

**Education & General Summary**

University activities of instruction, research, and public service that are derived from and support its primary role and mission are recorded in the Unrestricted Funds group as a sub-set of the total operation called Education and General (E&G). E&G excludes auxiliaries which are defined in this context as entities that furnish goods or services to students, faculty, or staff; that charge a fee directly related to, though not necessarily equal to, the cost of the good or services; and that are managed as self-supporting activities. In this context, Continuing Education is considered an auxiliary and is therefore excluded from E&G. E&G also excludes sponsored programs and grants because of their restricted nature. Specific to CSU-Pueblo, all E&G activity is recorded in funds beginning with 01.

The University's E&G activity for the third quarter of FY10 that ended March 31, 2010 is summarized below.

<b>Education &amp; General Activity, <u>Cash Basis</u></b>			
<b>FY2009-10 at March 31, 2010</b>			
<b>REVENUES</b>		<b>EXPENDITURES</b>	
Tuition & Fees	\$ 25,485,205	Instruction	\$ 13,496,388
State Fee for Service	\$ 3,263,834	Academic Support	\$ 3,477,418
Federal Stimulus Funds	\$ 5,037,905	Student Services	\$ 3,702,060
Sales & Service of Educ. Activities	\$ 270,237	Operation & Maintenance of Plant	\$ 3,760,572
F & A Recoveries	\$ 162,492	Institutional Support	\$ 3,131,041
Interest Income	\$ 44,631	Scholarships & Fellowships	\$ 1,979,589
Other Sources	\$ 433,166	Research & Public Service	\$ 99,082
<b>TOTAL REVENUE</b>	<b>\$ 34,697,470</b>	<b>TOTAL EXPENDITURES</b>	<b>\$ 29,646,150</b>

As discussed in last quarter's report, the University's primary revenue source is tuition and fees collected from students and from the State in the form of COF stipends for eligible resident undergraduate students. Historically, the University has collected 91% of this revenue by the end of March resulting in significant revenues over expenditures at this point in the fiscal year. The \$5,051,320 of revenues over expenditures reported in the table above is not an indicator of where we will end up at year end because expenditures will continue through June at an even level each month which will use up most of what appears here to be excess revenues. Also of note, by June 30, about \$3.8M of revenue will move from tuition revenue to federal stimulus funds. This is because the University has been paid a COF stipend of \$68 per credit hour for eligible resident students but year-end adjustments to the State budget reduced that stipend amount to \$44 per credit hour with the difference to be back filled by ARRA funds. At March 31, all of the ARRA funds had not been received and the COF revenue had not yet been reduced to the lower stipend amount.

**Non-Education & General Summary**

On a quarterly basis, the University provides the Colorado State University System Board of Governors an unaudited income/expense statement for the total operation including all fund sources. A summary of that statement is presented and discussed below.

The Condensed Summary of Revenues, Expenses and Changes in Net Assets includes financial statement presentation information that is not included in the E&G specific report displayed and discussed above. GAAP reporting requires the recording of several non-management-related, financial statement reporting adjustments. Some of the adjustments significant to understanding the chart below are 1) Tuition & Fees and Auxiliary Operations revenues are reported net of awarded student financial aid disbursed by application to student accounts; 2) Auxiliary Operations expenditures include Athletics which is supported by revenue reported in multiple lines including Tuition & Fees, Auxiliary Operations, and Gifts; 3) Grants & Contracts revenue is reported as expended in functional categories relevant to its use, such as Instruction or Research & Public Service; 4) Interest Earnings are reported net of interest paid on capital debt; and, 5) Depreciation is an un-budgeted, non-cash expense.

<b>Condensed Summary of Revenues, Expenses and Changes in Net Assets</b>			
<b>All Funds, <u>Unaudited GAAP Basis</u></b>			
<b>FY2009-10 at March 31, 2010</b>			
REVENUES		EXPENDITURES/EXPENSES	
Tuition & Fees, net	\$ 21,311,776	Instruction	\$ 14,625,255
Grants & Contracts	\$ 18,795,144	Auxiliary Operations	\$ 8,832,967
Auxiliary Operations, net	\$ 9,476,299	Student Services	\$ 4,828,031
Fee for Services (State)	\$ 3,263,834	Scholarships & Fellowships	\$ 4,455,387
State Capital Funds	\$ 5,532,325	Operation & Maintenance of Plant	\$ 4,096,590
ARRA Funds (Federal)	\$ 5,037,905	Institutional Support	\$ 3,014,666
Gifts	\$ 402,981	Depreciation	\$ 3,000,000
Interest Earnings, net	\$ (131,254)	Academic Support	\$ 4,353,453
Other Sources	\$ 914,610	Research & Public Service	\$ 2,865,948
<b>TOTAL REVENUE</b>	<b>\$ 64,603,620</b>	<b>TOTAL EXPENDITURES/ EXPENSES</b>	<b>\$ 50,072,297</b>

As is the case with the E&G funds, timing differences between collection of revenue and expenditure of funds continues to be the primary cause for \$14.5M of net revenue reported at March 31 (\$64.6M revenues minus \$50.1M expenditures). The only significant outstanding revenue is the remaining payment of federal ARRA funds but approximately a fourth of the annual expenditure base will be spent over the last three months of the fiscal year. At this point, we estimate closing the year with an addition to net assets of between \$1M and \$2M from all funds reported per generally accepted accounting procedures (GAAP) reporting. When considering this it is important to remember two things:

1. This estimated net increase is from all funds and thus does not represent the University's net E&G activity.
2. In accordance with GAAP for higher education institutions, revenue received to support capital projects is included in this amount but the expenditure of that revenue is not.

**Expenditures by Natural Classification**

In the tables above, revenues and expenditures are reported in the functional categories that federal accounting and audit standards require for Higher Education financial reporting. Another way to look at expenditures is by natural classifications like salary and wages, travel, utilities, etc. At a recent

meeting of faculty and the University Administration convened by the AAUP representatives, a request was made to present information in these more familiar classifications. The functional categories and natural classifications for revenue are basically the same but since that is not the case for expenditures the table below presents expenditures by natural classification. This table includes the same expenditures presented in the tables above but sorted by the three digit object code that is part of the account number. You will notice that the total expenditures of \$119.9M in this table above is more than the total E&G expenditures from that table (\$29.6M) or all funds GAAP-based expenditures (\$50.1M) from that table and is more than those two expenditure amounts combined. That is because both the E&G and the all funds GAAP expenditure amounts include the netting-out of transfers between funds and other GAAP adjustments while the expenditures by natural classification do not. Those adjustments are made at the fund level rather than the object code level and thus do not show up in natural classification reporting.

Non-E&G expenditures are included in this table in the separate All Other Activity column. As you can see, the majority of the University's basic operational expenses are made in the E&G funds. Auxiliary, grant, and sponsored program expenditures are in the All Other Activity column in the appropriate row for expenditures common to all funds such as salary and wages or are in rows unique to the nature of the activity such as capital and debt payments.

<b>FY2009-10 at March 31, 2010 <u>per modified GAAP</u></b>	<b>E &amp; G Activity</b>	<b>All Other Activity</b>	<b>Total Activity</b>
Salaries & Wages - Non Classified Staff	\$ 14,418,245	\$ 3,679,089	\$ 18,097,334
Salaries & Wages - Classified Staff	\$ 3,941,827	\$ 592,350	\$ 4,534,177
Salaries & Wages - Other	\$ 273,988	\$ 1,747,448	\$ 2,021,436
Fringe Benefits	\$ 4,771,166	\$ 1,071,048	\$ 5,842,214
Supplies & General Expense	\$ 1,925,929	\$ 6,558,092	\$ 8,484,021
Utilities	\$ 1,011,361	\$ 571,306	\$ 1,582,667
Other Expense	\$ 470,984	\$ 908,975	\$ 1,379,959
Travel	\$ 168,714	\$ 411,033	\$ 579,747
<b>Subtotal Operating Expenditures</b>	<b>\$ 26,982,214</b>	<b>\$ 15,539,341</b>	<b>\$ 42,521,555</b>
Student Financial Assistance	\$ 1,539,584	\$ 36,915,721	\$ 38,455,305
Capital & Debt	\$ -	\$ 31,837,745	\$ 31,837,745
Auxiliaries	\$ -	\$ 1,717,217	\$ 1,717,217
Equipment & Rent	\$ 611,945	\$ 1,208,980	\$ 1,820,925
Net Transfers Out	\$ 512,406	\$ 2,101,501	\$ 2,613,907
F & A Recoveries	\$ -	\$ 162,492	\$ 162,492
<b>TOTAL</b>	<b>\$ 29,646,149</b>	<b>\$ 89,482,997</b>	<b>\$ 119,129,146</b>

Other points of clarification about specific lines in the table above include:

- Salaries & Wages – Non Classified includes both faculty and administrative staff which are not distinguished in the accounting system.
- Salaries & Wages – Other includes non-student hourly and work study payments.
- Student Financial Assistance, E&G Activity, includes institutionally funded scholarships and grants.

- Student Financial Assistance, All Other Activity, includes federal, state, and private funds provided for student financial aid, including Pell and student loans from the Federal Direct Loan Program.
- Capital and Debt includes expenditures for controlled maintenance projects like water line breakages, special projects like the Bonforte Entrance Project, and major capital construction projects like the residence halls and the library.
- Auxiliaries, All Other Activity, include primarily inventory and cost of goods sold expenses for the Bookstore.
- Net Transfers Out, E&G Activity, includes transfers of assessments for support for the CSU System Office and state-wide cash indirect recoveries.
- Net Transfers Out, All Other Activity, includes transfers from cash sources like Auxiliaries and the Student Facility Fee to balance sheet debt accounts.

The University's finances are managed in accordance with generally accepted accounting principles (GAAP) and auditing standards established for public higher education institutions by the Governmental Accounting Standards Board (GASB) and the National Association of College and University Business Officers (NACUBO). Further regulation is provided by statutes which are codified in State Fiscal Rules, State Procurement Rules, State Personnel Rules, and State Administrative Rules & Regulations.

The primary E&G revenue sources are tuition, fees, and unrestricted state and federal support. The expenditure of E&G funds fall into the functional expenditure classifications defined below:

*Educational & General:* High-level category of expenditures for the direct role and mission activities of the institution. Includes the functional classifications of expenditures for Instruction, Research, Public Service, Academic Support, Student Services, Institutional Support, Operation and Maintenance of Plant, and Scholarships and Fellowships. Excludes Auxiliaries and Independent Operations.

*Instruction:* Category of expenditures supporting an institution's instruction program for regular, special and extension sessions. Includes academic, vocational, technical, remedial, and tutorial instruction. Excludes academic administration when the primary assignment is administration, for example, deans and provosts.

*Research:* Category of expenditures for activities specifically organized to produce research outcomes, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution. Includes institutes, research centers, and internal individual, project, or departmental research.

*Public Service:* Category of expenditures for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. Includes community service activities, cooperative extension activities, and public broadcasting services.

*Academic Support:* Category of expenditures whose primary purpose is to provide support services for the institution's primary missions of instruction, research, and public service. Includes libraries, museums and galleries, educational media services, academic computing support, and academic administration.

*Student Services:* Category of expenditures for those activities whose primary purpose is to contribute to the student's emotional and physical well-being and to his/her intellectual, cultural, and social development outside the context of the formal instruction program. Includes the offices of admissions, registrar, and student life.

*Institutional Support:* Category of expenditures for central executive-level activities concerned with management and long-range planning of the entire institution; fiscal operations; administrative data process; space management; employee personnel and records; procurement, storerooms, printing, and transportation services; support services to faculty and staff, other than auxiliary enterprises; and, community and alumni relations, development, and fund raising activities.

*Operation and Maintenance of Plant:* Category of expenditures for the operation and maintenance of the physical plant, both grounds and facilities. Includes public safety, utilities, fire protection, and property insurance.

*Scholarships and Fellowships:* Category of expenditures for student financial assistance in the form of scholarships and fellowships. Includes grants to students resulting either from selection by the institution or from an entitlement program.

*Auxiliaries:* Entities that furnish goods or services to students, faculty, or staff; that charge a fee directly related to, though not necessarily equal to, the cost of the good or services; and that are managed as self-supporting activities. Includes resident halls, food services, college stores, and parking operations.

*Independent Operations:* Category of expenditures for operations that are independent of, or unrelated to, but which may enhance the primary mission of the institution.