

2008 Financial Accountability Report

**DRAFT**

**Colorado**  
**State**  
University

November 3, 2008

Colorado State University Faculty, Staff and Students:

I am pleased to inform you that later this month, Colorado State will publish its inaugural Financial Accountability Report, which will straightforwardly present specific, non-subjective information regarding the University's finances, including an overview of total University revenue and expenditures. The information will also look at a five-year history of University revenues and expenditures. This information is prepared annually in accordance with Generally Accepted Accounting Principles and is consolidated into the audited financial statements of the Colorado State University System.

The University currently publishes annual financial information as part of the audited consolidated financial statements of the Colorado State University System. However, in recent months we have seen a new level of interest relating to the financial information of Colorado State University, as well as some concern and much confusion about how CSU resources are being earned and expended. It has become apparent that providing straightforward annual financial information at the University level would be beneficial for the campus community. The new Financial Accountability Report will be issued each fall, once the annual financial audit has concluded, and will provide a useful overview of the University's financial position, revenue and expenditures. It will also contribute to our goal of providing greater transparency and accountability to all constituencies.

A preview highlighting a portion of the information that will be in the Financial Accountability Report is available online at <http://busfin.colostate.edu>. A few key points:

- Over the past five years, as the University has grown in nearly all areas, CSU's revenue has increased from \$593 million to approximately \$750 million.
- The portion of CSU's revenue provided by students through tuition and fees was 23 percent in 2004 and is 23 percent in 2008. Also, the portion of revenue from state support for the University has remained consistent over the same five year period.
- The portion of the university's expenditures toward instruction and academic support has also remained consistent over the past five years at 31 percent of the university's total expenditures. Likewise, expenditures for research have remained a consistent 23 percent of the University's overall expenditures.
- For FY 2008, students provided \$173.5 million of CSU's revenue through their share of tuition and fees. Also for FY 2008, the university expended \$230.9 million on instruction and academic support.
- The university's priorities have remained consistent as have its revenues and expenditures. Although we have witnessed significant growth over the last five years, we have not witnessed any significant changes in the proportions of CSU revenues and expenditures.

Once the full report is completed, it will be posted on the Web. In addition, this information will be presented at an open session for the campus community that I encourage you to attend. I hope you find this new report informative and useful, and look forward to providing this information to you on an annual basis.

Thank you,

Allison Dineen  
VP for Finance  
Colorado State University

## **COLORADO STATE UNIVERSITY**

### **2008 Financial Accountability Report Preview**

On the following pages is a preview of the Colorado State University 2008 Financial Accountability Report. The information begins with a one-page overview of all the University's revenues and expenditures, tracking all funds received and spent in appropriate categories following Generally Accepted Accounting Principles.

The preview also includes a few charts and graphs highlighting key revenue and expenditure categories.

The full 2008 Financial Accountability Report, derived from information consolidated into the audited financial statements of the Colorado State University System, is expected to be completed by mid- to late-November.

The new Financial Accountability Report will be issued each fall once the annual financial audit has concluded, and should provide a useful overview of the University's financial position and contribute to our goal of providing greater transparency and accountability to all constituencies.

Once completed, the report will be posted on the Web as well as presented at an open session for the campus community that all are encouraged to attend.

We hope you find this new report informative and useful and we look forward to providing this information to you on an annual basis.

**COLORADO STATE UNIVERSITY**

**Operating and Nonoperating Revenues**  
(amounts expressed in thousands)

	Five Year Period		
	-DRAFT- 2008	2007	2004
<b>Operating Revenues</b>			
Student tuition and fees (net of scholarship allowance)	\$173,461	152,295	134,810
State COF tuition stipends	42,744	41,382	-
State fee for service contract	75,595	67,730	-
Grants and contracts	265,431	245,338	221,688
Sales and service of educational activities	19,405	18,696	15,220
Auxiliary enterprises (net of scholarship allowance)	107,567	99,311	92,036
Other operating revenue	5,504	5,088	4,637
<b>Total Operating Revenues</b>	689,707	629,840	468,391
<b>Nonoperating revenues</b>			
State appropriations	3,250	3,250	94,930
Gifts	24,234	19,587	14,319
State capital contributions	20,321	3,819	404
Capital gifts and grants	6,956	21,657	10,647
Other nonoperating, net	6,059	10,936	4,314
<b>Total NonOperating Revenues</b>	60,820	59,249	124,614
<b>Total Revenues</b>	750,527	689,089	593,005

Student Tuition and Fee revenue represents tuition and fees paid by students, less scholarship allowance. The University also receives tuition revenue in the form of COF tuition stipends which are provided to students by the state. In addition to the state support provided through COF stipends, the University receives state support in the form of revenue generated from the state fee for service contract. Under this contract the University provides graduate education services, Veterinary Medicine professional service programs, and services to the state from the CSU agencies which include the CSU Extension, Agricultural Experiment Station, and the Colorado State Forest Service.

From fiscal year 2004 to fiscal year 2008, total revenues have remained proportional in relation to total University revenue.

**Operating Expenses**  
(amounts expressed in thousands)

	Five Year Period		
	-DRAFT- 2008	2007	2004
<b>Operating Expenses</b>			
Instruction	\$185,770	166,254	151,435
Research	167,908	166,428	135,607
Public service	82,458	67,730	66,336
Academic support	45,159	38,295	30,991
Student services	20,744	20,378	18,840
Institutional support	30,716	22,152	17,238
Operation and maintenance of plant	52,039	45,876	38,682
Scholarships and fellowships	6,427	5,998	5,212
Auxiliary enterprises	101,010	90,092	91,847
Depreciation	37,535	34,568	32,615
<b>Total Operating Expenses</b>	729,766	657,771	588,803

The programmatic use of expenses has remained relatively consistent from fiscal year 2004 to fiscal year 2008.

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

The University's Condensed Statement of revenues, expenses, and changes in net assets presents information showing how the net assets of the University have changed. This statement distinguishes between operating and nonoperating activities. Operating revenues result from providing goods and services relating to the University's mission. Operating expenses are incurred to acquire goods and services required to carry out the mission of the University. Nonoperating revenues are received when no goods and services are provided.

**COLORADO STATE UNIVERSITY**  
Condensed Statement of Revenues, Expenses and Change in Net Assets  
(amounts expressed in thousands)

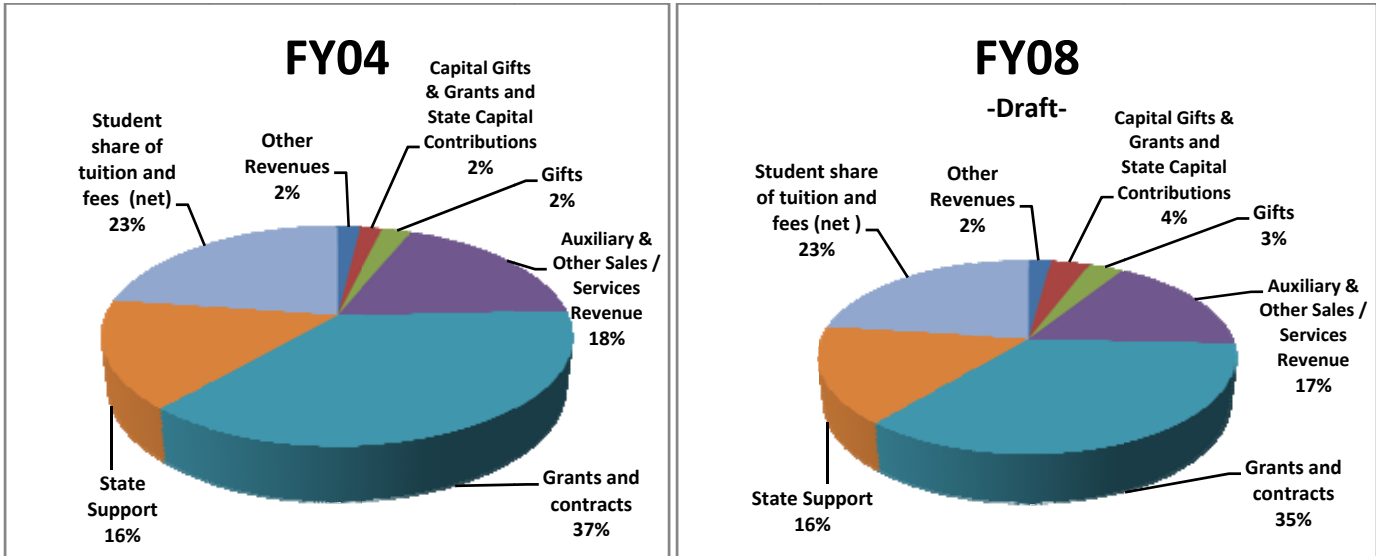
	-	<b>DRAFT-</b>	
	\$	<b>2008</b>	<b>2007</b>
Operating revenues	\$	689,707	629,840
Operating expenses		729,766	657,771
<b>Operating Loss</b>		<b>(40,059)</b>	<b>(27,931)</b>
Nonoperating revenues (net of expenses)		37,231	33,941
<b>Income before Other Revenues, Expenses, Gains or Losses</b>		<b>(2,828)</b>	<b>6,010</b>
Other revenues		23,589	25,308
<b>Increase in Net Assets</b>		<b>20,761</b>	<b>31,318</b>
Net assets, beginning of year		583,670	552,352
<b>Net Assets, end of year</b>		<b>604,431</b>	<b>583,670</b>

### Operating and Nonoperating Revenue

The University derives revenue from a number of different sources. The University's major source of operating revenue is from grants and contracts, student tuition and fees, state support, auxiliary revenue, and other self-generated revenue. Nonoperating revenue is received from a variety of sources primarily in the form of gifts, investment income, capital gifts and grants, and state capital appropriations.

The University experienced increases in all operating revenue sources over the past five fiscal years. In addition, the University's revenues from all sources have increased from \$593.0 million to \$750.5 million (26 percent) in the period from fiscal year 2004 to fiscal year 2008.

## Colorado State University Revenue Comparison

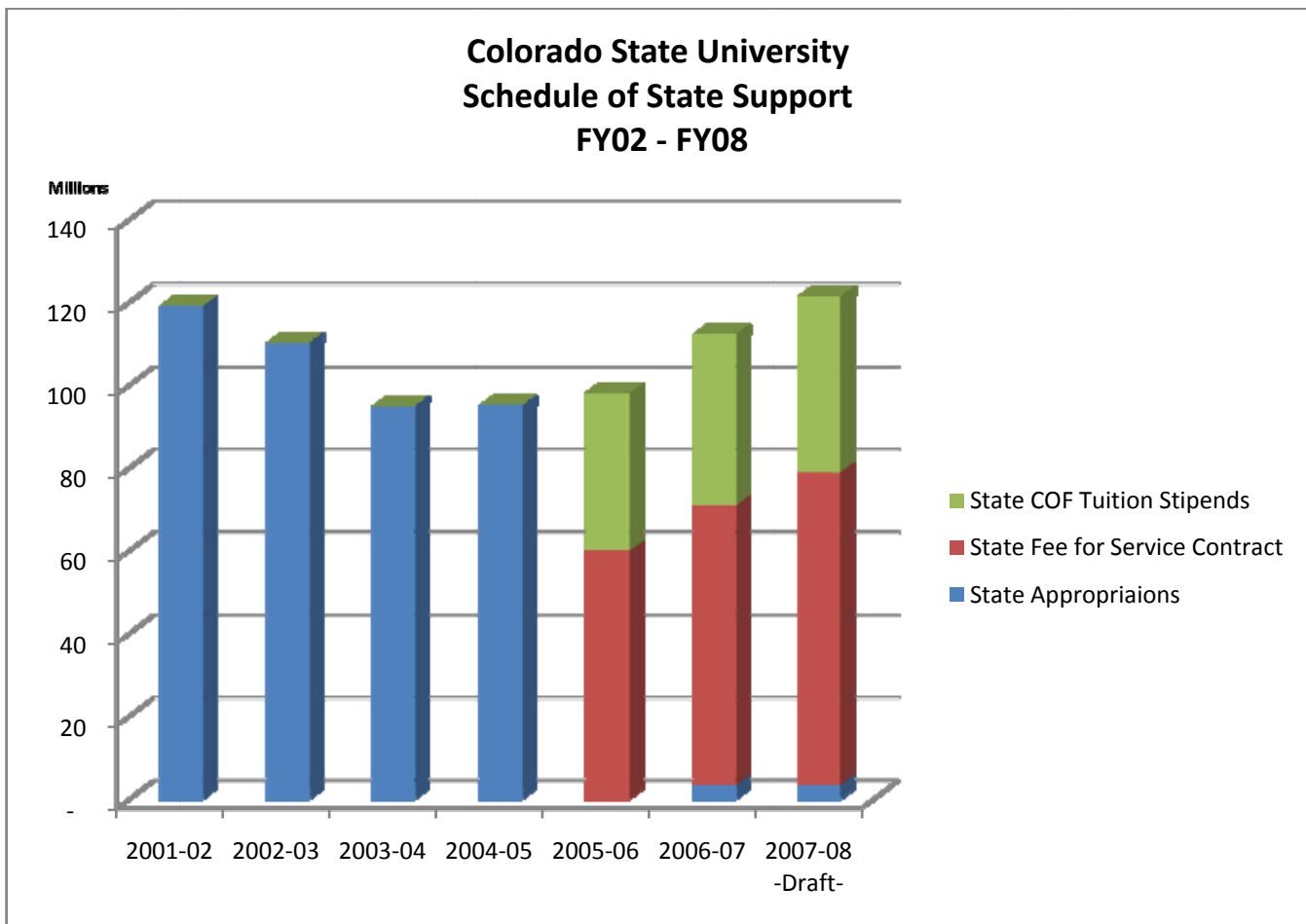


This information demonstrates that revenue was received in relatively the same proportions in the fiscal years indicated. As shown, the student share of the university's budget remains at 23 percent, state support remains at 16 percent, and there is little variation among the other revenue source areas. The charts show that the student share of tuition and fees and the revenue provided by the state have remained comparable between the fiscal years presented.

## Colorado State University State Support

The funding mechanism for higher education in Colorado changed in fiscal year 2006. Prior to this time the University received state support in the form of a general fund appropriation directly from the state. In fiscal year 2006 this changed and state support was provided to the University in the form of COF (College Opportunity Fund) tuition stipends and revenue earned by providing services to the state under the fee for service contract. Because of this new funding mechanism, Colorado State University recognized no state appropriations as nonoperating revenues in fiscal year 2006 compared to the \$95.1 million of state appropriations received in fiscal year 2005. However, fee for service revenue and COF tuition stipends were received in fiscal year 2006 as state support in lieu of this appropriation.

The following chart provides an overview of state support provided to the University over the past seven fiscal years.

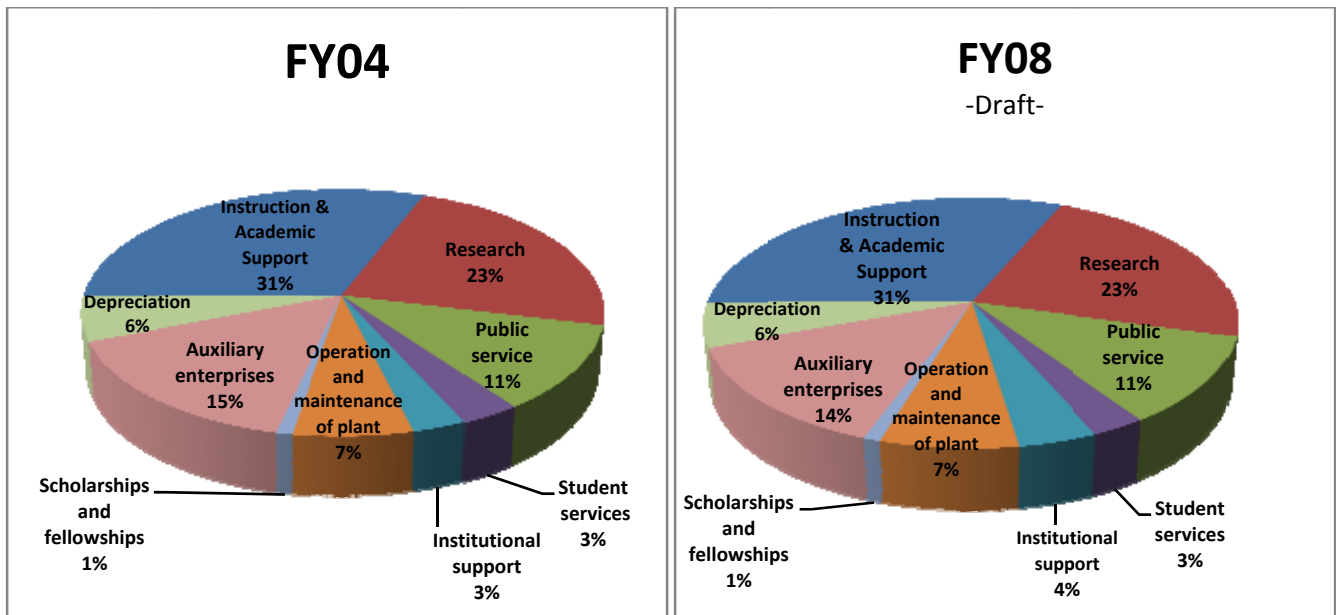


This chart demonstrates the significant drop in state support in the first half of the decade, and the increase (although through a new funding mechanism) has now surpassed that of FY 2002. As demonstrated in the previous chart, state support has remained a consistent percentage of the university's overall budget between fiscal year 2004 and fiscal year 2008.

## Colorado State University Expenditures

Colorado State University utilizes the revenues it receives to support the education, research, and public service mission of the institution. These expenditures are tracked by functional categories which designate the primary purpose for which the expenditure occurred. As the University has grown over the past five years there have been increases in all functional expense categories. Over this period the University's total expenses (operating and nonoperating) have increased from \$591.1 million to \$737.6 million, an overall increase of 25 percent from fiscal year 2004 to fiscal year 2008.

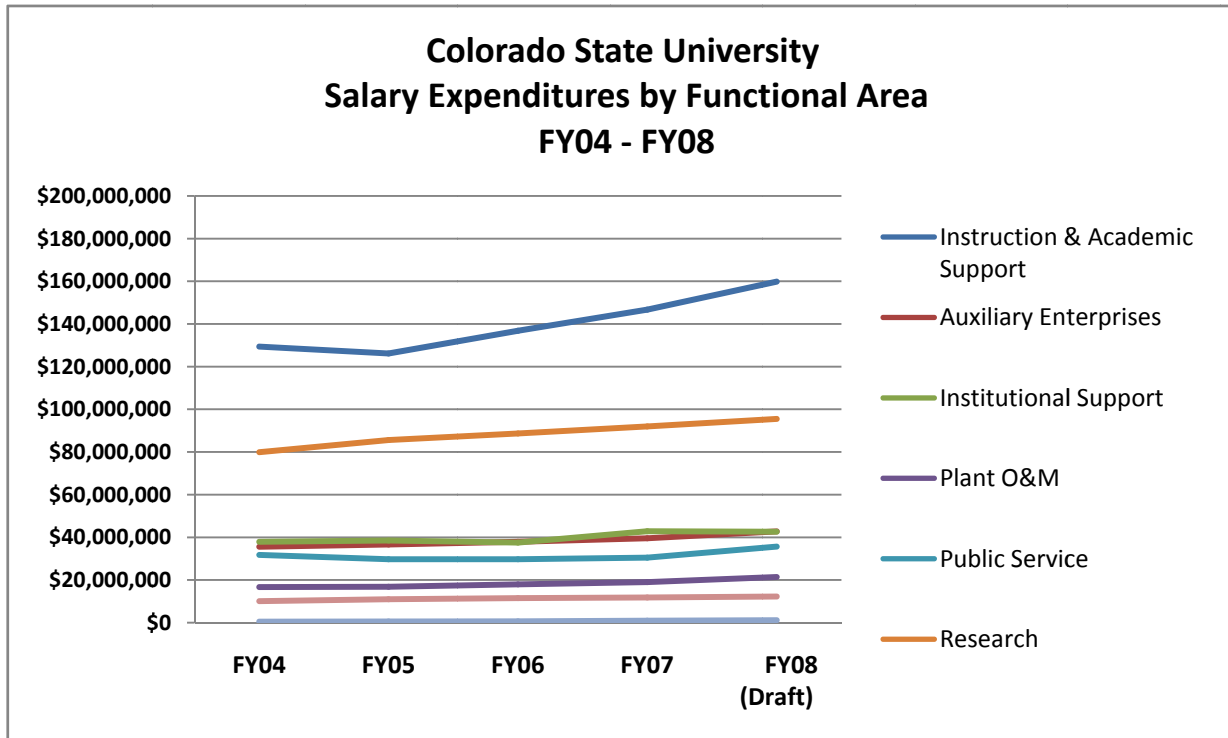
## Colorado State University Expenditure Comparison



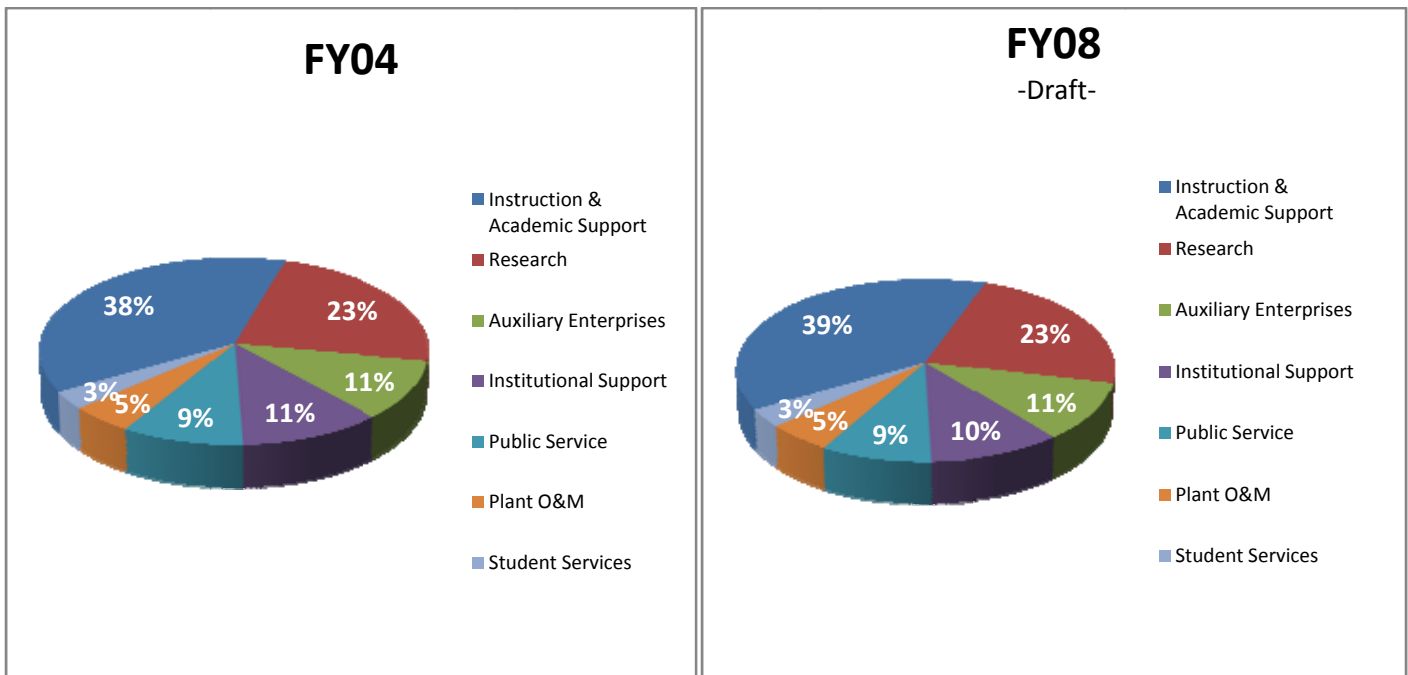
The charts above illustrate that University expenditures have remained consistent between fiscal year 2004 and fiscal year 2008. For example, in 2004 CSU expended 31 percent of its expenditures to Instruction and Academic Support; in 2008 that percentage of expenditure is comparable. Similarly, the university expended 23 percent of its expenditures on research in 2004, and expends the same percentage in 2008. This chart illustrates that there has not been a significant shift in the focus or expenditures of Colorado State University from fiscal year 2004 to fiscal year 2008.

## Colorado State University Salary Trends

As the University has grown, total salary expense (less fringe) has also increased. The following tables illustrate salary expenditure trends from fiscal year 2004 to fiscal year 2008.



### Colorado State University Salary Expenditures by Functional Area

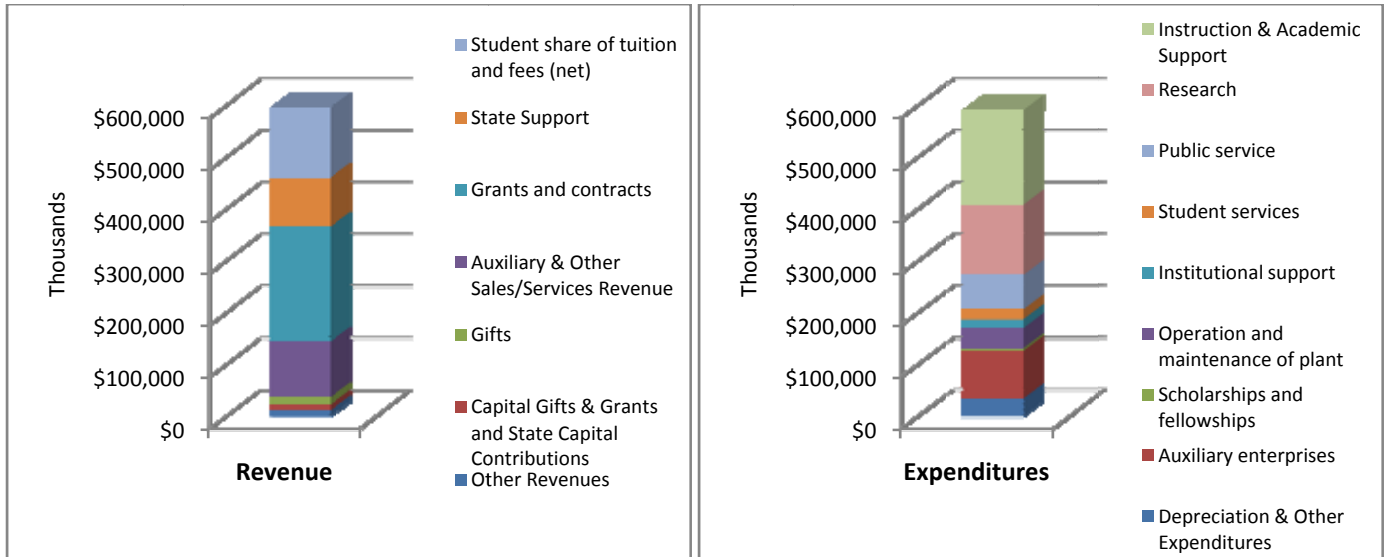


The data demonstrate that the salary expenditures, as a part of the overall expenditures, have remained relatively consistent between fiscal year 2004 and fiscal year 2008, with the largest increases occurring in the category of instruction and academic support.

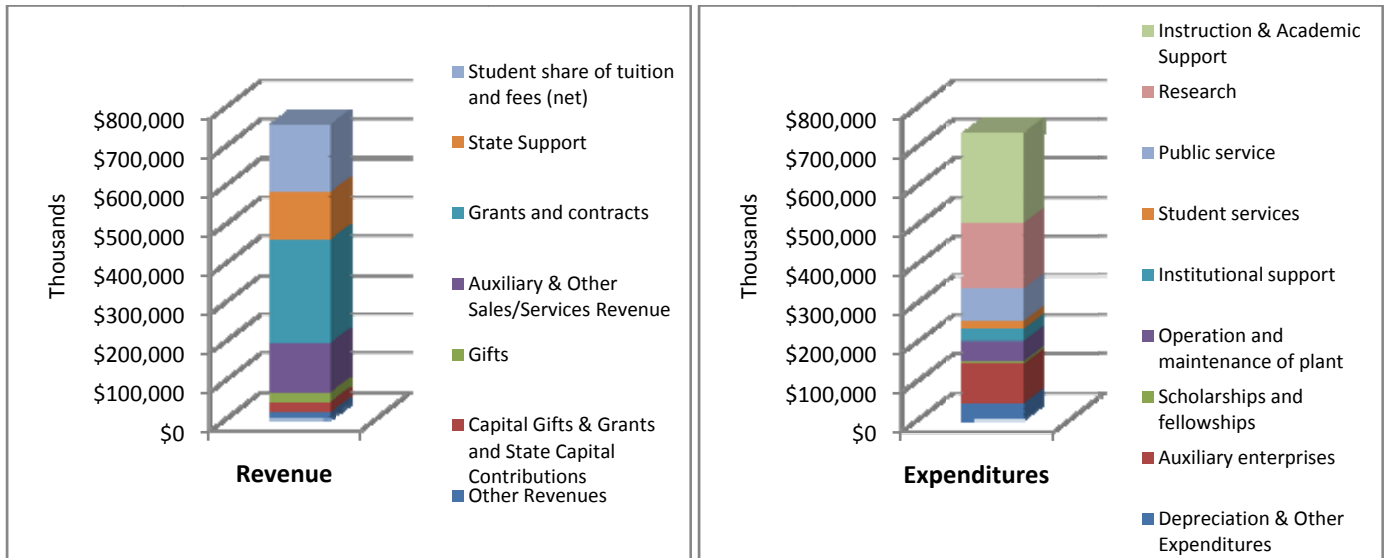
## Colorado State University Revenues & Expenditures

The following charts provide a comparison between revenue and expenditures by category for fiscal year 2004 and fiscal year 2008.

### FY 04



### FY08



The charts indicate that revenues in relation to expenditures have remained relatively constant, indicating a consistent strategy and execution regarding revenue and expenses to advance the university and achieve its mission.