
COMMONWEALTH OF PENNSYLVANIA



Temple University
of the
Commonwealth System of Higher Education
Philadelphia, Pennsylvania
Statement of Appropriations Earned

For The Fiscal Year Ended June 30, 2009

JACK WAGNER, AUDITOR GENERAL

PENNSYLVANIA DEPARTMENT OF THE AUDITOR GENERAL



Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Table of Contents

	Page
Introductory Section	1
Temple University of the Commonwealth System of Higher Education	3
Financial Section	5
Independent Auditor's Report.....	6
Statement of Appropriations Earned.....	8
Notes to the Financial Statement.....	9
1. Reporting Entity.....	9
2. Summary of Significant Accounting Policies.....	9
3. Basis for Reporting Appropriations Earned.....	10
Audit Adjustments	11
June 30, 2009, Audit Adjustments.....	12
Audit Report Distribution List	13

Introductory Section



**Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018**

**JACK WAGNER
AUDITOR GENERAL**

December 23, 2011

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

and

Dr. Ann Weaver Hart
President
Temple University
Philadelphia, Pennsylvania 19122

Dear Governor Corbett and Dr. Hart:

Enclosed is the independent auditor's report for the statement of appropriations earned for Temple University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2009. You will note that our opinion is dated December 12, 2011, which is the date that our audit work closed.

Sincerely,

A handwritten signature in cursive script that reads "Jack Wagner".

JACK WAGNER
Auditor General

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Temple University of the Commonwealth System of Higher Education

Temple University of the Commonwealth System of Higher Education, referred to in this report as Temple University, was founded in 1884. Temple University was organized as a non-sectarian college in 1888 under the nonprofit corporation laws of the Commonwealth of Pennsylvania as the Temple College of Philadelphia. Temple College became Temple University in 1907. The Temple University Commonwealth Act (P.L. 843, No. 355) designated Temple University as a state-related institution in the Commonwealth System of Higher Education. While preserving Temple University's independent, nonprofit corporate character, the Commonwealth Act established Temple University as an instrumentality of the Commonwealth.

The mission of Temple University is to provide superior educational opportunities for academically talented and highly motivated students, without regard to their status or station in life. Temple University offers undergraduate certificates in 14 areas of study and graduate certificates in 30 areas of study. The university also offers degree programs in 2 associate degree areas, and 134 bachelor's degree areas, 121 master's degree areas, 56 doctoral degree areas, and 7 first professional degree areas – three in dentistry, one each in law, medicine, pharmacy, and podiatric medicine.¹ For the 2008-2009 academic year, Temple University awarded 13 undergraduate certificates, 21 associate's degrees, 5,373 bachelor's degrees, 1,397 masters' degrees, 4 graduate certificates, 411 doctoral degrees, and 773 first professional degrees.²

Temple University has seven locations in Pennsylvania and consists of 17 schools and colleges, including five professional schools. The main campus, the academic center of Temple University, occupies 105 acres in north central Philadelphia. The other locations are as follows: Ambler, Center City, Fort Washington, Harrisburg, the School of Podiatric Medicine, and the Health Sciences Center. In addition, Temple University has a large study abroad program with campuses in Rome and Tokyo, and programs in London, China, Korea, and other sites.³

Temple University had 30,034 full-time and 7,714 part-time students enrolled during the fall term of 2008. Approximately 68.0 percent of these students, or 25,653, were residents of Pennsylvania.⁴

Temple University has a 48 -member board of trustees. Thirty-six trustees have voting rights. Twelve of those 36 trustees are appointed by officials of the Commonwealth of

¹ http://www.temple.edu/ir/factbook/documents/2009_Fall_Student_Profile-Final.pdf, verified on October 6, 2011.

² Ibid.

³ http://www.temple.edu/academics/schools_campuses.htm, verified October 6, 2011.

⁴ http://www.temple.edu/ir/factbook/documents/2008_Fall_Student_Profile-Final.pdf, verified on October 12, 2011.

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Pennsylvania. In addition, there are nine honorary life trustees and three ex-officio trustees who are non-voting members of the board. The ex-officio trustees include the Governor of the Commonwealth of Pennsylvania, the Secretary of Education of the Commonwealth of Pennsylvania, and the Mayor of the City of Philadelphia.

All state-related universities receive appropriations from the Commonwealth. As such, according to Act 11A of 2008, Temple University was awarded appropriations totaling \$175,504,000 for the fiscal year ended June 30, 2009. However, due to revenue shortfalls in the Commonwealth of Pennsylvania, the appropriations were later reduced by the Commonwealth of Pennsylvania by six percent to \$164,973,760.

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Financial Section



Commonwealth of Pennsylvania
Department of the Auditor General
Harrisburg, Pennsylvania 17120-0018

JACK WAGNER
AUDITOR GENERAL

Independent Auditor's Report

The Honorable Tom Corbett
Governor
Commonwealth of Pennsylvania
Harrisburg, Pennsylvania 17120

and

Dr. Ann Weaver Hart
President
Temple University
Philadelphia, Pennsylvania 19122

Dear Governor Corbett and Dr. Hart:

We have audited the accompanying statement of appropriations earned of Temple University of the Commonwealth System of Higher Education for the fiscal year ended June 30, 2009. The statement of appropriations earned is the responsibility of the University's management. Our responsibility is to express an opinion on the statement of appropriations earned based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance that the statement of appropriations earned is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of appropriations earned. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of appropriations earned. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of appropriations earned was prepared pursuant to the legislative requirements prescribed in Act 11A of 2008, as described in Note 3, and is not intended to be a complete presentation of the university's financial position or results of operations in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the accompanying statement of appropriations earned presents fairly, in all material respects, the appropriations of Temple University for the fiscal year ended June 30, 2009, in conformity with accounting principles generally accepted in the United States of America.

Sincerely,

A handwritten signature in black ink, appearing to read "Jack Wagner", with a stylized flourish at the end.

JACK WAGNER
Auditor General

December 12, 2011

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Statement of Appropriations Earned
June 30, 2009

	Educational and General	Recruitment and Retention of Disadvantaged Students
Computation of Eligible Costs:		
Unrestricted Educational and General Expenses:		
Instruction	\$252,277,254	\$ 0
Research	9,568,936	0
Public service	2,023,884	0
Academic support	66,368,002	0
Student services	31,422,750	0
Institutional support	117,392,125	0
Operations and maintenance and plant funds	99,065,186	0
Student aid	<u>33,193,169</u>	<u>32,452,980</u>
Total Unrestricted Educational and General Expenses:	<u>\$611,311,306</u>	<u>\$32,452,980</u>
Computation of Appropriations Earned:		
Eligible Costs	\$611,311,306	\$32,452,980
Maximum appropriation per Act 11A of 2008 (Note 3)	\$175,062,000	\$442,000
Less 6 percent reduction	<u>10,503,720</u>	<u>26,520</u>
Net appropriation	<u>\$164,558,280</u>	<u>\$415,480</u>
Lesser of Eligible Costs or Net Appropriation	<u>\$164,558,280</u>	<u>\$415,480</u>

Notes to the Statement of Appropriations Earned are an integral part of this report.

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Notes to the Financial Statement

1. Reporting Entity

Temple University was founded in 1884 and became a member of the Commonwealth System of Higher Education as a state-related university in 1965. As such, the principal organization is incorporated under the non-profit laws of the Commonwealth of Pennsylvania.

2. Summary of Significant Accounting Policies

The accounts on the statement of appropriations earned are maintained in accordance with generally accepted accounting principles as required by Commonwealth law. Temple University follows the recommendations for accounting and reporting included in the *Audit and Accounting Guide, Not-for-Profit Entities*, issued by the American Institute of Certified Public Accountants and in the *Financial Accounting and Reporting Manual* published by the National Association of College and University Business Officers.

Basis of Accounting. The accounts of Temple University are maintained in accordance with the Statement of Financial Accounting Standards No. 117, *Financial Statements of Not-for-Profit Organizations*. The statement requires that net assets, revenues, gains, expenses, and losses be classified as unrestricted, temporarily restricted, or permanently restricted based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted: net assets not subject to donor-imposed restrictions. These net assets may be designated for specific purposes by action of the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Expenses are shown as decreases in unrestricted net assets. The appropriations are recorded in the accounts as unrestricted revenues.

Temporarily restricted: net assets subject to donor-imposed restrictions that can be fulfilled by actions of the university in accordance with those stipulations, or by the passage of time. There are no temporarily restricted net assets in the statement of appropriations earned.

Permanently restricted: net assets subject to donor-imposed stipulations whereby the assets must be maintained permanently by the university. Generally, donors of these assets permit the use of all or part of the income earned on these assets. There are no permanently restricted net assets in the statement of appropriations earned.

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Accrual Basis. The Statement of Appropriations Earned has been prepared on the accrual basis of accounting. Under this basis, revenues are recorded when earned, and expenses are recognized when incurred.

3. Basis for Reporting Appropriations Earned

The appropriations are made on the basis of costs in accordance with Commonwealth law. Reimbursable costs for applicable programs include certain direct and indirect educational and general expenses as well as transfers. The respective appropriations are considered earned when reimbursable costs equal or exceed the amounts appropriated by the Commonwealth in each category.

Act 11A of 2008 provided appropriations of \$175,504,000 for educational and general expenses and the recruitment and retention of disadvantaged students to Temple University for the fiscal year ended June 30, 2009. The Temple University appropriations were allocated as follows:

<u>Category</u>	<u>Amount</u>
Educational and General	\$175,062,000
Recruitment and Retention of Disadvantaged Students	<u>442,000</u>
Total	<u>\$175,504,000</u>

However, due to revenue shortfalls in the Commonwealth of Pennsylvania, the appropriations were later reduced by six percent to \$164,973,760. The final appropriations were allocated as follows:

<u>Category</u>	<u>Amount</u>
Educational and General	\$164,558,280
Recruitment and Retention of Disadvantaged Students	<u>415,480</u>
Total	<u>\$164,973,760</u>

Audit Adjustments

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Temple University's annual appropriations act (Act 11A of 2008) provides the Auditor General with the right, in respect to the monies appropriated by the Commonwealth, to audit and disallow expenditures made for purposes inconsistent with the appropriation. Testing of Temple University's expenditures for the fiscal year ended June 30, 2009, consisted of selecting a sample of 70 transactions totaling \$97,623,501 to determine if expenditures were incurred to support the stated purpose of the appropriations.

June 30, 2009, Audit Adjustments

No exceptions were noted in the sample of 70 transactions totaling \$97,623,501.

Temple University
of the Commonwealth System of Higher Education
Statement of Appropriations Earned
For the Fiscal Year Ended June 30, 2009

Audit Report Distribution List

Commonwealth of Pennsylvania

The Honorable Tom Corbett
Governor

The Honorable Robert M. McCord
State Treasurer
Pennsylvania Treasury Department

The Honorable Ronald J. Tomalis
Secretary of Education
Pennsylvania Department of Education

John Kaschak
Director of Audits
Office of Comptroller Operations
Office of the Budget

Temple University

Dr. Ann Weaver Hart
President

Board of Trustees

This report is a matter of public record and is accessible at www.auditor.gen.state.pa.us or by contacting the Pennsylvania Department of the Auditor General, Office of Communications, 318 Finance Building, Harrisburg, Pennsylvania 17120. Telephone: 717-787-1381.