Date:       June 3, 2005

To:         Vice Presidents for Administration/Finance
            Business Managers

From:       Colleen Nickles
            Senior Director
            Financing and Treasury

Subject:    2005/06 Centrally Paid Costs – for Student Unions Eligible for Decentralization

We apologize for the delay in transmitting the centrally paid costs for fiscal year 2005/06 to the student union programs that have Systemwide Revenue Bond (SRB) debt outstanding and have no senior student union debt outstanding. We waited to finalize this memo so that we could incorporate the debt service payments for campuses affected by the recent issuance of the Systemwide Revenue Bonds, Series 2005A and 2005B. This memo serves as our means of communicating budget information to the campuses. Financing and Treasury will work with the Accounting office to transfer quarterly amounts from the student union revenue funds (#580) to the respective accounts at the Chancellor’s Office for debt service payments, reserves and centrally paid administrative expenses of the bond program. The attachment contains:

-  2005/06 Centrally Paid Cost - processed by the Chancellor’s Office.

Under the SRB program, our policy is to transfer from program funds needed to pay debt service obligations just prior to becoming due. Due to the refunding of senior student union bonds for Pomona in April 2005, one additional union is now fully in SRB and, therefore, will have a one-time opportunity to receive a “credit” for the prior year fund balance in its respective Interest and Redemption fund. Please note that we calculate each union program’s Net Revenue Debt Service Coverage Ratio (DSCR) using the 2005/06 debt service as shown on the attached schedule. The calculation will be adversely affected if campuses do not appropriately segregate operating expenses from transfers out in the FIRMS database.

The state prorata charges consist of administrative expenditures related to various state agencies such as the Department of Finance, the State Controller’s Office, the State Treasurer’s Office, the Bureau of State Audits, the Legislature and others. The CSU, as other agencies, is charged a portion of these expenditures. As you know, we voiced our concerns related to the state charges affecting our programs to the Department of Finance and they have committed to making adjustments for the 2006/07 budget year. This memo is intended for planning purposes only. The Chancellor’s Office Accounting department will issue an AD-NOAT memo with journal entry information to ensure accurate FIRMS data submission and recording.
Please contact Rosa Renaud or Angelique Sutanto in Financing and Treasury at (562) 951-4570, or email at renaud@calstate.edu or asutanto@calstate.edu, if you or your staff have any questions.

CN:RHR:as

Attachment