

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore, 5th Floor
Long Beach, California 90802-4210
(562) 951-4610

Date: May 3, 1999 **Code:** AD NOAT 99-23

TO: Financial Managers
Accounting Officers
Budget Officers

From: William P. Musselman
Acting Director of Accounting
Business and Finance

Subject: 1997/98 Housing Program Interest Earnings and Loan Repayment Distribution – TR989152

In accordance with the Financing and Risk Management memorandum FRM 99-03 dated April 19, 1999, included as Attachment A, the 1997/98 Housing Program Interest Earnings and Loan Repayment distribution is being transferred to the campuses.

We have requested the State Controller's Office make the transfers indicated on Attachment B with Transaction Request 989152. The journal entry described on the attachment should be recorded by the listed campuses.

Questions may be directed Ms. Susan Koch at (562) 951-4611 or via e-mail at skoch@calstate.edu.

WPM:SK:tp AD NOAT 99-23

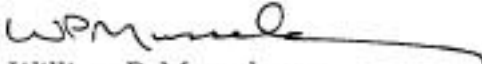
Attachment

c: Ms. Susan Koch
Mr. Benjamin Figueroa

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THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
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(562) 951-4570

Date: April 19, 1999

Code: FRM 99-03

To: ✓ Vice Presidents for Finance and Administration
Vice Presidents for Student Affairs

From: Richard K. Leffingwell 
Director, Financing and Risk Management
Business and Finance

Subject: Distribution of 1997/98 Housing Program Interest Earnings and Loan Repayments

This memorandum provides information on a \$2.2 million distribution to campus housing programs from 1997-98 loan repayments and interest earnings (see summary). The funds are being distributed consistent with the method approved by the chancellor and executive vice chancellor and chief financial officer as recommended by the Housing Proposal Review Committee (See FRM 97-01). The distribution of loan repayments is based on the individual percentage share of total housing design spaces as of the 1994 decentralization, while the distribution of interest earnings is based on the individual percentage of centrally paid costs.

Please note that while these funds are not earmarked to address any particular housing need, they present a valuable opportunity to annually shore up program reserves and/or address any repairs and renovations previously deferred by the housing program. These funds as well as those generated annually by the housing program are restricted by our bond indenture for the sole purpose of DRF housing operations.

Funds utilized for renovations are to be expensed from the maintenance and repair fund, as opposed to the revenue fund. This is needed to prevent unnecessary reductions in the program's debt coverage ratio and to properly reflect annual operating expenditures. As you know, the level of operating expenditures to total revenues is a common measure of the fiscal health of the program and its ability to encumber additional debt.

We will be requesting our accounting office to prepare Plans of Financial Adjustments to transfer these funds to campus Dormitory Revenue Fund - Housing Programs. Please contact Mr. Benjamin Figueroa in Financing and Risk Management at (562) 951-4570 or bfigueroa@qm.calstate.edu if you or a member of your staff have any questions on this distribution.

RKL:BF:gs

Attachment

