



# Financial Report

2018





Campus Stakeholders,

CSU-Pueblo proudly implements its mission by providing educational opportunities for our students, by conducting research, and by serving the community. These activities are made possible by judiciously managing our financial resources. I am pleased to present the CSU-Pueblo 2018 Financial Report, which has been prepared to provide interested parties with financial information regarding our campus. This report summarizes data taken from the Quali Financial System (KFS). This database is the general ledger for CSU-Pueblo and is used to prepare the annual financial statements for the University.

Pages 1 and 2 include expenditure and revenue data from three fiscal years. Pages 3 and 4 show trend data of revenue and state support over the past four years. Pages 5 and 6 depict expenditure trends and includes information on compensation. Finally, summaries of assets and liabilities from the balance sheet are shown on pages 7 and 8.

By improving financial transparency, campus stakeholders will have a better understanding of the revenues collected by the campus and the activities supported by these revenues. Thank you for supporting CSU-Pueblo and the students we serve.

Respectfully,

A handwritten signature in blue ink that reads "Karl Spiecker". The signature is written in a cursive style.

Karl Spiecker  
Vice President for Finance and Administration

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

	2008	2017	2018
<b>Operating revenue</b>			
College Opportunity Fund	8,342	6,683	6,413
State Fee-For-Service revenue	7,074	8,969	10,196
<b>Sub-total of State Funds</b>	<b>15,416</b>	<b>15,651</b>	<b>16,609</b>
Student tuition and fees (net of scholarship allowances)	9,833	27,964	26,700
Grants and contracts	16,211	12,820	9,316
Sales and services of educational activities	252	511	199
Auxiliary enterprises, (net of scholarship allowances)	8,305	9,659	10,123
Other operating revenue	574	773	348
<b>Total operating revenue</b>	<b>50,591</b>	<b>67,379</b>	<b>63,296</b>
<b>Nonoperating revenues (expenses)</b>			
State appropriations	-	899	1,800
Gifts	2,672	4,320	3,560
Investment Income	967	153	269
Interest expense on capital debt	(555)	(3,371)	(5,044)
Federal nonoperating grants and contracts	-	7,982	8,312
Gain (Loss) on disposal of assets	3,908	-	-
Other nonoperating revenues	0	253	(4,274)
<b>Total nonoperating revenues</b>	<b>6,993</b>	<b>10,236</b>	<b>4,623</b>
<b>Other revenues</b>			
Fees	-	1,711	1,498
State capital contributions	8,097	1,293	1,935
Capital grants and capital gifts	-	190	91
Payments from (to) governing boards or other institutions*	(340)	2,339	2,707
<b>Total other revenues</b>	<b>7,757</b>	<b>5,533</b>	<b>6,231</b>
<b>Total Revenues</b>	<b>65,341</b>	<b>83,148</b>	<b>74,150</b>

\* In recent years, the CSU System has invested in the CSU-Pueblo campus. In 2017 and 2018, the investment included support for new academic programs, assistance in making debt service payments for the residence halls, funds to relocate a scoreboard from Ft. Collins to the ThunderBowl, and funds to repair the surface of the football stadium.

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

	2008	2017	2018
<b>Operating expenses</b>			
Instruction	16,963	24,534	28,307
Research	163	2,754	4,152
Public service	4,433	452	536
Academic support	5,471	6,505	6,810
Student services	5,519	6,674	7,262
Institutional support	2,371	7,334	8,806
Operation and maintenance of plant	5,566	8,701	9,311
Scholarships	2,106	8,552	5,278
Auxiliary enterprises	8,516	15,133	16,286
Depreciation	3,616	7,280	8,167
<b>Total operating expenses</b>	<b>54,726</b>	<b>87,919</b>	<b>94,914</b>

Student tuition and fee revenue represents tuition and fees paid by students, less scholarship allowance. The University also receives two types of state funds: (a) tuition revenue in the form of College Opportunity Fund (COF) payments, which are provided to students by the state; and (b) revenue from the State Fee-for-Service contract.

From 2008 through 2018, CSU-Pueblo's revenue from tuition and fees increased by 172%. During this period, the support from state funds (College Opportunity Fund and State Fee for Service) increased by 7.7%. In the past two years, the state received an appropriation from the Marijuana Tax Fund to support the Institute of Cannabis Research (ICR).

Interest expense on capital debt has increased substantially over the past decade. The majority of these payments are for construction projects funded with student fees (residence halls, Student Recreation Center, and the Occhiato Student Center).

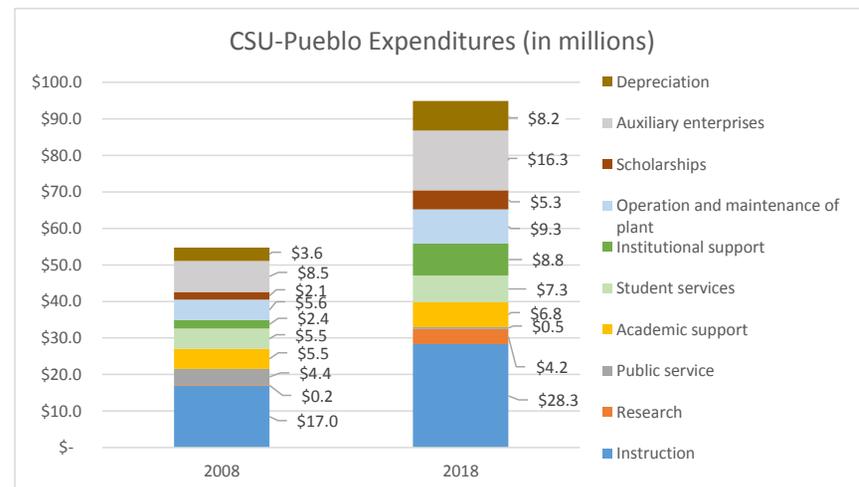
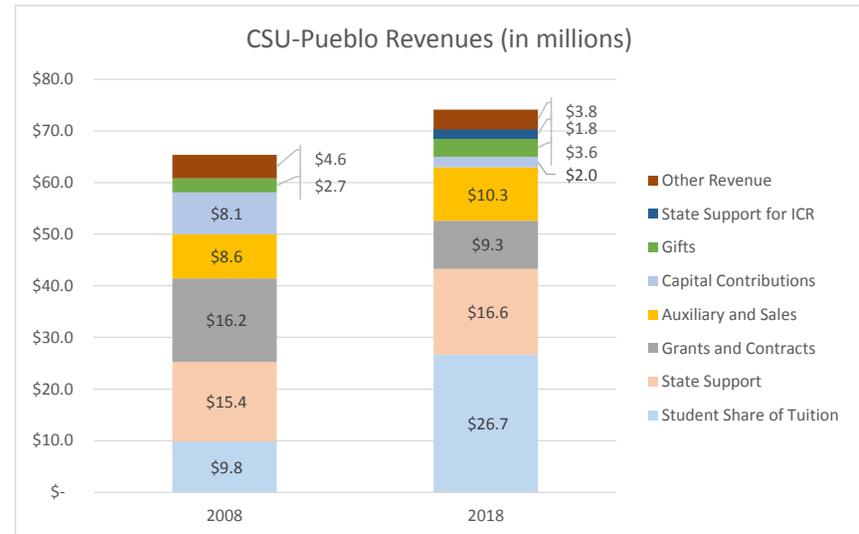
### Statement of Revenues, Expenses, and Changes in Net Assets

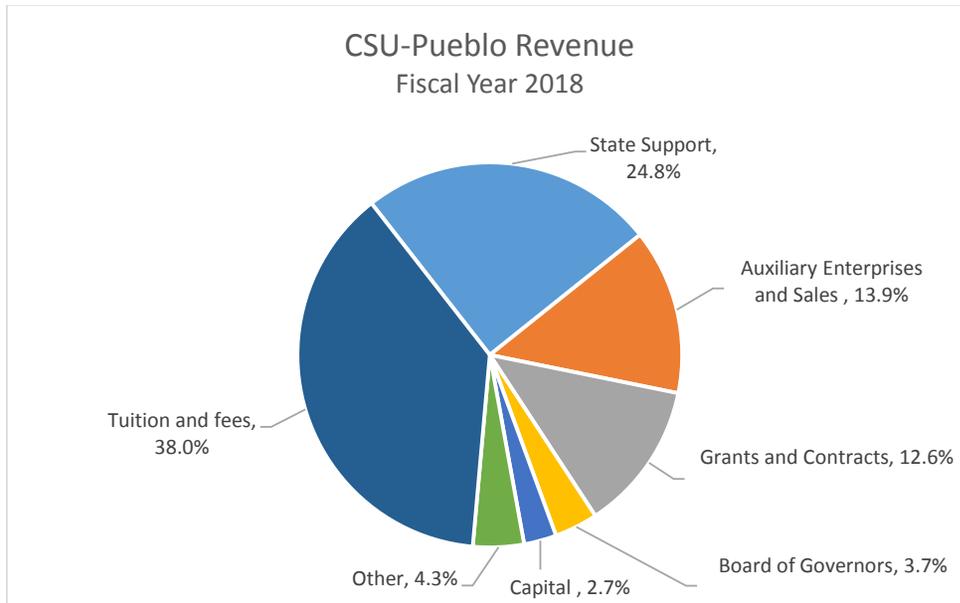
The University's Condensed Statement of Revenues, Expenses, and Changes in Net Assets presents the information showing how the net assets of the University have changed. The statement distinguishes between operating and nonoperating activities. Operating revenues and expenses result from providing goods and services related to the University's mission and incurring expenditures to acquire goods and services necessary to carry out this mission. Nonoperating revenues, net, are derived from non-mission related activities.

### Condensed Statement of Revenues, Expenses, and Change in Net Assets

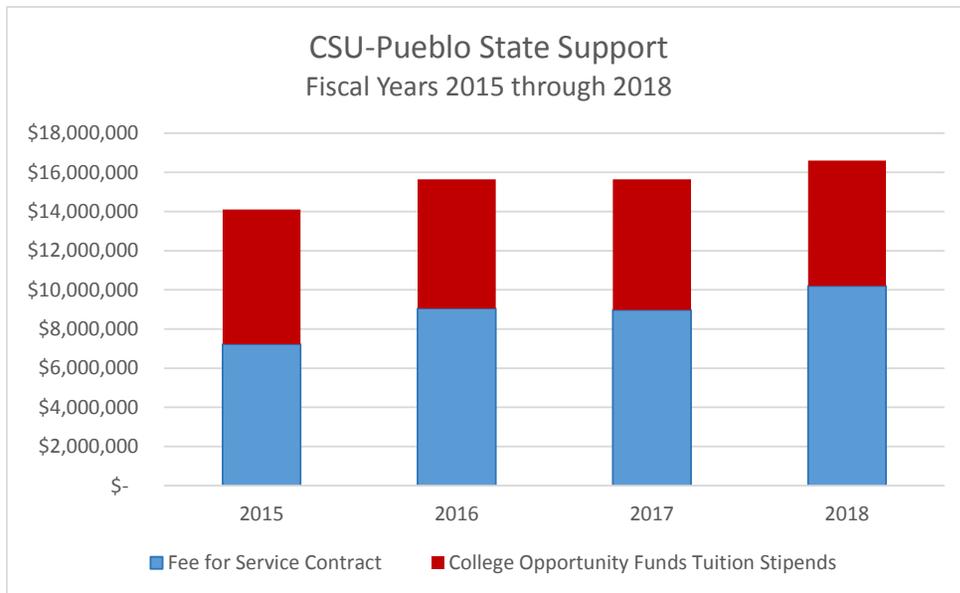
	2008	2017	2018
Operating Revenues	50,591	67,379	63,296
Minus Operating Expenses	(54,726)	(87,919)	(94,914)
<b>Operating Gain (loss)</b>	<b>(4,134)</b>	<b>(20,540)</b>	<b>(31,618)</b>
Nonoperating Revenues (net of expenses)	6,993	10,236	4,623
<b>Income (loss) before other revenues (net of expenses)</b>	<b>2,859</b>	<b>(10,304)</b>	<b>(26,995)</b>
Other revenues	7,757	5,533	6,231
<b>Increase (decrease) in Net Assets</b>	<b>10,615</b>	<b>(4,771)</b>	<b>(20,763)</b>
Net assets, beginning of year	58,860	58,401	53,630
Change in Accounting Principle	-	-	(1,617)
<b>Net assets, end of year</b>	<b>69,475</b>	<b>53,630</b>	<b>31,249</b>

Over the past year, the net position of the University declined by \$20.7 million. While a variety of factors contributed to the decline, the majority of this decline stems from accounting adjustments to comply with statements from the Governmental Accounting Standards Board (GASB). In particular, GASB 68 and GASB 75 require adjustments to reflect CSU-Pueblo's estimated share of the unfunded liability for the Public Employees Retirement Association (PERA), the state's pension system. Increases in debt service and depreciation coupled with declines in tuition and grant revenue have also played a role in the operating loss.





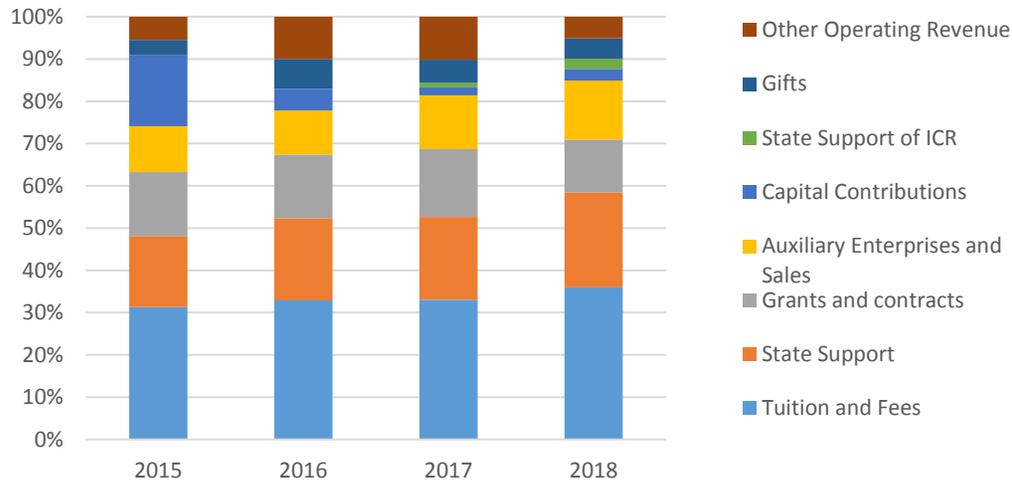
Overall University revenue is increasingly reliant on tuition and fees. In 2018, approximately 38% of the revenue was from this fund source. State funds constitute nearly one out of four dollars received by the University in 2018. The capital contributions include controlled maintenance funds appropriated by the state. The support from Board of Governors was used to fund new academic programs, housing debt service payments, and funds to move the scoreboard from Hughes Stadium to the Thunderbowl.



State support for CSU-Pueblo's operating budget comes from two sources: (a) Fee for Service payments; and (b) College Opportunity Funds allocated to students. In the past four years, state support increased by \$2.5 million from \$14.1 to \$16.6 million. During this same period, Fee for Service funds increased by \$2.9 million, and College Opportunity Funds actually declined by approximately \$400k.

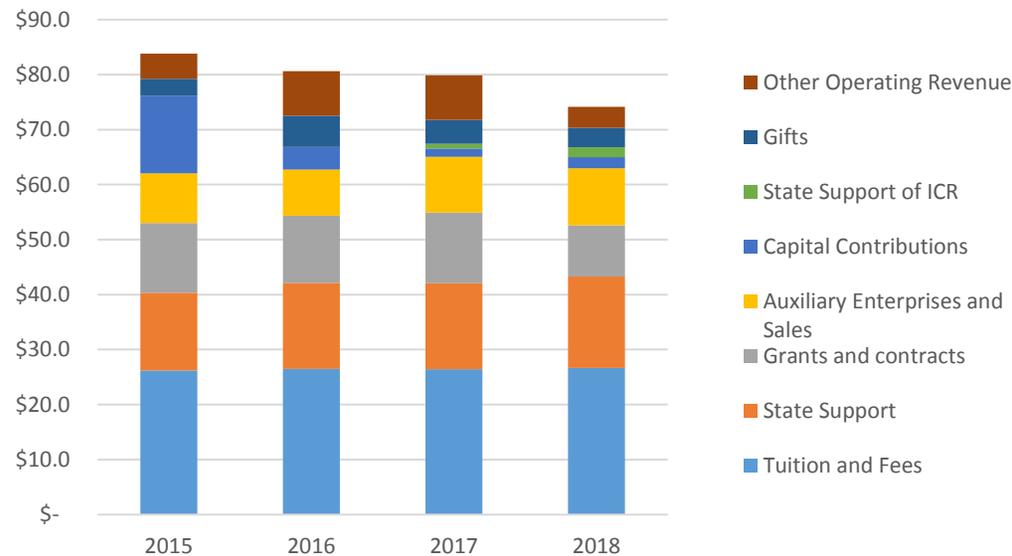
In addition to the funds reflected in this chart, the state appropriated funds for the Institute of Cannabis Research (ICR) and for controlled maintenance projects on campus.

CSU-Pueblo Revenue (by percentage)



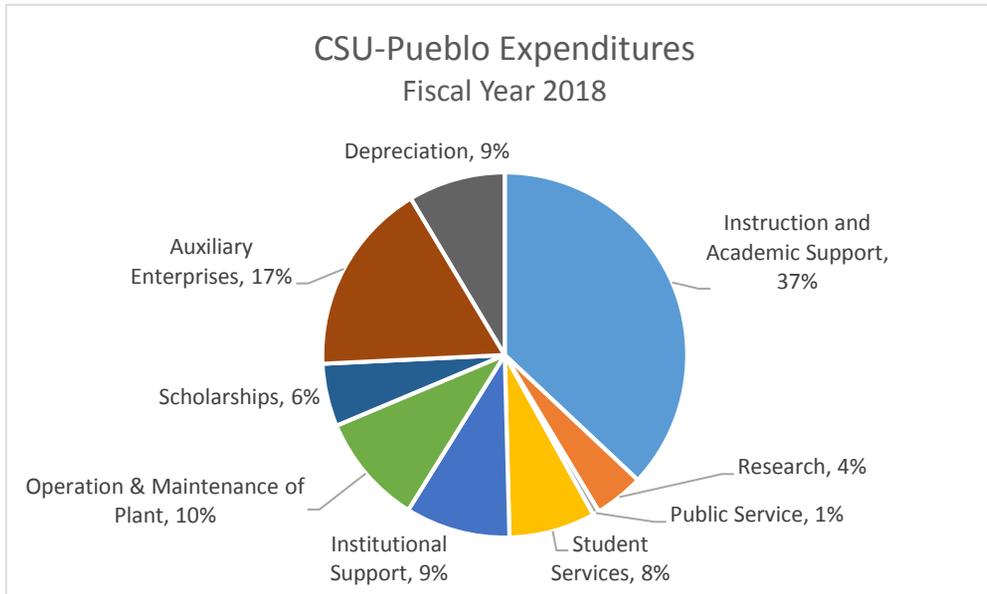
The chart to the left reflects the percentage of funds received by CSU-Pueblo each year by fund source. Most categories did not change appreciably during the four-year period. In 2015, the University received funds for the construction of the General Classroom Building. These funds did not continue in subsequent years.

CSU-Pueblo Revenue (by \$ in millions)



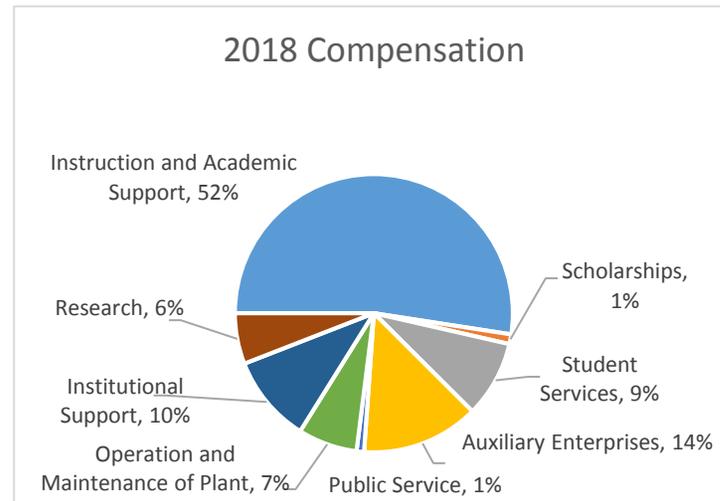
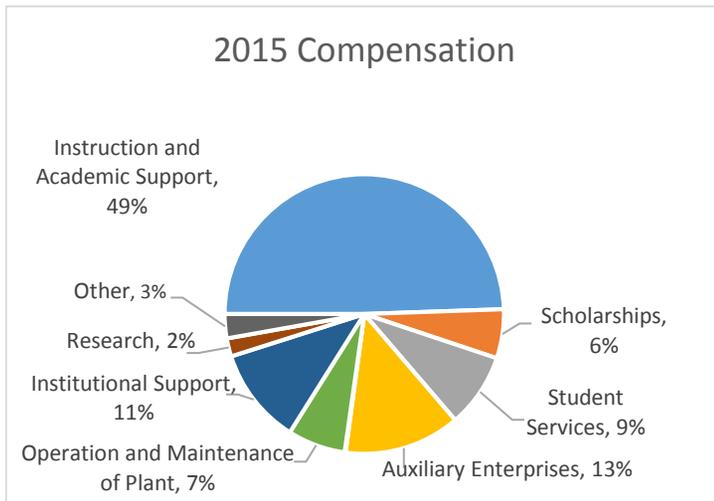
The total amount of revenue received by CSU-Pueblo in 2018 was \$9.6 million less than in 2015. This includes declines of \$12.1 million in capital construction and \$3.3 in grants and contracts. These were partially offset by increases in other categories: \$2.5 million in state support, \$1.8 million for ICR appropriations, \$1.3 in auxiliary revenue, \$0.5 million in gifts, and \$463k in tuition and fees.

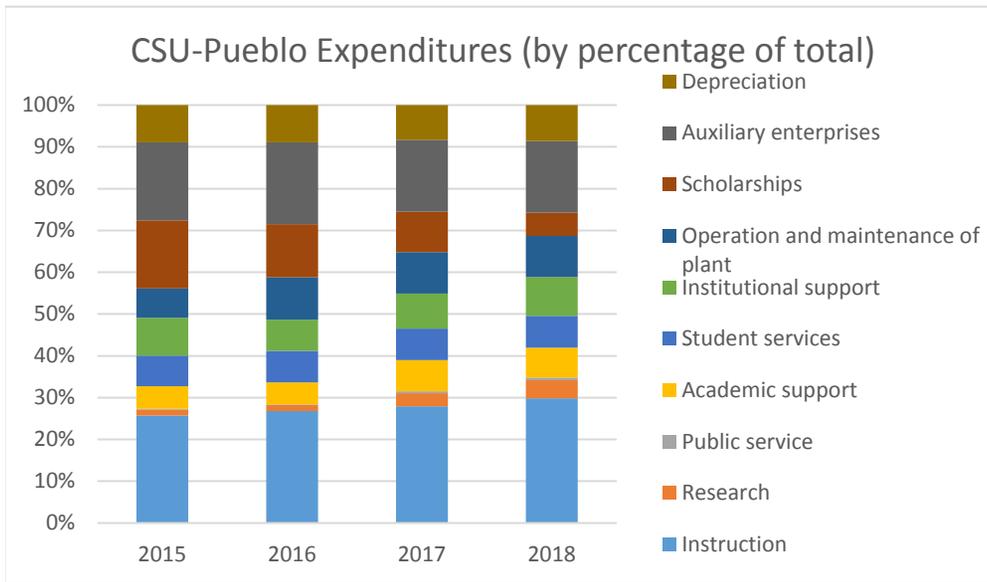
Tuition rates have increased, but overall tuition revenue has declined by \$0.5 million due to lower enrollments.



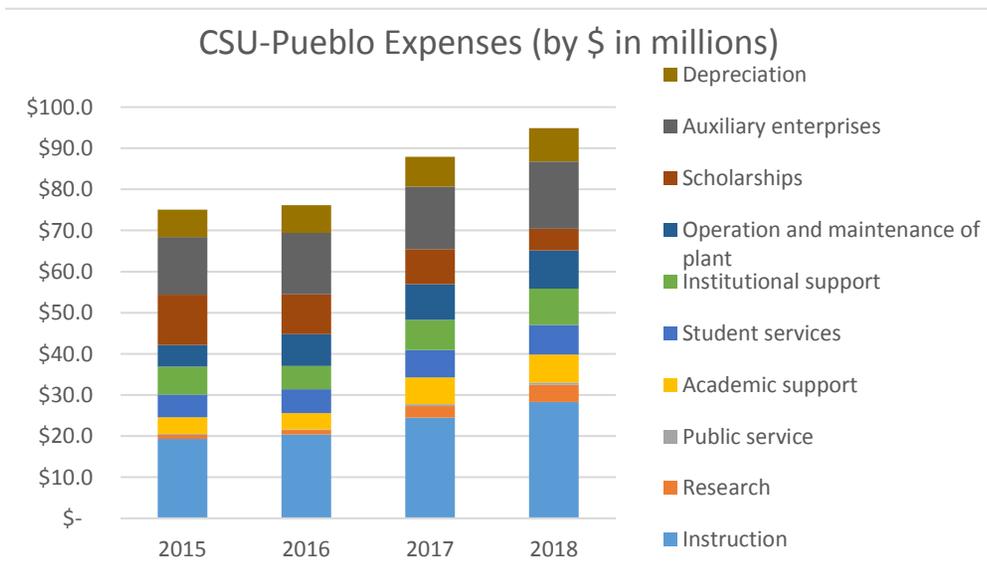
CSU-Pueblo's revenues support all University operations. The charts summarize expenditures by categories established by the National Association of College and University Business Officers (NACUBO). In 2018, Instruction and Academic support constituted 37% of total expenditures and 52% of salary expenditures. In total, compensation increased by \$4.7 million from 2015 to 2018 (14.5%), including an increase of \$3.4 million (21.4%) for Instruction and Academic Support.

CSU-Pueblo Salary Expenditures by Functional Area (Fiscal Year 2015 and Fiscal Year 2018)



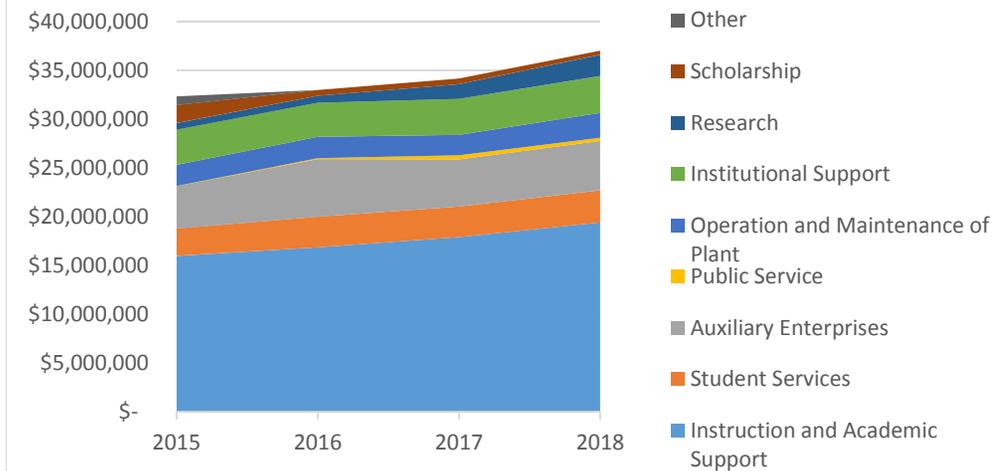


CSU-Pueblo's expenses grew from \$75.1 million in 2015 to \$94.9 million in 2018. During this period, Scholarships declined by 16% of total expenses to 6% (\$5.3 million). Of this amount, \$1.4 million was reallocated to other NACUBO categories through accounting adjustments, \$3.7 million in third party sponsor expenses are no longer included in the financial statements, and \$0.8 million was moved to a tuition revenue offset as a result of increasing the discount rate. Instruction increased from 26% of total expenses to 30% of total expenses. Additionally, Academic Support increased from 5% of total expenses in FY 2015 to 7% in 2018. The addition of the Institute of Cannabis Research (ICR) contributed to the \$3.1 million increase in Research over this period from 1% of total expenses in FY 2015 to 4% of total expenses in FY 2018.



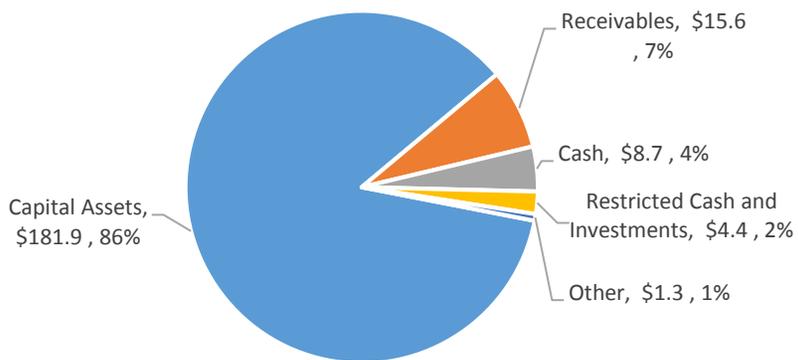
The expense increases for the past two years is substantially attributable to changes made by the Governmental Accounting Standards Board. GASB 67, 68, and 75 require public universities to book expenses for their proportionate share of the unfunded liability associated with pensions, such as Colorado's PERA program. GASB 67 and 68 were adopted in 2015. GASB 75 became effective in FY 2018. In FY 2015 and FY 2016, the accounting adjustments for GASB were small. However, in FY 2017, an expense of \$10.2 million was booked and in FY 2018 an expense of \$14.6 million was booked (15% of all expenses for that year). This affected all expense categories. The \$14.1 million in GASB related retirement expenses booked in FY 2018 account for 71% of the \$19.8 million in expense increases from 2015 to 2018.

CSU-Pueblo Compensation Trends  
Fiscal Years 2015 through 2018



Compensation costs include all expenses that are considered compensation (base pay, supplementals, etc.). The figures do not include fringe rate expenses. From 2015 to 2018, compensation increased by \$4.7 million (14.5%): Instruction and Academic Support (\$3.4 million, 21%); Research (\$1.5 million, 22.3%); Auxiliary (\$0.7 million, 16.5%); Student Services (\$0.5 million, 18.4%); Operation of Plant (0.4 million, 17.9%); and Institutional Support (\$170k, 4.7%). Scholarship salary expenses declined by \$1.4 million, due to NACUBO reclassifications, which moved work study expenses to other categories.

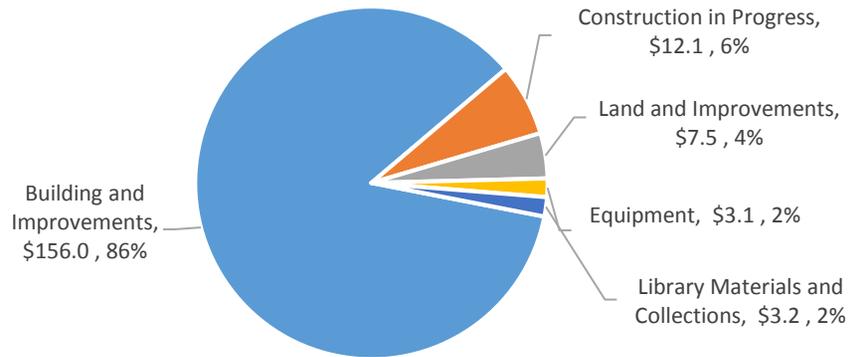
CSU-Pueblo Total Assets (\$ in millions)  
Fiscal Year 2018



In Fiscal Year 2018, CSU-Pueblo had a total of \$211.9 million in assets. Of this amount, \$181.9 (86%) was capital assets.

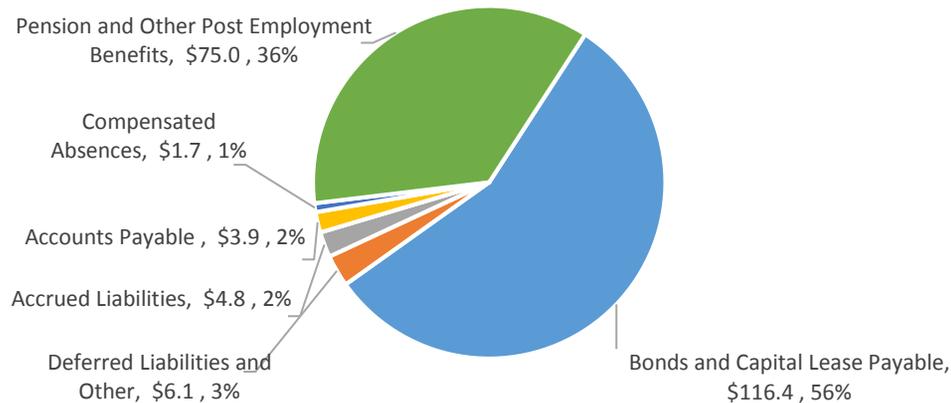
In FY 2018, CSU-Pueblo had \$15.6 million in receivables. CSU-Pueblo is focused on reducing this figure through an improved recovery process. This will reduce the amount needed for an Allowance for Doubtful Accounts, which are funds that have been set aside to write off receivables that cannot be collected. This allowance was \$5.7 million in 2018.

CSU-Pueblo Capital Assets (\$ in millions)  
Fiscal Year 2018



The majority of the capital assets are the buildings and improvements to the property. The "Construction in Progress" varies by year depending upon projects that are underway but not yet completed on the campus. After a project is completed, the asset is categorized as Building and Improvements. In 2018, the "Construction in Progress" figure reflects the construction of the Occhiato Student Center.

CSU-Pueblo Liabilities (\$ in millions)  
Fiscal Year 2018



The majority of the liabilities for the University stem from bonds issued for the residence halls, the Student Recreation Center, the Occhiato Student Center, the Library and Academic Resource Center, and the 2016 energy performance contract. The pension and other post employment benefits have grown due to the impacts associated with GASB 67, 68, and 75, which require CSU-Pueblo to account for its proportionate share of unfunded pension liabilities based on the faculty and staff participating in those programs.

