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**Financial Report**  
**2001-2002**

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# Rutgers, The State University of New Jersey

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DURING THE YEAR ENDED JUNE 30, 2002

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October 7, 2002

Acting President Norman Samuels  
The Board of Governors  
The Board of Trustees  
of Rutgers, The State University of New Jersey

I am pleased to submit the Annual Financial Report of Rutgers, The State University of New Jersey for the year ended June 30, 2002. The report contains the Independent Auditors' Report of Deloitte & Touche LLP, Certified Public Accountants, on the University's financial statements. The financial information presented in this report is designed to assist the reader in comprehending the scope of the University's use of resources in meeting its primary missions of instruction, research and public service.

The report sets forth the complete and permanent record of the financial status of the University for the year.

Respectfully submitted,

JoAnne G. Jackson  
Senior Vice President and Treasurer

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statements of net assets of Rutgers, the State University of New Jersey (the "University") as of June 30, 2002 and 2001, and the related statements of revenues, expenses and changes in net assets, and cash flows for the years then ended. These financial statements are the responsibility of the University's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

In our opinion, such financial statements referred to above present fairly, in all material respects, the financial position of the University at June 30, 2002 and 2001, and its revenues, expenses and changes in net assets, and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The Management's Discussion and Analysis is the responsibility of the University's management, is presented for purposes of additional analysis and is not a required part of the financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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.

As discussed in Note 1 to the financial statements, in 2002 the University changed its 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"*, and, retroactively, restated the 2001 financial statements presented to reflect the change.

*Deloitte & Touche LLP*

September 13, 2002

# Rutgers, The State University of New Jersey

## Management's Discussion and Analysis

FOR THE YEAR ENDED JUNE 30, 2002

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### Using This Annual Report

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 financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles. The University adopted GASB Statement No. 35, "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities", as amended by GASB Statements No. 37, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus" and No. 38, "Certain Financial Statement Note Disclosures". These statements establish standards for external financial reporting for public colleges and universities. The financial statements presented in prior years focused on the accountability of funds, while these statements focus on the financial condition of the University, the results of operations, and cash flows of the University as a whole. The financial statements for fiscal year 2001 have been restated in conformity with these statements and are included for comparative purposes.

Some significant changes to note are as follows:

- Revenues and expenses are now consolidated for all fund groups and are categorized as either operating or non-operating. GASB 35 requires that state appropriations, gifts and investment income be presented as non-operating revenue. As a result, public institutions will generally show an operating deficit.
- Scholarships and fellowships applied to student accounts as a reduction of their account are now shown as a reduction of student tuition and fees, and residence fee revenue. Stipends and other direct payments to students are presented as student aid expense. Previously, all scholarships and fellowships were presented as student aid expense. For the years ended June 30, 2002 and 2001, scholarships and fellowships totaled \$116.6 million and \$104.7 million respectively, of which \$91.2 million and \$83.3 million was applied to student accounts.
- Proceeds from the William D. Ford Federal Direct Loan Program have been excluded from federal grant and contract revenue and student aid expense. These proceeds are now reported as tuition and fee, and residence fee revenue received from third parties. Previously, all funds received by this program were reported as federal grant and contract revenue as well as student tuition and fee and residence fee revenue. All aid issued from this program was also presented as student aid expense. The total William D. Ford Direct Loans issued was \$116.5 million and \$110.4 million during the years ended June 30, 2002 and 2001 respectively.
- Capital expenditures are not presented as expenditures on the Statement of Revenues, Expenses and Changes in Net Assets. Instead, depreciation expense is presented as an operating expense. In the former Statement of Current Funds Revenues, Expenditures and Other Changes, the cost of acquiring capital assets, such as land, buildings and equipment, were included as expenditures of the appropriate functional area. In addition, capital expenditures from plant funds were reported on the former Statement of Changes in Fund Balances as expenditures from unexpended plant funds. Total capital expenditures amounted to \$136.8 million and \$96.5 million in 2002 and 2001 respectively, of which \$28.6 million and \$24.1 million were from current funds.
- Principal payments on University debt are also not presented on the new Statement of Revenues, Expenses and Changes in Net Assets. Previously, a transfer for the payment of principal and interest was reported on the former Statement of Current Funds Revenues, Expenditures and Other Changes. The actual principal payment was reported as debt retirement on the Statement of Changes in Fund Balances under plant funds. The total principal payment for 2002 and 2001 was \$17.9 million and \$17.2 million respectively.
- The Statement of Net Assets replaces the former Balance Sheet. This statement does not show fund balances but rather presents the institution's net assets. The difference between the University's assets less its liabilities is the University's net assets and represents those assets remaining at the end of the year. A significant part of those net assets is the University's capital assets in the form of property, plant and equipment.

### 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 non-current), liabilities (current and non-current) of the University and net assets (the difference between total assets and total liabilities). Net assets is one indicator of the financial condition of the University, while the change in net assets is an indicator of whether the overall financial condition has improved or worsened during the year.

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

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 non-current liabilities.

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

A summarized comparison of the University's assets, liabilities and net assets at June 30, 2002 and 2001 is as follows (thousands of dollars):

	<u>2002</u>	<u>2001</u>
Assets		
Current assets	\$337,427	\$367,569
Non-current assets:		
Endowment, restricted and other non-current cash and investments	556,355	488,778
Property, Plant and Equipment, net	1,396,470	1,307,600
Other assets	43,603	36,196
Total assets	<u>2,333,855</u>	<u>2,200,143</u>
Liabilities		
Current liabilities	158,000	140,485
Non-current liabilities	488,548	476,574
Total liabilities	<u>646,548</u>	<u>617,059</u>
Net assets (assets less liabilities)		
Invested in capital assets, net of debt	955,648	871,998
Restricted - expendable	279,787	236,289
Restricted - non-expendable	182,578	185,782
Unrestricted	269,294	289,015
Total net assets	<u>\$1,687,307</u>	<u>\$1,583,084</u>

A review of the University's statement of net assets at June 30, 2002 reflects an increase in total assets of \$133.7 million. This increase was primarily due to an increase of \$88.9 million in the University's investment in property, plant and equipment, net of accumulated depreciation. Included in this increase was the capitalization of the RUNet 2000 project, the Camden Community Park and the new Rutgers Integrated Administrative System (RIAS). Non-current cash and Investments increased by \$66.7 million as a result of the University's allocation of the proceeds from the Dormitory Safety Trust Fund, Equipment Leasing Fund and Higher Education Capital Improvement Program bonds issued by the State. Once the State issues the bonds and deposits the proceeds in an account for the University, the University recognizes the amount deposited as cash and investments. These funds will be used for capital expenditures as required by these programs. Pledges receivable also increased by \$8.7 million as a result of our current capital campaign. Most other categories of current and non-current assets decreased.

Total liabilities for the year increased by \$29.5 million. The primary cause for the increase was due to an increase in capitalized leases as a result of the Dormitory Safety Trust Program, the Equipment Leasing Fund and the Higher Education Capital Improvement Program issued by the State of New Jersey. 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 \$24.9 million. Accounts Payable increased by \$8.6 million primarily due to an accrual of \$2.6 million for the payment of sick leave to employees that retired under the early retirement incentive program.

Net assets increased by \$104.2 million primarily as a result of the \$83.7 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 Douglass Developmental Disability Center, Camden Science Building, the Douglass College Chemistry Building, and the Engineering building. Restricted expendable net assets increased \$43.5 million primarily due to an increase in gifts received and additional pledges resulting from the Foundation's activities with the Capital Campaign.

## Statement of Revenues, Expenditures and Changes in Net Assets

The Statement of Revenues, Expenditures and Changes in Net Assets presents the revenues earned and the expenses incurred during the year. Activities are classified as either operating or non-operating. Revenues received and expenses incurred as a result of the University providing goods and services to its customers are considered operating. Non-operating revenues are those received for which goods and services are not directly provided. The financial reporting model classifies state appropriations and gifts as non-operating revenues. The operating deficit demonstrates the University's dependency on state support and gifts. In addition, appropriation, 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, 2002 and 2001 is as follows (thousands of dollars):

	<u>2002</u>	<u>2001</u>
Operating revenues		
Student tuition and fees (net of scholarship allowance)	\$273,842	\$258,426
Grants and contracts	287,246	260,718
Auxiliary enterprises	152,124	145,845
Other Operating revenues	35,654	31,399
Total operating revenues	<u>748,866</u>	<u>696,388</u>
Operating expenses	1,182,075	1,123,986
Operating loss	<u>(433,209)</u>	<u>(427,598)</u>
Non-operating revenues and expenses		
State appropriations (including fringe benefits paid directly by the state)	436,602	437,081
Gifts	35,067	23,878
Endowment and investment income	25,755	37,153
Unrealized loss on marketable securities	(29,179)	(39,647)
Interest on capital asset related debt	(23,577)	(26,705)
Net other non-operating revenues and expenses	1,869	(79)
Net non-operating revenues and expenses	<u>446,537</u>	<u>431,681</u>
Income before other revenues and expenses	13,328	4,083
Other revenues and expenses	<u>90,895</u>	<u>73,792</u>
Increase in net assets	104,223	77,875
Net assets at beginning of year	1,583,084	1,505,209
Net assets at end of year	<u>\$1,687,307</u>	<u>\$1,583,084</u>

The University's net assets increased this year by \$104.2 million with \$73.1 million of this increase attributable to capital appropriations, grants and gifts that were used to construct, renovate or acquire capital assets. In addition, \$17.8 million was received from donors to be added to the University's permanent endowment to generate income that the University will be able to use for specific programs.

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 a total of \$91.2 million of a total of \$116.6 million of student aid directly to student accounts. The remaining \$25.4 million was paid to students and is reflected as student aid expense. Scholarship allowances allocated to tuition and fees amounted to \$70.5 million. Another \$20.7 million was allocated to residence fees, which are included in auxiliary revenues. Tuition and fees, net of scholarship allowances, increased \$15.4 million.

Grant and contract activity continues to grow with an increase of \$26.5 million this year. Federal and State funds received as support for student aid are included as grant revenue. The University received an increase of \$4.8 million in federal support and \$1.8 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 \$11.2 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 \$5.3 million this year. The University received two large awards from the State Department of Commerce & Economic Development that account for the bulk of this increase; a grant of \$1.5 million for the Food Stamp Nutrition Program and a \$1.0 million for the Chapen Hill Fiscal Impact Analysis.

Finally, non-governmental grants and contracts increased by \$3.5 million. Therefore, total grant and contract revenue from all three sources, federal, state and non-governmental, for research increased by \$20.0 million. As a result of this increase in revenue, total expenditures for research increased by \$20.7 million.

Auxiliary revenue, net of scholarship allowances, increased this year by \$6.3 million while expenditures increased only \$3.1 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 \$6.0 million. This decrease was due to the budget reduction made by the State as a result of the State's budget imbalance this year. The University's original appropriation for the 2002 fiscal year was reduced by a total of \$23.5 million, which resulted in an appropriation that was \$6.0 million lower than the preceding year. This decrease was offset by an increase in the state payments on behalf of the University for fringe benefits of \$5.5 million.

Expenditures for operation and maintenance of plant decreased by \$3.9 million. Natural gas rates increased significantly in the 2001 fiscal year causing a large increase in utility expenditures that year. This year rates moderated causing a reduction in utility costs. General administrative and institutional expenses increased by \$9.4 million. The accrual for sick leave payments for individuals retiring under the State's early retirement incentive program accounts for \$2.6 million of this increase. The remaining increase includes additional expenditures for the capital campaign, RIAS, publications for undergraduate recruitment and additional fringe benefit costs.

As a result of the continuing reduction of interest rates, the University's endowment and investment income decreased by \$11.4 million this year. In addition, the University had unrealized losses on its investments totaling \$29.2 million. 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.

The University also received a total of \$66.9 million in additional appropriations and grants from the state for the construction, renovation or acquisition of capital assets. Included in this total are Rutgers allocation of the proceeds of the Higher Education Capital Improvement Program (HECIP) and the Equipment Leasing Fund (ELF) bonds issued by the State. 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 \$75.0 million and must pay 33% of the debt service on these bonds or a total of \$25.0 million. The balance is paid by the state and is reflected as capital funds from the state. The State issued ELF bonds to finance additional equipment for laboratory and instructional facilities. The University received a total of \$22.3 million and is required to pay 25% of the debt service on the ELF bonds or a total of \$5.6 million. The remaining balance of \$16.7 million paid by the state is included as capital funds from the state.

### Statement of Cash Flows

The statement of cash flows provides additional information about the university's financial results, by reporting the major sources and uses of cash. A comparative summary of the statement of cash flows for the years ended June 30, 2002 and 2001 is as follows (thousands of dollars):

	<u>2002</u>	<u>2001</u>
Cash received from operations	\$789,439	\$726,386
Cash expended for operations	(1,034,319)	(991,301)
Net cash used in operating activities	<u>(244,880)</u>	<u>(264,915)</u>
Net cash provided by noncapital financing activities	384,671	406,363
Net cash used in capital and related financing activities	(77,319)	(181,851)
Net cash provided (used) by investing activities	<u>(29,403)</u>	44,632
Net increase in cash and cash equivalents	33,069	4,229
Cash and cash equivalents, beginning of year	75,239	71,010
Cash and cash equivalents, end of year	<u>\$108,308</u>	<u>\$75,239</u>

The University's cash and cash equivalents increased by \$33.1 million in fiscal 2002. Net cash used by capital and related financing activities decreased by \$104.5 million primarily as a result of the receipt of the proceeds of the HECIP, DSTF and ELF bond issues. These proceeds will be used to renovate University facilities, install fire suppression systems and acquire equipment for use in academic and research programs.

Net cash provided by noncapital financing activities decreased by \$21.7 million. This decrease resulted from a decrease in state appropriations received of \$12.2 million. This decrease is a due to the reduction imposed by the state this year resulting in a \$6.0 million decrease in the appropriation from that of the prior year, as well as the delayed distribution of \$6.2 million of the 2000

appropriation until July of 2000 thereby inflating the appropriation received in fiscal 2001. Cash gifts received in 2002 also decreased by \$9.5 million. The Foundation received an endowment of \$10.0 million in fiscal 2000 for the Zimmerli Art Museum, which represented a substantial portion of the gifts received that year. While the University has received over \$50.0 million in non-capital gifts this year, there were no similar gift of this magnitude received this year.

Net cash provided by investing activities decreased by \$74.0 million. As a result of market conditions in 2002, investment income decreased by \$10.2 million in 2002. In addition, primarily due to the reduction in the state appropriation to the University, additional University resources were used to fund operations this year resulting in the sale of operating investments.

### **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 is implementing a capital planning process that will identify and prioritize our capital needs.

Capital asset increases totaled \$163.1 million in 2002, as compared to \$182.8 in 2001. Capital additions primarily comprise replacement, renovation and new construction of academic and research facilities, as well as significant investments in equipment, including information technology. Several major projects completed during 2002 include:

- Completion of the RU Net 2000 project, which wired, upgraded and expanded the University's electronic computer network.
- Completion of the Camden Community Park that provides athletic and recreational fields for the University and the City of Camden.

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, 2002, 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 multi purpose 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.
- Renovations to the Wright-Rieman building on the Busch Campus. This project includes the renovation of laboratories for the Chemistry and Geo-Sciences departments as well as extensive improvements to the buildings infrastructure.

In 2002, the University refinanced a portion of its general obligation refunding bonds Series 1992A and its revenue refunding bonds Series R. As a part of this refinancing, the University entered into a swap agreement with Morgan Guaranty Trust Company of New York. Under the terms of this agreement, the University pays a fixed rate of 3.96% to and receives variable rate payment from Morgan. The University has been able to reduce its debt service costs as a result of this refinancing and rate swap. The actual savings this year totaled \$2.6 million. The deferred charge netted against the University's debt liability reflected in the Statement of Net Assets results from the additional funds needed to establish the debt service escrow required to pay off the refinanced bond issues, Series R and 1992 Series A, through the time that they can be called.

### **Economic Outlook**

As the State University of New Jersey, the appropriation from the State is a very important part of University's funding. The recent economic crisis experienced by the State has resulted in an appropriation to the University for fiscal year 2003 at the same level as the fiscal 2002 appropriation. With increasing costs, particularly resulting from contractual obligations with faculty and staff, the University faces critical funding issues this year. The University has addressed these funding challenges through various means such as the elimination of positions and reduction of other costs, increases in tuition and fee charges, reallocation of University reserves, fundraising and the use of debt financing.

Current indications are that the state economy is improving modestly. While the unemployment rate of 5.6% is higher than last year's, it is lower than other states in the region and the national average. In addition, the Gross State Product per employee is 27.0% higher than the U.S. average and New Jersey ranks 2<sup>nd</sup> among all the states indicating a highly productive economy.

In April 2000, the Boards of the University endorsed a major capital campaign. While most fundraising campaigns have experienced difficulty as a result of the unfortunate events that occurred on September 11, 2001, the University's foundation has received significant pledges towards their goal of \$500.0 million. The Foundation has currently received pledges totaling \$425.8 million. The campaign will conclude in June 2004. Volatile economic conditions continue to make fundraising difficult, however, steady progress continues to be made toward this goal.

The University's bond rating was upgraded by Moody's from A1 to Aa3 in fiscal 2001 during the recent refunding of its revenue refunding bonds Series R and general obligation refunding bonds 1992 Series A. The University is also in the process of issuing new debt to help finance the construction of several new research facilities for our Genetics and Life Sciences program and the Biomaterials program. This bond issue will also provide funds to cover the University's commitment under the Higher Education Capital Improvement Program. While Moody's recently downgraded the State of New Jersey's rating from As1 to Aa2, both Moody's and Standard & Poor's maintained their positive outlook for the University during their review of this new debt offering.

On February 1, 2002, Dr. Francis L. Lawrence announced his decision to resign as President of Rutgers University. The Board of Governors immediately began steps to select a new president. In April, a presidential search team was announced to commence the selection process. On October 3, 2002, the Board of Governors suspended the search pending completion of the report by the Commission on Health Science Education and Training. This commission was established on March 6, 2002 by Governor James E. McGreevey to review all aspects of health education in New Jersey. The Board will resume the search after it has a chance to assess the impact of the report on the University. Norman Samuels, former provost of the University's Newark campus, has been appointed acting President in the interim.

This fall the University projects a total enrollment of 50,850 students, exceeding the highest enrollment of 50,350 students reached last year. As a result, new undergraduate students attending day-time colleges is expected to be 8,700 students this fall. The number of students applying to Rutgers continues to rise. The University received a total of 39,404 applications from new and transfer students or an increase of 4.8% over last year.

# Rutgers, The State University of New Jersey

## Statement of Net Assets

FOR THE YEAR ENDED JUNE 30, 2002  
(WITH COMPARATIVE AMOUNTS FOR 2001)

(dollars in thousands)

	Total 2002	Total 2001
<b>ASSETS:</b>		
Current Assets		
Cash and Cash Equivalents	\$36,532	\$14,894
Short Term Investments	216,493	246,076
Accounts Receivable (net)	59,406	59,114
Students' Note Receivable (net)	7,850	8,921
Pledges Receivable (net)	4,674	4,969
Inventories	4,015	3,724
Prepaid Expenses and Deferred Charges	5,813	7,172
Construction Costs Reimbursable	2,644	22,699
Total Current Assets	<u>337,427</u>	<u>367,569</u>
Noncurrent Assets		
Cash and Cash Equivalents	71,776	60,345
Endowment Investments	347,988	347,093
Investments	136,591	81,340
Students' Notes Receivable (net)	28,543	27,626
Pledges Receivable (net)	12,396	3,355
Bond Issuance Costs	2,664	5,215
Property, Plant & Equipment (net of depreciation)	1,396,470	1,307,600
Total Noncurrent Assets	<u>1,996,428</u>	<u>1,832,574</u>
<b>TOTAL ASSETS</b>	<u><u>\$2,333,855</u></u>	<u><u>\$2,200,143</u></u>
<b>LIABILITIES:</b>		
Current Liabilities		
Accounts Payable and Accrued Expenses	\$92,460	\$83,908
Deferred Revenue	32,325	29,132
Payroll Withholdings	6,958	6,117
Other Payables	1,228	1,219
Annuities Payable	894	1,063
Long-Term Liabilities - Current Portion	24,135	19,046
Total Current Liabilities	<u>158,000</u>	<u>140,485</u>
Noncurrent Liabilities		
Accounts Payable and Accrued Expenses	11,410	10,155
Annuity Payables	5,592	4,948
Long-Term Liabilities	471,546	461,471
Total Noncurrent Liabilities	<u>488,548</u>	<u>476,574</u>
<b>TOTAL LIABILITIES</b>	<u>646,548</u>	<u>617,059</u>
<b>NET ASSETS:</b>		
Invested in Capital Assets, Net of Related Debt	955,648	871,998
Restricted for		
Nonexpendable		
Endowment	182,578	185,782
Expendable		
Annuity and Life Income	5,383	6,659
Quasi Endowment	61,587	61,206
Term Endowment	24,918	25,269
Loans	37,890	37,438
Capital Projects	29,480	3,426
Debt Service	5,243	8,635
Other	115,286	93,656
Unrestricted	269,294	289,015
<b>TOTAL NET ASSETS</b>	<u>1,687,307</u>	<u>1,583,084</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><u>\$2,333,855</u></u>	<u><u>\$2,200,143</u></u>

# Rutgers, The State University of New Jersey

## Statement of Revenues, Expenses and Changes in Net Assets

FOR THE YEAR ENDED JUNE 30, 2002

(WITH COMPARATIVE AMOUNTS FOR 2001)

(dollars in thousands)

	Total 2002	Total 2001
<b>OPERATING REVENUES</b>		
Student Tuition and Fees (net of scholarship allowances of \$70,531 in 2002 and \$64,143 in 2001)	\$273,842	\$258,426
Federal Appropriations	7,079	7,347
Federal Grants & Contracts	146,422	130,464
State & Municipal Grants & Contracts	85,256	78,210
Nongovernmental Grants & Contracts	55,568	52,044
Auxiliary Enterprises (net of scholarship allowances of \$20,712 in 2002 and \$19,160 in 2001)	152,124	145,845
Other Operating Revenues	28,575	24,052
Total Operating Revenues	<u>748,866</u>	<u>696,388</u>
<b>OPERATING EXPENSES</b>		
Educational and General:		
Instruction	403,791	391,331
Sponsored Research	122,990	106,841
Other Separately Budgeted Research	63,960	62,560
Other Sponsored Programs	54,420	49,896
Extension and Public Service	27,238	26,262
Libraries	32,694	31,746
Student Services	46,463	45,527
Operations and Maintenance of Plant	94,468	98,368
General Administration and Institutional	91,904	82,534
Student Aid	25,403	21,441
Depreciation	73,166	65,449
Disposal of Plant Facilities	762	1,066
Auxiliary Enterprises	143,623	140,500
Other Expenses	1,193	465
Total Operating Expenses	<u>1,182,075</u>	<u>1,123,986</u>
Operating Income(Loss)	<u>(433,209)</u>	<u>(427,598)</u>
<b>NONOPERATING REVENUES(EXPENSES)</b>		
State Appropriations	336,289	342,300
Fringe Benefits Paid Directly by the State of New Jersey	100,313	94,781
Gifts	35,067	23,878
Endowment and Investment Income	25,755	37,153
Unrealized Gains(Loss) on Marketable Securities	(29,179)	(39,647)
Interest on Capital Asset Related Debt	(23,577)	(26,705)
Other Nonoperating Revenues	1,869	(79)
Net Nonoperating Revenues	<u>446,537</u>	<u>431,681</u>
Income before Other Revenues and Expenses	13,328	4,083
Capital Appropriations	66,907	15,022
Capital Grants and Gifts	6,197	36,884
Additions to Permanent Endowments	17,791	21,886
Net Increase in Net Assets	<u>104,223</u>	<u>77,875</u>
<b>NET ASSETS</b>		
Net Assets - Beginning of the Year	<u>1,583,084</u>	<u>1,505,209</u>
Net Assets - End of the Year	<u>\$1,687,307</u>	<u>\$1,583,084</u>

# Rutgers, The State University of New Jersey

## Statement of Cash Flows

FOR THE YEARS ENDED JUNE 30, 2002  
(WITH COMPARATIVE AMOUNTS FOR 2001)  
(dollars in thousands)

	2002	2001
<b>Cash Flows from Operating Activities</b>		
Tuition and fees	\$311,365	\$292,720
Research grants and contracts	299,022	257,764
Federal appropriations	6,331	6,245
Payments to employees and for benefits	(645,353)	(622,097)
Payments to suppliers	(292,695)	(273,732)
Payments for utilities	(41,721)	(47,854)
Payments for scholarships and fellowships	(54,550)	(47,618)
Collection of loans to students and employees	9,030	7,823
Auxiliary enterprise receipts:		
Housing	62,102	59,490
Dining	38,929	37,297
Athletics	7,181	6,963
Parking	5,146	4,655
Other receipts	21,369	21,537
Other receipts	28,964	31,892
Net cash provided (used) by operating activities	<u>(244,880)</u>	<u>(264,915)</u>
<b>Cash Flows from Noncapital Financing Activities</b>		
State appropriations	335,955	348,113
Gifts for other than capital purposes	21,193	24,885
Private gifts for endowment purposes	27,523	33,365
Net cash provided by noncapital financing activities	<u>384,671</u>	<u>406,363</u>
<b>Cash Flows from Financing Activities</b>		
Proceeds from capital debt and leases	158,694	2,064
Capital appropriations	66,009	9,484
Capital grants and gifts received	20,796	1,873
Purchases of capital assets and construction	(159,926)	(153,210)
Principal paid on capital debt and leases	(17,295)	(16,891)
Interest paid on capital debt and leases	(24,205)	(26,114)
Debt defeasement	(121,329)	
Bond finance costs	(635)	
Other income	572	943
Net cash used by financing activities	<u>(77,319)</u>	<u>(181,851)</u>
<b>Cash Flows from Investing Activities</b>		
Proceeds from sales and maturities of investments	4,160,920	3,813,309
Investment income	26,579	36,792
Purchase of investments	(4,216,902)	(3,805,469)
Net cash provided by investing activities	<u>(29,403)</u>	<u>44,632</u>
<b>Net increase in cash</b>	<u>33,069</u>	<u>4,229</u>
<b>Cash - beginning of the year</b>	<u>75,239</u>	<u>71,010</u>
<b>Cash - end of the year</b>	<u>\$108,308</u>	<u>\$75,239</u>

# Rutgers, The State University of New Jersey

## Statement of Cash Flows

FOR THE YEARS ENDED JUNE 30, 2002

(WITH COMPARATIVE AMOUNTS FOR 2001)

(dollars in thousands)

	<u>2002</u>	<u>2001</u>
<b>Reconciliation of net operating revenues (expenses) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	(\$433,209)	(\$427,598)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:		
Fringe Benefits Paid by the State of New Jersey	100,313	94,781
Depreciation	73,166	65,449
Payment in lieu of taxes	700	700
Adjustment of actuarial liability for annuities payable	58	(924)
Changes in assets and liabilities:		
Receivables, net	603	(3,479)
Notes Receivable, net	154	(837)
Inventories	(291)	1,392
Prepaid Expenses	1,354	(1,581)
Accounts Payable and Accrued Liabilities	9,782	4,582
Other payables	(2,104)	1,819
Deferred revenue	3,097	2,441
Payroll Withholdings	841	(550)
Other	656	(1,110)
Net cash provided (used) by operating activities	<u>(\$244,880)</u>	<u>(\$264,915)</u>

See accompanying notes to the financial statements

# Rutgers, The State University of New Jersey

## Notes to the Financial Statements

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FOR THE YEAR ENDED JUNE 30, 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. 35 "Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities"

GASB Statement No. 35 requires that the financial statements be presented on a comprehensive entity-wide basis, reporting the University as an economic unit, rather than in the fund-group perspective previously required. Therefore the three financial statements; Statement of Net Assets, Statement of Revenues, Expenses and Changes in Net Assets and the Statement of Cash Flows, have been prepared consolidating all fund groups.

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, non-profit corporation, 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 make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets are classified as noncurrent assets in the Statement of Net Assets.

#### Investments

Investments are recorded at fair value in the Statement of Nets Assets. The year-to-year change in the fair value of investments held in each fund group is reported in the Statement 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 are classified as noncurrent assets in the Statement of Net Assets.

Net realized and unrealized gains (losses) are included in Unrealized Gains (Losses) on Marketable Securities in the Statement 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 \$52.1 million at June 30, 2002 (\$55.8 million in 2001). Income derived from such irrevocable trust funds held by others, aggregating approximately \$1.7 million in 2002 and \$1.8 million in 2001, 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.

## **Property, Plant and Equipment**

Property, Plant and Equipment consists of land, buildings, land improvements and infrastructure, equipment, construction in progress, art collections and patents. Property 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. Beginning in 2002, patents are amortized using the sum-of-the-years digits method over the remaining legal life of the patent. Library books totaling approximately 4.8 million 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 current funds in the following fiscal year. (Deferred charges also include the discount on certain University bond issues which will be amortized in plant funds over the terms of the respective bond issues.)

## **Net Assets**

Net assets is the difference between the University's assets and its liabilities. GASB Statement No. 35 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.

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.

Unrestricted net assets represent resources available to the University for educational and general operations. 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.

## **Student Aid**

Student Aid includes payments made directly to students in the form of scholarships, fellowships or stipends. Any aid applied directly to the students account 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, 2002, the University disbursed \$116.5 million (\$110.4 million in 2001) under the Federal Direct Loan Program. Direct student loans receivable are not included in the University's Statement of Net Assets since they are repayable directly to the U.S. Department of Education.

The University also distributes funds on behalf of the Federal and State governments to students under the Federal Pell Grant Program and the State of New Jersey Tuition Aid Grant Program, the Educational Opportunity Fund and the Garden State Scholarship Program. The activity of these programs is reflected in the accompanying financial statements as operating revenues and expenditures.

## **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 year-end, encumbrances totaled \$210.5 million, which represents the estimated amount of expenses ultimately to result if unperformed contracts in process at June 30, 2002 are completed. Approximately \$61.6 million of the total is committed for capital projects.

Encumbrances outstanding at June 30, 2002 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 INVESTMENTS

### Cash and Cash Equivalents

The cash and cash equivalents balance at June 30, 2002 includes a negative cash book balance of \$7.9 million resulting from the use of controlled disbursement bank accounts. The actual amount of cash on deposit in the University's bank accounts at June 30, 2002 was \$15.3 million. Of this amount, \$0.7 million was insured by the Federal Deposit Insurance Corporation, \$12.9 million was secured by the State of New Jersey Governmental Unit Deposit Protection Act and \$1.7 million was uninsured and uncollateralized. Cash equivalent investments are categorized by credit risk in the table below.

### 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, 2002 are categorized by 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. 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 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.

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.

	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	\$35,781	\$79,900
Repurchase Agreements		21,287		21,287
Total Cash Equivalents	<u>\$8,626</u>	<u>\$56,780</u>	<u>\$35,781</u>	<u>\$101,187</u>
Investments:				
Commercial Paper	\$72,248	\$115,493		\$187,741
Demand Notes		36,635		36,635
US Government Direct Securities	33,739	31,532		65,271
US Government Agency Securities	34,518	87,400		121,918
State and County Municipal Securities	652			652
US Corporate Debt Securities	40,369	12,769		53,138
Foreign Corporate Debt Securities	4,513			4,513
US Corporate Equities	153,635	11,634	\$36,475	201,744
Foreign Corporate Equities	2,539			2,539
Asset-backed Securities	6,302	58		6,360
Real Estate	441			441
Total Investments	<u>\$348,956</u>	<u>\$295,521</u>	<u>\$36,475</u>	<u>\$680,952</u>
Mutual Funds:				
Cash Equivalents				\$15,012
Domestic Equities				17,168
Domestic Bonds				2,952
Total Mutual Funds				<u>\$35,132</u>
Total Cash Equivalents and Investments				<u>\$817,271</u>

## 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, 2002, the pooled assets had a total market value of \$290.7 million (\$298.2 million in 2001). In addition, the aggregate market value of endowment funds assets separately invested was \$55.8 million at June 30, 2002 (\$64.0 million in 2001).

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

## NOTE 3 - RECEIVABLES AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

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

	<u>Accounts Receivable</u>	<u>Allowance</u>	<u>Net 2002</u>	<u>Net 2001</u>
Government Grants Receivable and Other Sponsored Programs	\$42,552	\$500	\$42,052	\$46,594
Student Accounts Receivable	3,495	1,227	2,268	2,116
Other	15,759	673	15,086	10,404
Total	<u>\$61,806</u>	<u>\$2,400</u>	<u>\$59,406</u>	<u>\$59,114</u>

Students' notes receivable in the Statement of Net Assets are also shown net of the allowance for doubtful notes which amounted to \$3.8 million at June 30, 2002 (\$3.9 million in 2001).

The allowances for doubtful accounts and notes are based upon management's best estimate of uncollectible accounts and notes at the Statement of Net Assets date, considering type, age, collection history and other appropriate factors.

## NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consisted of the following for the year ended June 30, 2002 (dollars in thousands):

	<u>Balance 2001</u>	<u>Additions</u>	<u>Retirements/ Capitalization</u>	<u>Balance 2002</u>
Property, Plant and Equipment Not Being Depreciated				
Land	\$38,052	\$808	\$252	\$38,608
Capitalized Collections	33,002	5,664		38,666
Construction in Progress	82,848	99,009	84,786	97,071
Total	<u>153,902</u>	<u>105,481</u>	<u>85,038</u>	<u>174,345</u>
Property, Plant and Equipment Being Depreciated				
Land Improvements	80,324	77,646		157,970
Buildings	1,333,111	16,045		1,349,156
Equipment	450,446	48,663	9,163	489,946
Intangible Assets - Patents	28,525			28,525
Total	<u>1,892,406</u>	<u>142,354</u>	<u>9,163</u>	<u>2,025,597</u>
Less Accumulated Depreciation				
Land Improvements	37,153	6,267		43,420
Buildings	387,664	29,330		416,994
Equipment	313,891	34,565	8,401	340,055
Intangible Assets - Patents		3,003		3,003
Total	<u>738,708</u>	<u>73,165</u>	<u>8,401</u>	<u>803,472</u>
Net Property, Plant and Equipment Being Depreciated	<u>1,153,698</u>	<u>69,189</u>	<u>762</u>	<u>1,222,125</u>
Property, Plant and Equipment (net)	<u>\$1,307,600</u>	<u>\$174,670</u>	<u>\$85,800</u>	<u>\$1,396,470</u>

## NOTE 5 – LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2002 are as follows (dollars in thousands):

	<u>Balance 2001</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance 2002</u>	<u>Current Portion</u>
Bonds, Lease and Notes Payable					
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	<u>\$480,517</u>	<u>\$156,418</u>	<u>\$141,254</u>	<u>\$495,681</u>	<u>\$24,135</u>

The General Obligation Bonds Payable is net of \$5.3 million of deferred charges related to Series 2002A.

### Notes Payable

Notes payable at June 30, 2002 and 2001 consist of an unsecured note payable to the U.S. Department of Education with interest at 5.50%, 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 \$.2 million letter of credit which is used for interim financing of construction projects and as collateral for certain insurance policies. No portion of the line of credit is in use, and no funds have been drawn on the letter of credit as of June 30, 2002 or 2001.

### Bonds Payable

A summary of bonds issued and outstanding at June 30, 2002 and 2001 is as follows (dollars in thousands):

	<u>Date Of Series</u>	<u>Original Amount</u>	<u>Outstanding June 30,</u>	
			<u>2002</u>	<u>2001</u>
Revenue Refunding Bonds:				
Series R, 6.51% effective, due serially to May 1, 2009 and term bonds due May 1, 2018	Feb. 1, 1992	\$90,655		\$71,685
Series S, 5.11% effective, due serially to May 1, 2014	Apr. 15, 1993	35,170	\$19,245	21,355
Series T, 5.34% effective, due serially to May 1, 2016	Apr. 15, 1993	36,270	26,755	28,015
Series U, 4.89% effective, due serially to May 1, 2021	Dec. 1, 1997	40,015	33,605	35,035
Total Revenue Refunding Bonds		<u>202,110</u>	<u>79,605</u>	<u>156,090</u>
Revenue Bonds:				
Series E, 3.75%, due serially to May 1, 2016	May 1, 1967	1,200	585	615
Series F, 3.00%, due serially to May 1, 2016	Nov. 1, 1967	2,350	1,060	1,120
Series H, 5.90% effective, due serially to May 1, 2007	Nov. 1, 1970	8,300	2,600	3,030
Total Revenue Bonds		<u>11,850</u>	<u>4,245</u>	<u>4,765</u>
General Obligation Refunding Bonds:				
1992 Series A, 6.51% effective, due serially to May 1, 2007 and term bonds due May 1, 2018	Feb. 1, 1992	94,370	26,605	76,410
1993 Series 1, 5.32% effective, due serially to May 1, 2015	Apr. 15, 1993	10,275	7,320	7,710
1993 Series A, 5.12% effective, due serially to May 1, 2014 and term bonds due May 1, 2019	Oct. 1, 1993	81,600	62,290	64,615
2002 Series A, 3.96% effective, due serially to May 1, 2018	Feb. 1, 2002	110,000	110,000	
Total General Obligation Refunding Bonds		<u>296,245</u>	<u>206,215</u>	<u>148,735</u>
General Obligation Bonds:				
1993 Series B, 5.37% effective, due serially to May 1, 2016	Apr. 15, 1993	28,020	21,645	22,680
1997 Series A, 5.34% effective, due serially to May 1, 2022 and term bonds due May 1, 2027	June 1, 1997	25,385	23,295	23,750
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	47,390	48,295
Total General Obligation Bonds		<u>103,405</u>	<u>92,330</u>	<u>94,725</u>
Total Bonds		<u>\$613,610</u>	<u>\$382,395</u>	<u>\$404,315</u>

The Revenue Refunding Bonds, Series R-U, and the Revenue Bonds, Series E, F and H, were issued under an open-ended indenture of trust dated May 1, 1967 to finance the construction of auxiliary enterprise facilities and to consolidate previously outstanding bond indebtedness. Under the terms of the indenture, all bonds issued are direct and general obligations of the University and are in no way an obligation of the State of New Jersey. All revenues from auxiliary enterprise facilities constructed from the proceeds of the bonds, together with revenues from certain other such facilities, are pledged to secure the indebtedness and must be applied to (1) annual interest and amortization payments, (2) debt service reserve deficiencies, if any, (3) operating and maintenance expenses and (4) the funding of repair and replacement reserves. The excess of funds, after satisfying these requirements, is available to the University. The University has covenanted that so long as the bonds are outstanding it will not incur any other indebtedness secured by a pledge of the facility revenues, nor sell, mortgage or otherwise dispose of such facilities.

The General Obligation Refunding Bonds, 1992 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 with the intention of lowering its effective interest rate related to the \$110.0 million of its 2002 Series A General Obligation Refunding Bonds. Based on the swap agreement, the University owes interest calculated at a fixed rate of 3.96% to the counterparty to the swap. In return, the counterparty owes the University floating rate interest based on the BMA Municipal Swap Index. Only the net difference in interest payments is actually exchanged with the counterparty. The \$110.0 million in bond principal is not exchanged; it is only the basis on which the interest payments are calculated.

The swap terminates on February 4, 2018, but is cancellable at the option of the counterparty under certain circumstances. In the unlikely event that the counterparty fails to perform under the contract, the University bears the credit risk that payments due to the University may not be collected.

Debt service payments to maturity at June 30, 2002 are as follows (dollars in thousands):

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$17,920	\$18,268	\$36,188
2004	17,750	17,479	35,229
2005	18,630	16,685	35,315
2006	18,415	15,843	34,258
2007	19,200	15,011	34,211
2008-2012	106,325	60,260	166,585
2013-2017	114,080	32,278	146,358
2018-2022	44,265	10,908	55,173
2023-2027	19,915	4,440	24,355
2028-2032	<u>5,895</u>	<u>423</u>	<u>6,318</u>
Total	<u>\$382,395</u>	<u>\$191,595</u>	<u>\$573,990</u>

In February 2002, the 2002 Series A Bonds were issued to defease the University's outstanding Revenue Refunding Bonds, Series R, dated February 1, 1992, and \$47.2 million of the General Obligation Refunding Bonds, Series 1992A, also dated February 1, 1992. The proceeds of the 2002 Series A Bonds were used: (1) to deposit into two special escrow funds to be held by the Trustee and sufficient to pay the principal, interest and redemption premium on the Series 1992A and Series R Bonds and (ii) to pay certain administrative, legal, financing and incidental expenses relating to the issuance of the 2002 Series A Bonds. The University completed the advance refunding to reduce its total debt service payments over the next 16 years by \$38.2 million and to obtain an economic gain (difference between the present values of the old and new debt service payments less escrow funds used) of \$15.7 million. The difference between the reacquisition price and the net carrying amount of the old debt, \$5.4 million, is being deferred and amortized as interest expense through the year 2018 using the effective interest method. In 2002, \$0.1 million has been expensed leaving \$5.3 million as deferred charges.

## 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, 2002, this liability was \$2.3 million (\$2.6 million in 2001).

**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 will be issued in fiscal 2003 for the balance of the University’s allocation. 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, 2002, the University had a capital lease obligation of \$24.4 million (\$5.4 million in 2001).

**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. As of June 30, 2002, the University had a capital lease of \$29.0 million.

**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. As of June 30, 2002, the University had a capital lease obligation of \$5.6 million for equipment purchased under the terms of this agreement.

#### **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, 2002, this liability was \$46.2 million (\$47.5 million in 2001). 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, 2002, the estimated present value of the Hospital sublease over the full lease term, including renewal periods, amounted to \$8.2 million (\$8.4 million in 2001). 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. 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, 2002, the outstanding balance of this obligation was \$15.4 million (\$15.7 million in 2001).

Future lease payments (receipts) applicable to the aforementioned capital leases as of June 30, 2002 are as follows (dollars in thousands):

Year	Facilities Authority					Housing Authority	Hospital Sublease	Development Authority	Total
	Dormitories	HECIP	ELF	DSTF (2001A)	DSTF (2001B)				
2003	\$461	\$2,007	\$940	\$2,038	\$32	\$3,663	(\$652)	\$1,289	\$9,778
2004	462	1,994	939	2,040	33	3,664	(653)	1,283	9,762
2005	461	2,003	939	2,040	33	3,664	(652)	1,286	9,774
2006	464	2,004	940	2,040	33	3,659	(652)	1,282	9,770
2007	461	2,002	939	2,040	33	3,667	(653)	1,282	9,771
2008-2012	461	10,014	1,878	10,199	162	18,319	(3,262)	6,412	44,183
2013-2017		10,011		8,159	129	18,321	(3,261)	6,438	39,797
2018-2022		8,016				18,326	(3,262)	6,478	29,558
2023-2027						3,659	(653)	2,607	5,613
Total Lease Payments	2,770	38,051	6,575	28,556	455	76,942	(13,700)	28,357	168,006
Less Amount Representing Interest	500	13,636	1,011			30,776	(5,508)	12,987	53,402
Present Value of Lease Payments	<u>\$2,270</u>	<u>\$24,415</u>	<u>\$5,564</u>	<u>\$28,556</u>	<u>\$455</u>	<u>\$46,166</u>	<u>(8,192)</u>	<u>\$15,370</u>	<u>\$114,604</u>

#### Miscellaneous Equipment Leases

The University has entered into certain lease-purchase agreements for equipment which are principally for a duration of one to five years depending on the application and financial advantage to the University. Such agreements are essential to the normal operation of the University, and it is expected that these arrangements, where applicable, would be renegotiated when financially advantageous. The payments of these agreements include a charge for interest at various rates depending on each agreement. At June 30, 2002, the aggregate capitalized lease obligation associated with these agreements, which excludes future interest payments, is approximately \$2.3 million (\$3.0 million in 2001). The annual rentals for these capitalized lease obligations are provided for in the University's operating budget and in the aggregate are not considered material.

#### NOTE 6 - COMMITMENTS

At June 30, 2002, 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 \$413.2 million. Anticipated sources of funding for these projects are summarized as follows (dollars in thousands):

	Total Project Funding		
	Received at June 30, 2002	Additional Funding Required at June 30, 2002	Estimated Total Cost
Borrowing	\$50,000	\$50,000	\$100,000
State Bond Issues and Capital Appropriations	101,676	103,120	204,796
Gifts and Other Sources	84,035	24,385	108,420
Total	<u>\$235,711</u>	<u>\$177,505</u>	<u>\$413,216</u>

## **NOTE 7 - 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 2002 aggregated \$27.8 million (\$26.3 and \$27.1 million in 2001 and 2000, respectively) of which \$5.3 million (\$4.6 and \$3.4 million in 2001 and 2000, respectively) has been reimbursed to the State from amounts recovered from self-supporting operations and sponsored programs. Reimbursement is based upon a composite fringe benefit rate provided by the State for all State plans. The University has no direct pension obligation associated with the State plans, and no liability for such costs has been reflected in the accompanying financial statements. Summary information regarding these plans is provided below.

#### **Public Employees Retirement System ("PERS")**

**Plan Description** — PERS is a multiple-employer, public cost-sharing retirement system which is administered by the State of New Jersey. The payroll for employees covered by PERS for the year ended June 30, 2002 was \$150.3 million (\$146.1 million in 2001).

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

**Contributions** — Covered University employees were required by PERS to contribute 3.00% of their annual compensation during fiscal year 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, 2002 was \$349.1 million (\$331.1 million in 2001).

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

**Contributions** — The employee mandatory contribution rate for ABP is 5.00% of base salary and is matched by the State at 8.00% 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 Agricultural Experiment Station (CSRS or FERS). The University also has a small number of Foundation employees enrolled in a contributory retirement plan under arrangements with Teacher's Insurance and Annuity Association and College Retirement Equities Fund ("TIAA-CREF"), which provides for the purchase of annuities for the covered employees. Participation in all of these plans is limited, and the associated amounts are not significant.

#### **Post-Retirement Health Care Benefits**

In addition to providing pension benefits, the State provides certain health care and life insurance benefits for the University's retired employees, in accordance with State statutes. Full health coverage is provided to eligible employees retiring with 25 years of service credited on or before June 30, 1997 in one of the State of New Jersey mandatory pension plans. Employees retiring with 25 years of service credited after June 30, 1997 may share in the cost of the health care provided under the State Plan according to the terms specified in the appropriate bargaining unit agreement in effect at the time the employee reaches 25 years

of credited service. The rules governing the contribution rate are the same as that for active employees. Since the costs of these programs are the responsibility of the State and the retired employees, no expenditures 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.

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#### **NOTE 8 - COMPENSATED ABSENCES**

The University records a liability for compensated absences in accordance with GASB Statement No. 16, "Accounting for Compensated Absences." This liability amounted to \$25.1 million as of June 30, 2002 (\$24.3 million in 2001) and is included in accounts payable and accrued expenses in the accompanying financial statements. The liability is calculated based upon employees' accrued vacation time as of the balance sheet date, as well as accrued sick time payable to retired employees.

Unused sick time which has been accumulated by eligible employees has not been accrued as it is payable only upon retirement and is not subject to reasonable estimation. The pay out to retirees for unused accumulated sick time is calculated at the lesser of 1/2 the value of earned time or \$15,000.

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#### **NOTE 9 - RISK MANAGEMENT**

The University manages property and liability risks through a combination of commercial insurance policies, participation in a risk sharing pool and the use of deductibles and self-insured retentions, the most significant of which provides for the payment of workers' compensation benefits.

The University has accrued liabilities for self-insured retentions in the current funds. The accrued liabilities are based on estimates by management and third party claims administrators and generally represent the present value of unpaid claims, including estimates of claims incurred but not reported.

The risk sharing pool was formed by several universities to provide and arrange general liability, automobile liability and property insurance for its shareholders on a group basis. The University's annual payments to the pool for insurance coverage are based on actuarial studies and are charged to current fund expenditures in the accompanying financial statements.

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#### **NOTE 10 - CONTINGENCIES**

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

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

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#### **NOTE 11 - SUBSEQUENT EVENT**

The University plans to issue General Obligation Bonds, 2002 Series B, in the aggregate amount of \$50.0 million in the fall of 2002. These bonds will be issued under the terms of an Indenture of Trust, dated February 1, 2002 as supplemented. The proceeds of the 2002 Series B Bonds, together with certain other monies available to the University, will be 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.

# Rutgers, The State University of New Jersey

## University Administrative Officers

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DURING THE YEAR ENDED JUNE 30, 2002

Francis L. Lawrence, Ph.D.  
*President*

Raphael J. Caprio, Ph.D.  
*Vice President for Continuous Education and Outreach*

Michael W. Carroll, M.A.  
*Executive Director of the Rutgers University Foundation and  
Vice President for Development and Alumni Relations*

Emmet A. Dennis, Ph.D.  
*Vice President for Student Affairs and  
Dean of University College - New Brunswick*

Roger J. Dennis, J.D.  
*Provost - Camden*

James L. Flanagan, Sc.D.  
*Vice President for Research*

Susan G. Forman, Ph.D.  
*Vice President for Undergraduate Education*

Marianne I. Gaunt, M.L.S.  
*University Librarian*

JoAnne G. Jackson, M.B.A.  
*Senior Vice President and Treasurer*

Norman Samuels, Ph.D.  
*Provost - Newark and Dean, Graduate School - Newark*

Mildred R. Schildkamp, B.S.  
*Secretary of the University and Assistant to the President*

David R. Scott, J.D.  
*University Counsel*

Joseph J. Seneca, Ph.D.  
*University Vice President for Academic Affairs*

Paul A. Snyder  
*Vice President for Institutional Research and Planning*

Nancy S. Winterbauer, Ed.D.  
*Vice President for University Budgeting*

Stephen J. DiPaolo, C.P.A.  
*University Controller*