

California State University, Long Beach



2009-2010

Annual Management Report

**A Supplement to the
Annual Audited Financial Report**

Foreword

August 9, 2010

Dr. F. King Alexander
President

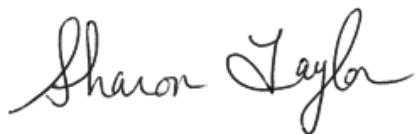
The Annual Management Report provides a comprehensive look at the University, with a focus on its finances for the year. These Financial Statements have been prepared according to California State University, Long Beach Financial Management guidelines, and are intended as a supplement to the CSU's audited financial statements, prepared on the basis of Generally Accepted Accounting Principles.

As a governmental not-for-profit State-supported institution, California State University, Long Beach operates various self-supporting auxiliary enterprises such as student residence halls, parking facilities, and extended education programs. It administers a variety of financial aid programs, which are funded primarily through State and Federal contributions. In addition, the California State University Foundation, the Associated Students, Inc., and the Forty-Niner Shops, Inc., operate as separate corporate entities under the auspices of the University.

The University's management is responsible for maintaining the financial integrity of the University. The University's internal accounting controls are designed to assure that the financial reports and the books of accounts properly reflect the many transactions performed by the institution, in accordance with established policies and procedures.

The Financial Management Division monitors the financial and accounting operations of the institution including the review, analysis, and issuance of the periodic financial statements, including bi-annual assessment of the University's financial results.

This report is intended solely for the information and use by the President, Vice Presidents, managers, faculty, and staff of California State University, Long Beach, and is not intended for use and distribution outside of the University.



Sharon Taylor
Associate Vice President, Office of Financial Management

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General Fund Budget

As of June 30, 2010, the University reported a total adjusted General Fund budget of \$331,995,833 representing an increase of \$16,410,098 from the Initial Base Budget Allocation of \$315,585,735. This increase consists of increased revenues and reimbursements of \$3,861,562, budget adjustments from the System Office of \$6,889,713, and an additional campus budget adjustment of \$11,116,123, offset by a one-time System base budget reduction of \$5,457,300. Changes in the General Fund budget are summarized below:

Initial Base Budget Allocation

2008-09 General Fund State Appropriation	\$ 204,868,758	
Initial Base Budget Reduction from State	(4,713,000)	
CSU Budget Adjustments	(1,394,700)	
Retirement Rate Adjustment	(111,180)	
Adjusted State Appropriation		198,649,878
Revenues and Reimbursements		<u>133,679,679</u>
Initial Budgeted General Fund Sources		\$ 332,329,557

Additional Base Budget Reduction from State	(44,076,600)	
Additional Revenues Due to 30% Fee Increase	<u>27,332,778</u>	
Campus IBD Budget Allocation		\$ 315,585,735

Increased Revenues and Reimbursements 3,861,562

Budget Adjustments Received from System Office:

Early Assessment Program Campus Coordinators	\$ 100,000	
MSTI-Math & Science Teachers Initiative	186,000	
Parent Institute for Quality Education	25,000	
Center for Usability in Design Accessibility	30,000	
Spring Course Allocation	1,850,000	
Fall 2010 Course Allocation	3,766,600	
CFA Grievance Settlement	44,400	
2009/10 CalPERS Retirement adjustment	611,700	
Miscellaneous allocations from the System Office	<u>276,013</u>	6,889,713
Revenues and System Office Budget Adjustments		10,751,275

System One-Time Base Budget Adjustment (5,457,300)

Campus Budget Adjustments

Prior Year Carry forward Allocated to Divisions	10,670,404	
Allocation of University Wide Entitlements	<u>445,719</u>	
Total Campus Budget Adjustments		<u>11,116,123</u>

Total Adjusted Budget at June 30, 2010 **\$ 331,995,833**

Notes:

Under the American Recovery and Reinvestment Act of 2009 (ARRA), the University received a Federal Stimulus grant which was used to cover state funding gap. The University received a total cash funding of \$52,316,800, of which \$19,659,100 was received in FY 2008-09 and \$32,657,700 was received in FY 2009-10. In FY 2009-10, the University paid back the entire amount of \$52,316,800 to the State; thus, no net impact to the General Fund allocation.

**General Fund: Source of Funds
For the Year Ended June 30, 2010**

	Original Internal Budget	Prior Year Reserves Distributed	Additional Budget Adjustments	Total Revised Budget
Revenues				
State University Fee	\$137,471,891	-	(2,148,020)	\$ 135,323,871
Non-Resident Tuition	12,523,300	-	(1,429,529)	11,093,771
Student Health Fee	3,500,000	-	(163,184)	3,336,816
Application Fee	2,500,000	-	127,589	2,627,589
Graduate Business Professional Fee	790,000	-	(15,390)	774,610
Interest income	463,000	-	(462,320)	680
Miscellaneous revenue	2,375,569	-	13,276,395	15,651,964
Total Revenues	159,623,760	-	9,185,542	168,809,302
Reimbursements				
Federal financial aid overhead	-	-	55,175	55,175
Federal Work-Study	1,388,697	-	(43,298)	1,345,399
Miscellaneous reimbursement	-	-	1,553,856	1,553,856
Total Reimbursements	1,388,697	-	1,565,733	2,954,430
Total Revenues and Reimbursements	161,012,457	-	10,751,275	171,763,732
State appropriation	154,573,278	-	(5,457,300)	149,115,978
Campus Budget Adjustments	-	11,116,123		11,116,123
Total Source of Funds	\$315,585,735	11,116,123	5,293,975	\$ 331,995,833

**General Fund: Application of Funds
For the Year Ended June 30, 2010**

	Revised Budget	Personal Services	Operating Expenses	Total Expenses	Budget Balance Available
President's Office	\$ 1,997,986	\$ 1,586,531	\$ 193,315	\$ 1,779,846	\$ 218,140
Academic Affairs	188,943,697	172,082,221	6,831,904	178,914,125	10,029,572
Student Services	16,813,311	14,737,415	1,489,442	16,226,857	586,454
Administration and Finance	68,005,876	43,038,629	19,545,628	62,584,257	5,421,619
University Relations & Development	6,928,750	5,795,746	778,276	6,574,022	354,728
Athletics	5,374,408	5,189,126	185,282	5,374,408	-
Total for Divisions	288,064,028	242,429,668	29,023,847	271,453,515	16,610,513
University Wide	43,931,805	17,090	35,445,831	35,462,921	8,468,884
Total Uses of Funds	\$ 331,995,833	\$242,446,758	\$ 64,469,678	\$ 306,916,436	\$ 25,079,397

**General Fund: Planned Use of Reserves
As of June 30, 2010**

Current Year Budget Balance Available at June 30, 2010-Adjusted	\$25,079,397
Cumulative Contingency Reserve at July 1, 2009	13,919,732
General Fund Cumulative Reserve balance at June 30, 2010	\$38,999,129
Budget Balance Allocated to Divisions in FY10/11	(16,610,513)
University Wide Entitlements	(1) (3,696,717)
Designated Campus Reserve (3%)	(2) (9,467,572)
Cumulative Contingency Funds for future commitment	\$9,224,327

- (1) Earmarked for CMS and University Contingency
(2) 3% of the \$315,585,735 Campus IBD Budget Allocation

**Statement of Funds
For the Year Ended June 30, 2010**

	General Fund	College of Continuing and Professional Education	Housing	Parking
<u>SOURCE</u>				
<u>Revenues</u>				
State appropriation	\$ 149,115,978	-	-	-
Operations revenue	153,159,028	16,111,687	13,367,006	7,369,385
Miscellaneous revenue	8,759,881	1,060,350	1,313,960	631,036
Interest income	680	104,971	203,946	104,049
Reimbursements/Transfers in	<u>9,844,143</u>	<u>11,159,155</u>	<u>3,000,000</u>	<u>-</u>
Total revenues	320,879,710	28,436,163	17,884,912	8,104,471
Reserves from prior year	<u>25,035,855</u>	<u>7,280,791</u>	<u>17,835,274</u>	<u>11,028,723</u>
Total source of funds	\$345,915,565	\$35,716,954	\$35,720,185	\$19,133,194
<u>APPLICATION</u>				
<u>Salaries</u>				
Salaries & wages - mgmt	19,713,062	818,417	308,121	144,083
Salaries & wages - staff	55,928,478	2,621,394	1,443,979	1,122,749
Student assistants	2,415,649	543,377	272,462	246,217
Other salaries & wages	(38,716)	(31,418)	46,866	57,353
Salaries & wages - faculty	60,091,373	-	-	-
Department chairs	4,907,864	11,348	-	-
Other faculty salaries & wages	33,127,358	4,090,072	-	-
Instructional student assistants	394,133	1,818	-	-
Work study	<u>1,341,091</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total salaries	177,880,290	8,055,009	2,071,429	1,570,403
Benefits	<u>64,566,467</u>	<u>1,929,169</u>	<u>953,616</u>	<u>613,877</u>
Total salaries and benefits	242,446,757	9,984,178	3,025,046	2,184,280
Operating expenditures	<u>64,469,679</u>	<u>17,827,579</u>	<u>12,917,354</u>	<u>4,453,993</u>
Total application of funds	\$306,916,436	\$27,811,756	\$15,942,400	\$6,638,273
Reserve balance, end of year	<u>\$ 38,999,129</u>	<u>\$7,905,198</u>	<u>\$ 19,777,785</u>	<u>\$12,494,921</u>

**Statement of Funds
For the Year Ended June 30, 2010**

	Parking Fines and Forfeitures	State Lottery	Other Trusts Funds	Total Operations (Pages 4 & 5)
<u>SOURCE</u>				
<u>Revenues</u>				
State appropriation	-	-	-	\$ 149,115,978
Operations revenue	1,002,952	-	334,880	191,344,937
Miscellaneous revenue	177,389	1,287	191,589,718	203,533,620
Interest income	31,441	16,525	833,568	1,295,181
Reimbursements/Transfers in	-	2,756,580	51,254,145	78,014,023
Total revenues	1,211,781	2,774,392	244,012,311	623,303,740
Reserves from prior year	1,575,152	1,695,722	29,361,225	93,812,741
Total source of funds	\$2,786,933	\$4,470,115	\$273,373,535	\$717,116,481
<u>APPLICATION</u>				
<u>Salaries</u>				
Salaries & wages - mgmt	-	-	407,591	21,391,274
Salaries & wages - staff	-	36,740	1,223,615	62,376,955
Student assistants	-	225,547	1,005,433	4,708,685
Other salaries & wages	-	147	1,062,260	1,096,493
Salaries & wages - faculty	-	-	-	60,091,373
Department chairs	-	-	4,429	4,923,642
Other faculty salaries & wages	-	92,153	1,586,717	38,896,299
Instructional student assistants	-	38,494	-	434,445
Work study	-	-	576	1,341,667
Total salaries	-	393,082	5,290,620	195,260,833
Benefits	-	23,524	859,382	68,946,035
Total salaries and benefits	-	416,606	6,150,002	264,206,867
Operating expenditures	1,202,263	2,101,104	237,072,787	340,044,760
Total application of funds	\$1,202,263	\$2,517,710	\$243,222,789	\$604,251,627
Reserve balance, end of year	1,584,670	1,952,405	30,150,746	112,864,854

Description of Funds

A. General Fund

The General Fund is the predominant fund for financing University operations. It consists of the General Fund State Appropriation and student fee revenue. It may not be pledged toward capital programs and must be consistent with support of the mission of the CSU.

B. College of Continuing and Professional Education (CCPE)

The continuing education program provides the opportunity to students not currently admitted to CSULB to enroll in courses offered by the university for credit and professional development. It is self-supporting and derives its revenues primarily from student fee revenue and interest income. Funds are used for current operating expenses, maintenance and repair, and improvements to facilities. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs.

C. Housing Funds

The housing program provides on-campus housing primarily for students. It is a self-supporting program, deriving its revenues from fees collected for the use of the residence facilities. The housing operations funds are used for current operating expenses, maintenance and repair, improvements to facilities, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expense and capital needs.

The housing maintenance and repair funds are used to pay for extraordinary maintenance expenses, improvements, replacements, or renovation of furniture and equipment for the campus housing program.

D. Parking Funds

The parking program provides parking facilities. It is self-supporting and derives its revenues primarily from student fee revenue and interest income. The parking operations funds are used for construction, repair and maintenance, and interest and principal payments on outstanding bonds. Available balances after payment of all operating expenses and required charges remain available for future program expenses and capital needs.

E. Parking Fines and Forfeitures Fund

The Parking Fines and Forfeitures Fund derives its revenues primarily from the issuance of parking tickets. It can only be used for citation administration and alternate transportation projects for faculty, staff, and students.

F. State Lottery Fund

The State Lottery Fund is funded by allocations received from profits of the California State Lottery Commission. Funds received shall be used exclusively for the education of students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose.

G. Other Trust Funds

Revenue Trust Funds are derived from monies received that are not designated for General Fund activities. These funds are used for activities specified in the trust agreement at the time the trust was created.

**Statement of Revenues and Expenditures - Auxiliary Organizations
For the Year Ended June 30, 2010**

	University				
	CSULB Foundation	Associated Students, Inc.	Student Union	Forty-Niner Shops, Inc.	Total
Operating Revenues					
Operations revenue	\$ 40,944,152	\$ 3,189,650	\$ 2,905,616	\$ 28,907,658	\$ 75,947,075
Miscellaneous revenue	<u>9,998,204</u>	<u>1,723,409</u>	<u>1,402,507</u>	<u>1,293,346</u>	<u>14,417,465</u>
Total Operating Revenues	<u>50,942,356</u>	<u>4,913,058</u>	<u>4,308,122</u>	<u>30,201,004</u>	<u>90,364,541</u>
Operating Expenditures					
Salaries and benefits	25,441,607	2,765,370	2,653,035	9,371,472	40,231,484
Operating expenditures	28,867,425	2,190,196	1,414,964	21,804,416	54,277,001
Depreciation	<u>1,281,615</u>	<u>114,737</u>	<u>134,353</u>	<u>1,016,169</u>	<u>2,546,874</u>
Total Operating Expenditures	<u>55,590,647</u>	<u>5,070,303</u>	<u>4,202,352</u>	<u>32,192,057</u>	<u>97,055,359</u>
Operating Income/(Loss)	(4,648,291)	(157,245)	105,770	(1,991,053)	(6,690,818)
Net Non-Operating Revenues	<u>11,333,472</u>	<u>36,917</u>	<u>73,676</u>	<u>539,041</u>	<u>11,983,105</u>
Increase (Decrease) in Fund Balance	<u>\$ 6,685,181</u>	<u>\$ (120,328)</u>	<u>\$ 179,446</u>	<u>\$ (1,452,012)</u>	<u>\$ 5,292,287</u>

Description of Auxiliary Organizations

A. California State University, Long Beach Foundation (the “Foundation”)

The Foundation was created to administer grants from governmental and private agencies for research and other activities related to the programs of the University, and to accept donations, gifts, and bequests for any University-related use.

B. Associated Students, Inc.

The Associated Students, Inc. was created to administer various student programs and activities. Student fees and other revenue are collected for the support of student-related programs and for the acquisition of assets that benefit the student body.

C. University Student Union

The University Student Union (the “Union”) is operated by the Board of Directors of the Associated Students, Inc. The Union operates the Student Union Building. The operations include a candy counter, recreation center, information/ticket booth, and graphics department.

D. Forty-Niner Shops, Inc.

The Forty-Niner Shops, Inc. was created to operate food services and bookstore activities at the University for the benefit of the campus. Its customer base consists primarily of students enrolled at the University.

Glossary of Terms

ALLOCATION - A distribution of funds or an expenditure limit established for an organizational unit.

APPROPRIATION - An authorization from a specific fund to accommodate expenditures/incur obligations for a specified purpose and period of time. These appropriation items are routinely limited to one year, unless otherwise specified.

ARRA – American Recovery and Reinvestment Act of 2009. Bill passed by President Obama in February 2009 as an economic stimulus package. The CSU has received a Federal Stimulus grant under the American Recovery and Reinvestment Act of 2009 which was used to restore state appropriations.

AUXILIARY ORGANIZATION - An independent, self-supporting entity which is operated as a service for the benefit of the CSULB community. At CSULB, the auxiliary organizations are Forty-Niner Shops, Inc., Associated Students, Inc. (including University Student Union), and CSULB Foundation.

BENEFITS - Category of expenditures representing the employer's (state) costs of contributions for employees' benefits such as: retirement, OASDI, health and welfare benefits, Workers' Compensation, unemployment insurance, industrial disability leave benefits and non-industrial disability leave benefits.

DIVISION - An organizational unit comprised of various departments.

FISCAL YEAR (FY) - A twelve-month period to which a budget applies. The FY for CSULB begins July 1 and ends June 30.

FUND - An entity that provides for the segregation of revenues and expenses to account for specific activities or obligations in accordance with restrictions or limitations. At CSULB, these funds are General, Housing, College of Continuing and Professional Education (CCPE), Parking, Parking Fines and Forfeitures, and State Lottery. Although not reflected in this presentation, the University also manages Federal and Agency Trust Funds.

ORIGINAL INTERNAL BUDGET - A campus plan of General Fund financial operations for the fiscal year beginning July 1; organized by operating division and department.

REIMBURSEMENTS - Amount received as repayment for the cost of work, for service performed, or for other expenditures made on behalf of another governmental unit or department. Reimbursements represent the recovery of expenditures, such as EO 1000, Federal Work Study, and other financial aid.

REVISED BUDGET - A year-to-date plan of financial operation for the fiscal year as modified by CSULB. This includes transfer to, from, and within the Original Internal Budget and any additional allocation(s) received by the University.

TRANSFERS - The movement of resources from one fund to another.

UNIVERSITY-WIDE ITEMS - Category of items defined by the campus as special allocations or special reserves/contingency funds (litigation, general reserves) or expenditures which are reflected across the University without regard to a particular operating division (utilities, student financial aid grant programs, staff benefits, compensation). These funds are managed at the university level.