

California State University, Long Beach



2010-2011
Annual Management Report
A Supplement to the
Annual Audited Financial Report

Foreword

September 07, 2011

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, 2011, the University reported a total adjusted General Fund budget of \$362,207,999 representing an increase of \$23,913,867 from the Initial Base Budget Allocation of \$338,294,132. This increase consists of higher revenues and reimbursements of \$2,099,346, budget adjustments from the System Office of \$4,306,791, and additional campus budget adjustments of \$17,507,730.

Changes in the General Fund budget are summarized below:

Initial Base Budget Allocation

2009-10 General Fund State Appropriation	\$ 154,573,278	
Final General Fund Allocation by CO	\$ 19,006,840	
Other CSU Adjustments	(39,612)	
Retirement Rate Adjustment	611,700	
Adjusted State Appropriation		174,152,206
Revenues and Reimbursements		161,012,457
Initial Budgeted General Fund Sources		\$ 335,164,663
Additional Revenues Due to Tuition Fee Increases		4,418,838
Other Receipts Adjustment		(1,289,369)
Campus IBD Budget Allocation		3,129,469

Increased Revenues and Reimbursements

2,099,346

Budget Adjustments Received from System Office:

Early Assessment Program Campus Coordinators	\$ 100,000	
MSTI-Math & Science Teachers Initiative	177,000	
Parent Institute for Quality Education	25,000	
Center for Usability in Design Accessibility	140,000	
Allocation for Research, Scholarship, and Creative Activity	222,723	
California's Call to Service	45,000	
Council on Ocean Affairs, Science and Technology	48,656	
2010/11 CalPERS Retirement adjustment	3,430,530	
Miscellaneous allocations from the System Office	117,882	4,306,791
Revenues and System Office Budget Adjustments		6,406,137

Campus Budget Adjustments

Prior Year Carry forward Allocated to Divisions		16,504,158
Allocation of University Wide Entitlements		1,003,572
Total Campus Budget Adjustments		17,507,730

Total Adjusted Budget at June 30, 2011

\$ 362,207,999

Notes:

Under the American Recovery and Reinvestment Act of 2009 (ARRA), the University received a Federal Stimulus grant which was used to cover the state funding gap. In FY 2010/11, the University received funding of \$10,422,000 to be used for salary costs associated with instructional and educational support services of students. The award funds were exchanged with campus cash, so there was no net impact to the General Fund allocation.

**General Fund: Source of Funds
For the Year Ended June 30, 2011**

	Original Internal Budget	Prior Year Reserves Distributed	Additional Budget Adjustments	Total Revised Budget
Revenues				
State University Fee	\$ 141,726,419	-	(3,887,811)	\$ 137,838,608
Non-Resident Tuition	12,687,610	-	(1,789,827)	10,897,783
Student Health Fee	3,364,815	-	(81,057)	3,283,758
Application Fee	2,648,346	-	129,264	2,777,610
Graduate Business Professional Fee	844,382	-	(59,094)	785,288
Interest income	-	-	591	591
Miscellaneous revenue	1,777,304	-	9,121,109	10,898,413
Total Revenues	163,048,876	-	3,433,175	166,482,051
Reimbursements				
Federal financial aid overhead	-	-	142,582	142,582
Federal Work-Study	1,093,050	-	-	1,093,050
Miscellaneous reimbursement	-	-	2,830,380	2,830,380
Total Reimbursements	1,093,050	-	2,972,962	4,066,012
Total Revenues and Reimbursements	164,141,926	-	6,406,137	170,548,063
State appropriation	174,152,206	-	-	174,152,206
Campus Budget Adjustments	-	17,507,730	-	17,507,730
Total Source of Funds	\$ 338,294,132	17,507,730	6,406,137	\$ 362,207,999

**General Fund: Application of Funds
For the Year Ended June 30, 2011**

	Revised Budget	Personal Services	Operating Expenses	Total Expenses	Budget Balance Available
President's Office	\$ 2,277,081	\$ 1,758,709	\$ 213,258	\$ 1,971,967	\$ 305,114
Academic Affairs	204,734,653	177,892,720	7,999,349	185,892,069	18,842,584
Student Services	19,121,990	16,219,536	1,773,991	17,993,527	1,128,463
Administration and Finance	75,785,860	47,439,574	21,225,005	68,664,579	7,121,281
University Relations & Development	7,797,037	6,117,467	785,113	6,902,580	894,457
Athletics	6,599,834	6,040,267	559,567	6,599,834	-
Total for Divisions	316,316,456	255,468,274	32,556,283	288,024,557	28,291,899
University Wide	45,891,544	17,479	44,667,476	44,684,955	1,206,589
Total Uses of Funds	\$ 362,207,999	\$255,485,753	\$ 77,223,759	\$ 332,709,512	\$ 29,498,487

**General Fund: Planned Use of Reserves
As of June 30, 2011**

	Amount	Notes
Unallocated Cumulative Contingency Reserve at July 1, 2010	\$21,490,899	
Current Year Budget Balance Available at June 30, 2011-Adjusted	29,498,487	
General Fund Cumulative Reserve balance at June 30, 2011	\$50,989,386	
Budget Balance Allocated to Divisions in FY11/12	(28,271,908)	
University Wide Entitlements	(3,567,680)	(1)
Designated Campus Reserve (3%)	(10,148,824)	(2)
Cumulative Contingency Funds for future commitment	\$9,000,974	

Notes:

- (1) Earmarked for CMS Projects
- (2) 3% of the \$338,294,132 Campus IBD Budget Allocation

**Statement of Funds
For the Year Ended June 30, 2011**

Statement of Funds	College of Continuing and			
	General Fund	Professional Education	Housing	Parking
SOURCE of FUNDS				
Revenues				
State appropriation	174,152,206	-	-	-
Operations revenue	155,590,946	27,428,808	18,629,501	7,614,230
Miscellaneous revenue	6,583,722	1,363,402	1,481,973	603,370
Interest income	591	67,532	91,420	46,631
Reimbursements/Transfers in	8,372,804	10,320,029	223,344	-
Total revenues	344,700,269	39,179,771	20,426,238	8,264,231
Reserves from prior year	38,998,629	7,905,198	19,777,785	12,494,921
Total source of funds	\$383,698,898	\$47,084,969	\$40,204,023	\$20,759,152
APPLICATION OF FUNDS				
Salaries				
Salaries & wages - mgmt	21,083,659	755,092	339,456	158,736
Salaries & wages - staff	60,551,560	2,794,954	1,681,616	1,301,351
Student assistants	2,454,144	644,903	267,440	222,658
Other salaries & wages	1,377,484	24,112	38,082	63,111
Salaries & wages - faculty	61,269,907	-	-	-
Department chairs	5,380,152	-	-	-
Other faculty salaries & wages	30,574,539	7,517,560	-	-
Instructional student assistants	467,937	3,651	-	-
Work study	1,289,353	-	-	-
Total salaries	184,448,735	11,740,272	2,326,594	1,745,856
Benefits	71,037,018	2,128,633	1,128,369	763,995
Total salaries and benefits	255,485,753	13,868,905	3,454,963	2,509,851
Operating expenditures	77,223,759	19,450,015	8,488,309	4,928,017
Total application of funds	\$332,709,512	\$33,318,920	\$11,943,272	\$7,437,868
Reserve balance, end of year	\$ 50,989,386	\$ 13,766,049	\$ 28,260,751	\$13,321,284

Statement of Funds
For the Year Ended June 30, 2011

Statement of Funds	Parking Fines and Forfeitures	State Lottery	Other Trusts Funds	Total Operations (Pages 4 & 5)
SOURCE OF FUNDS				
Revenues				
State appropriation	-	-	-	\$ 174,152,206
Operations revenue	1,146,630	-	385,194	210,795,309
Miscellaneous revenue	(511)	-	210,321,620	220,353,576
Interest income	9,811	6,615	543,664	766,264
Reimbursements/Transfers in	-	3,327,919	49,109,824	71,353,920
Total revenues	1,155,930	3,334,534	260,360,302	677,421,275
Reserves from prior year	1,584,670	1,952,405	30,150,746	112,864,354
Total source of funds	\$2,740,600	\$5,286,939	\$290,511,048	\$790,285,629
APPLICATION OF FUNDS				
Salaries				
Salaries & wages - mgmt	-	-	453,768	22,790,711
Salaries & wages - staff	-	37,067	1,583,781	67,950,329
Student assistants	-	277,858	918,930	4,785,933
Other salaries & wages	-	328	30,790	1,533,907
Salaries & wages - faculty	-	-	-	61,269,907
Department chairs	-	-	18,612	5,398,764
Other faculty salaries & wages	-	59,818	2,622,282	40,774,199
Instructional student assistants	-	67,629	-	539,217
Work study	-	-	-	1,289,353
Total salaries	-	442,700	5,628,163	206,332,320
Benefits	-	31,055	1,493,317	76,582,387
Total salaries and benefits	-	473,755	7,121,480	282,914,707
Operating expenditures	1,367,231	2,976,813	253,007,389	367,441,533
Total application of funds	\$1,367,231	\$3,450,568	\$260,128,869	\$650,356,240
Reserve balance, end of year	\$1,373,369	\$1,836,371	\$ 30,382,179	\$ 139,929,389

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 parking 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, 2011

	CSULB Foundation	Associated Students, Inc.	University Student Union	Forty-Niner Shops, Inc.	Total
Operating Revenues					
Operations Revenue	\$ 41,565,643	4,958,257	6,778,350	29,618,484	82,920,734
Miscellaneous Revenue	4,945,145	-	-	1,522,874	6,468,019
Total Operating Revenues	<u>46,510,788</u>	<u>4,958,257</u>	<u>6,778,350</u>	<u>31,141,358</u>	<u>89,388,753</u>
Operating Expenditures					
Salaries and Benefits	26,307,933	2,698,360	4,163,221	9,518,755	42,688,269
Operating Expenditures	27,550,008	1,997,358	2,105,580	20,707,960	52,360,906
Depreciation	1,438,466	102,515	138,264	1,227,227	2,906,472
Total Operating Expenditures	<u>55,296,407</u>	<u>4,798,233</u>	<u>6,407,065</u>	<u>31,453,942</u>	<u>97,955,647</u>
Operating Income/(Loss)	(8,785,619)	160,024	371,285	(312,584)	(8,566,894)
Net Non-Operating Revenues	<u>21,051,927</u>	<u>42,121</u>	<u>47,273</u>	<u>867,863</u>	<u>22,009,184</u>
Increase (Decrease) in Fund Balance	<u>\$ 12,266,308</u>	<u>202,145</u>	<u>418,558</u>	<u>555,279</u>	<u>13,442,290</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 "Union")

The University Student 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.