Colleagues:

I’m writing to let you know the status of the School’s FY07 General Fund activity (referencing Fund 1001 ONLY). To everyone’s credit, Academic Affairs, Finance and Administration, Student Life, and the President’s Office finished the fiscal year well within their authorized budgets. Even though each area finished the year with budget remaining, the School’s net activity did not reflect a positive balance. This was due to activity not included in the FY07 budget, specifically:

- Transferring over $2.3 million of FY06 and prior rollforward balances that were released to various Designated Funds (Fund 1xxxxx);
- Authorizing direct spending against FY06 and prior rollforward balances (Fund 1101) of approximately $665,000; and
- Capital transfers from the General Fund.

These were commitments made in prior years that were kept in FY07.

As discussed during the spring, FY07 General Fund (Fund 1001) balances were reviewed by the Executive Committee, and it was agreed that because the FY07 net activity was balanced ($0), the School was not in a position to reallocate any FY07 budget balances remaining as of June 30 from fund 1001 ONLY (Please note that this ONLY impacts the General Fund - Fund 1001). Specific commitments that were not included in the FY08 budget may be authorized in FY08 at the discretion of the President and Vice Presidents, but they will need to be supported from FY08 sources. Last month, the Executive Committee authorized approximately $800,000 of FY08 spending requests from prior-year rollforward balances (Fund 1101).

The remaining budgets in 1101 (those from FY06 and prior) will remain in 1101 and will be incorporated in future year’s budget processes as was done in FY08. Fund balances for other fund types (Auxiliary, Foundation, Designated, etc) rolled from FY07 to FY08. We believe that FY07, while difficult, has put the School on solid financial footing for the future. Thanks for your patience and cooperation as we continue to strengthen the School’s financial standing in FY08.
Any available balance at the end of FY07 will be held for reconciliation during the FY07 accounting close.

After reconciling all activity in Fund 1001, balances remaining in Fund 1001 will be made available to the Executive Committee for review and allocation. This review will include both positive and negative budget balances.

The Committee will determine the disposition of the FY07 balances as soon as possible after the fiscal year is completed.

At this time, we anticipate that any spending authority allocated from remaining balances may then be placed in Fund 1102.

Any planned expenditures against FY 2006-07 Fund 1001 balances should be held until the Executive Committee reviews all positive and negative balances and determines what amounts will be made available to campus in FY08.

Budget balances in Fund 1102 will be transferred to Fund 1101 for the beginning of FY 2007-08. Spending against Fund 1101 budget balances in FY 2007-08 will be handled in the same manner as FY 2007-08.

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