Healthcare Costs, Quality and Outcomes	93.226	13,581
Consolidated Knowledge Development and Application (KD&A) Program	93.230	213,758
Cooperative Agreements for State Treatment Outcomes and Performance Pilot Studies	93.238	583,027
Mental Health Research Grants	93.242	206,296
Bioinformatics and Computational Biology Research	93.309	21,370
Clinical Research	93.333	20,000
Cancer Cause and Prevention Research	93.393	473,915
Cancer Control	93.399	50,257
Centers for Medicare and Medicaid Services (CMS) Research, Demonstrations & Evaluations	93.779	716,140
Cell Biology and Biophysics Research	93.821	4,511,469
Blood Diseases and Resources Research	93.839	81,688
Digestive Diseases and Nutrition Research	93.848	20,897
Genetics and Developmental Biology Research and Research Training	93.862	96,135
Various	93.RD	<u>371,886</u>

(3) Federal Direct Loan Program

The University is responsible only for the performance of certain administrative duties with respect to the Federal Direct Loan Program and, accordingly, these loans are not included in the University's basic financial statements. It is not practical to determine the balance of loans outstanding to students of the University under this program at June 30, 2003.

(4) Federal Perkins Loan Program and Income Contingent Loan Program

The balance of loans outstanding under the Federal Perkins Loan Program and Income Contingent Loan Program at June 30, 2003 was \$38,934,161 and \$463,450, respectively.



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

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

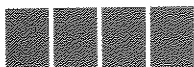
We have audited the financial statements of Rutgers, The State University of New Jersey as of and for the year ended June 30, 2003, and have issued our report thereon dated October 10, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Rutgers, The State University of New Jersey's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Rutgers, The State University of New Jersey's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control over financial reporting. Our consideration of internal control over financial reporting would not necessarily disclose all matters in internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting, which we have reported to management of Rutgers, The State University of New Jersey in a separate letter dated October 10, 2003.



This report is intended solely for the information and use of the Board of Governors, the Board of Trustees and management of Rutgers, The State University of New Jersey and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

October 10, 2003



KPMG LLP
Princeton Pike Corporate Center
PO Box 7348
Princeton, NJ 08543-7348

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

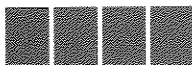
The Board of Governors
The Board of Trustees
Rutgers, The State University of New Jersey:

Compliance

We have audited the compliance of Rutgers, The State University of New Jersey with the types of compliance requirements described in the U.S. Office of Management and Budget (Federal OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2003. Rutgers, The State University of New Jersey's major Federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Rutgers, The State University of New Jersey's management. Our responsibility is to express an opinion on Rutgers, The State University of New Jersey's compliance based on our audit.

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

In our opinion, Rutgers, The State University of New Jersey complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended June 30, 2003. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with Federal OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 03-1 and 03-2.



Internal Control Over Compliance

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

We noted certain matters involving internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of internal control over compliance that, in our judgment, could adversely affect Rutgers, The State University of New Jersey's ability to administer a major Federal program in accordance with the applicable requirements of laws, regulations, contracts and grants. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 03-1.

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

This report is intended solely for the information and use of the Board of Governors, the Board of Trustees and management of Rutgers, The State University of New Jersey and Federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

March 2, 2004

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

(1) Summary of Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements of Rutgers, The State University of New Jersey as of and for the year ended June 30, 2003.
- (b) The audit disclosed no material weaknesses and no reportable conditions were reported in connection with the financial statements of Rutgers, The State University of New Jersey as of and for the year ended June 30, 2003.
- (c) The audit disclosed no instances of noncompliance which are material to the financial statements of Rutgers, The State University of New Jersey as of and for the year ended June 30, 2003.
- (d) The audit disclosed no material weaknesses in connection with major Federal programs of Rutgers, The State University of New Jersey for the year ended June 30, 2003. One reportable condition (03-1) was reported in connection with major Federal programs of Rutgers, The State University of New Jersey for the year ended June 30, 2003.
- (e) An unqualified opinion was issued on Rutgers, The State University of New Jersey's compliance with its major Federal programs for the year ended June 30, 2003.
- (f) There were two audit findings (03-1 and 03-2) which are required to be reported under Section 510(a) of Federal OMB Circular A-133 for the year ended June 30, 2003.
- (g) The major Federal programs of Rutgers, The State University of New Jersey for the year ended June 30, 2003 were as follows:
 - Research and Development Cluster (various CFDA numbers)
 - Cooperative Extension Service (CFDA number 10.500)
- (h) The dollar threshold used to distinguish between type A and type B programs was \$3,000,000 for Federal awards for the year ended June 30, 2003.
- (i) Rutgers, The State University of New Jersey qualified as a low risk auditee for the year ended June 30, 2003.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

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

No findings which are required to be reported.

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

03-1- Reportable Condition – Subrecipient Monitoring

Research and Development Cluster (various CFDA numbers)

Criteria:

A pass-through entity is responsible for ensuring that subrecipients expend awards in accordance with applicable laws, regulations and provisions of contracts or grants. Circular A-133 requires a pass-through entity to perform the following for Federal awards it provides to subrecipients: identify the Federal awards made by informing each subrecipient of the CFDA title and number, the award name and number, the award year, whether the award is for R&D and the name of Federal agency; advise subrecipients of the requirements imposed on them by Federal laws, regulations and the provisions of contracts and grant agreements, as well as any supplemental requirements imposed by the pass-through entity; monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations and provisions of contracts or grant agreements and that performance goals are achieved; ensure that subrecipients expending \$300,000 or more in Federal awards during the subrecipients fiscal year have met the audit requirements of Circular A-133 for that fiscal year; issue management decisions on audit findings within six months after receipt of subrecipients' audit reports, and ensure that subrecipients take appropriate and timely corrective action; consider whether subrecipient audits necessitate the adjustment of the pass-through entity's own records; require subrecipients to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with Circular A-133; and keep subrecipients' report submissions on file for three years from the date of receipt (SOP 98-3 9.19).

Condition:

Rutgers, The State University of New Jersey (the University) does not have formal procedures in place to ensure it is performing subrecipient monitoring procedures required by Federal regulations. Our testwork indicated that process improvements should include notifying subrecipients of the CFDA title and/or number on all subaward agreements, enhancing the award monitoring procedures during the award period, implementing procedures to receive and follow up on nonreceipt of A-133 audit reports from subrecipients required to have A-133 audits, issuing management decisions on subrecipient audit findings applicable to the University's subaward and the performance of alternative procedures to monitor subrecipients not subject to OMB Circular A-133.

Questioned Costs:

Cannot be determined.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Cause:

The University's subrecipient monitoring procedures have generally been done on an informal basis by the individual University Department responsible for the subaward.

Recommendation:

We recommend that the University implement procedures to strengthen the monitoring procedures over its subrecipients to ensure all subrecipients are administering Federal programs in compliance with Federal requirements.

03-2- Suspension and Debarment

Research and Development Cluster:

Geosciences (CFDA number 47.050)

Grants for Agricultural Research, Special Research Grants (CFDA number 10.200)

Criteria:

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. Covered transactions include procurement contracts for goods or services equal to or in excess of \$100,000 and all nonprocurement transactions (e.g., subawards to subrecipients).

Contractors receiving individual awards for \$100,000 or more and all subrecipients must certify that the organization and its principals are not suspended or debarred. The non-Federal entities may rely upon the certification unless it knows that the certification is erroneous. Non-Federal entities may, but are not required to, check for suspended and debarred parties which are listed in the *List of Parties Excluded From Federal Procurement or Nonprocurement Programs*, issued by the General Services Administration (GSA).

Condition:

One of two procurement transactions in excess of \$100,000 was executed without certification from the vendor that they were not suspended or debarred. In addition, one of thirty subaward agreements with subrecipients did not include clauses addressing suspension and debarment nor had alternative procedures been performed ensuring the subrecipient had certified they were not suspended or debarred. The procurement transaction which had no certification of suspension or debarment totaled \$115,620. The subaward agreement which had no clause addressing suspension and debarment totaled \$231,500.

Questioned Costs:

Cannot be determined.

RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Schedule of Findings and Questioned Costs

Year ended June 30, 2003

Cause:

The University did not require the suspension and debarment certification or perform alternative procedures for the one subaward due to the nature of the relationship with the subrecipient. The certification was overlooked by the University for the other procurement transaction in excess of \$100,000.

Recommendation:

We recommend that the University implement procedures to ensure they have obtained the proper certification from its subrecipients that they have not been suspended or debarred.