

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

Date: July 17, 2003

Code: AD NOAT 03-73

To: Financial Managers
Accounting Officers
Budget Officers

From: Mr. George V. Ashkar
Director
Systemwide Financial Operations

Subject: 2003/2004 Centrally Paid Costs – Housing

Transfer Request: 039002

In accordance with Financing and Treasury memorandum FT 03-04 dated June 20, 2003, the centrally paid costs for fiscal year 2003/04 will be charged quarterly via Plan of Financial Adjustment (PFA).

The State Controller's Office is processing the first quarter charges on PFA 039002. Campuses should record the journal entry listed on Attachment A and B.

If you have any questions, please contact Mr. Lawrence Gutierrez at (562) 951-4624 or via email at lgutierrez@calstate.edu.

GVA:LG:tp AD NOAT 03-73

Attachments

TABLE 1
THE CALIFORNIA STATE UNIVERSITY HOUSING PROGRAM
2003/04 Centrally Paid Cost

Housing Program 2003/04 Centrally Paid Cost	Debt Service Transfers (d)	Transfer for Pool Debt Subsidy	Affordable Student Housing Grant	Affordable Student Housing Loans	Systemwide Reserve Loan Payments	Other Expenses (a)	2003/04 Total Housing Annual Cost	Quarterly PFA Charge (b)
Bakersfield	0	6,012	0	0	30,959	31,604	68,575	17,143.75
Chico	857,627	(25,216)	0	0	371,794	472,404	1,676,609	419,152.25
Dominguez Hills	965,655	(128,522)	0	0	0	152,245	989,378	247,344.50
Fresno	0	14,343	0	0	0	0	14,343	3,585.75
Fullerton	2,213,157	0	(201,000)	42,663	0	100,061	2,154,881	538,720.25
Hayward	392,708	0	(149,000)	68,054	8,527	105,711	426,000	106,500.00
Humboldt	1,191,484	11,984	0	0	0	348,241	1,551,709	387,927.25
Long Beach	1,653,451	9,713	0	0	0	484,450	2,147,614	536,903.50
Los Angeles	1,434,402	0	0	45,918	63,760	208,433	1,752,513	438,128.25
Northridge	5,588,630	1,481	0	0	95,367	660,888	6,346,366	1,586,591.50
Pomona	819,831	14,401	0	0	21,155	329,819	1,185,206	296,301.50
Sacramento	541,469	16,497	0	0	0	300,676	858,642	214,660.50
San Bernardino	2,262,798	6,828	0	0	0	171,410	2,441,036	610,259.00
San Diego	5,419,787	14,272	0	0	0	920,894	6,354,953	1,588,738.25
San Francisco	2,226,142	10,673	0	0	0 (c)	295,374	2,532,189	633,047.25
San Jose	415,889	10,115	0	0	0	604,477	1,030,481	257,620.25
San Luis Obispo	4,002,091	27,774	0	0	0	743,899	4,773,764	1,193,441.00
San Marcos	0	0	0	0	0	0	0	-
Sonoma	3,012,124	8,846	0	0	0	585,837	3,606,807	901,701.75
Stanislaus	0	799	0	0	81,863	56,051	138,713	34,678.25
Total	32,997,245	0	(350,000)	156,635	673,425	6,572,474	40,049,779	10,012,444.75
Campus Journal Entry Required (FIRMS):								
Debit	680126	680126	660025	660025	660025			
Credit	305022	305022	305022	305022	305022			

a. See Table 2 for summary of other expenses.

b. Plan of Financial Adjustments to occur mid July 15, October 15, January 15 and April 15 (1/4th of 12 month cost).

c. Per Richard West's Memo to CABO Vice Presidents on September 7, 2001, San Francisco State's loan payments are waived.

d. Includes reserve (see cover memo for detail).

TABLE 2
THE CALIFORNIA STATE UNIVERSITY HOUSING PROGRAM
2003/04 Centrally Paid Cost - Other Expenses

2003/04 Centrally Paid Costs Other Expenses	2003/04 State Pro Rata Charges	Prior Year [2002/03] Deficit in State Pro Rata Charges	2003/04 Net Pro Rata Charges	Housing Proposal Review Committee	Audit Fee	Bond Services	Chancellor's Office Services	Total of Other Expenses
Bakersfield	26,156	1,756	27,912	11	169	510	3,002	31,604
Chico	391,015	26,237	417,252	144	2,516	7,619	44,873	472,404
Dominguez Hills	126,015	8,456	134,471	46	811	2,455	14,462	152,245
Fresno	-	-	-	-	-	-	-	0
Fullerton	82,821	5,557	88,378	31	533	1,614	9,505	100,061
Hayward	87,499	5,871	93,370	32	563	1,705	10,041	105,711
Humboldt	288,245	19,341	307,586	106	1,854	5,616	33,079	348,241
Long Beach	400,987	26,906	427,893	147	2,580	7,813	46,017	484,450
Los Angeles	172,523	11,576	184,099	63	1,110	3,362	19,799	208,433
Northridge	547,027	36,705	583,732	201	3,519	10,659	62,777	660,888
Pomona	272,997	18,318	291,315	100	1,756	5,319	31,329	329,819
Sacramento	248,875	16,699	265,574	91	1,601	4,849	28,561	300,676
San Bernardino	141,879	9,520	151,399	52	913	2,764	16,282	171,410
San Diego	762,237	51,146	813,383	280	4,904	14,852	87,475	920,894
San Francisco	244,485	16,405	260,890	90	1,573	4,764	28,057	295,374
San Jose	500,334	33,572	533,906	184	3,219	9,749	57,419	604,477
San Luis Obispo	615,736	41,316	657,052	226	3,961	11,998	70,662	743,899
San Marcos	-	-	-	-	-	-	-	0
Sonoma	484,906	32,537	517,443	178	3,120	9,448	55,648	585,837
Stanislaus	46,393	3,114	49,507	18	298	904	5,324	56,051
Total	5,440,130	365,032	5,805,162	2,000	35,000	106,000	624,312	6,572,474
Campus Journal Entry Required (FIRMS):								
Debit			612001	660090	613001	660090	660025	
Credit			305022	305022	305022	305022	305022	

TABLE 3
THE CALIFORNIA STATE UNIVERSITY HOUSING PROGRAM
2003/04 Centrally Paid Cost - Debt Service Transfers Summary

Campus	03/04 Old Debt Service			03/04 Series 2002-A Debt Service			03/04 Series 2003-A Debt Service			03/04	15% Reserve	03/04 Debt Service Transfers
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Total Debt Service Payments		
Bakersfield	0	0	0	0	0	0	0	0	0	0	0	0
Chico	444,339	301,424	745,763	0	0	0	0	0	0	745,763	111,864	857,627
Dominguez Hills	350,000	489,700	839,700	0	0	0	0	0	0	839,700	125,955	965,655
Fresno	0	0	0	0	0	0	0	0	0	0	0	0
Fullerton	210,900	241,767	452,667	385,000	1,086,818	1,471,818	0	0	0	1,924,485	288,673	2,213,158
Hayward	159,100	182,386	341,486	0	0	0	0	0	0	341,486	51,223	392,709
Humboldt	484,502	551,571	1,036,073	0	0	0	0	0	0	1,036,073	155,411	1,191,484
Long Beach	837,179	600,604	1,437,783	0	0	0	0	0	0	1,437,783	215,667	1,653,450
Los Angeles	696,446	550,860	1,247,306	0	0	0	0	0	0	1,247,306	187,096	1,434,402
Northridge	1,976,919	2,882,760	4,859,679	0	0	0	0	0	0	4,859,679	728,952	5,588,631
Pomona	116,564	15,244	131,808	0	0	0	0	581,089	581,089	712,897	106,935	819,832
Sacramento	165,000	305,843	470,843	0	0	0	0	0	0	470,843	70,626	541,469
San Bernardino	190,000	663,209	853,209	290,000	824,441	1,114,441	0	0	0	1,967,650	295,148	2,262,798
San Diego	1,549,070	3,163,788	4,712,858	0	0	0	0	0	0	4,712,858	706,929	5,419,787
San Francisco	804,962	1,130,814	1,935,776	0	0	0	0	0	0	1,935,776	290,366	2,226,142
San Jose	295,418	66,225	361,643	0	0	0	0	0	0	361,643	54,246	415,889
San Luis Obispo	150,445	19,675	170,120	855,000	2,454,959	3,309,959	0	0	0	3,480,079	522,012	4,002,091
San Marcos	0	0	0	0	0	0	0	0	0	0	0	0
Sonoma	810,319	1,808,919	2,619,238	0	0	0	0	0	0	2,619,238	392,886	3,012,124
Stanislaus	0	0	0	0	0	0	0	0	0	0	0	0
Total	9,241,164	12,974,786	22,215,952	1,530,000	4,366,218	5,896,218	0	581,089	581,089	28,693,259	4,303,989	32,997,248

Net Income Coverage Calculation

Example:

If annual revenue = \$15,000,000
and annual operating expense = \$10,000,000
then, annual net income = \$5,000,000

If annual debt service payment = \$750,000
then, 15% reserve (of debt service payment) = \$112,500
and annual debt service transfer = \$862,500

Therefore, Net Income Coverage = \$5,000,000/\$750,000 = 6.67

THE CALIFORNIA STATE UNIVERSITY
Office of the Chancellor
401 Golden Shore
Long Beach, California 90802-4210
(562) 951-4570

Date: June 20, 2003

Code: FT 03-04

To: Vice Presidents for Administration/Finance
Vice Presidents for Student Affairs

From: Richard K. Leffingwell 
Senior Director
Financing and Treasury

Subject: 2003/04 Centrally Paid Costs - Dormitory Revenue Fund Housing (Final)

We are transmitting the final housing program centrally paid costs for fiscal year 2003/04 *superseding the draft memo issued on May 9, 2003*. The following attachments contain:

- . 2003/04 Centrally Paid Cost (Attachment A) *processed by the Chancellor's Office.*
- . 2003/04 Centrally Paid Cost – Other Expenses (Attachment B).
- . 2003/04 Centrally Paid Cost – Debt Service Transfers Summary (Attachment C).

In 2003/04, campuses will experience an increase in their total housing annual costs due to an increase in State Prorata Charges. 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. The methodology employed to distribute these costs involves a future year projection with an adjustment for prior year actuals as it relates to the last fiscal year that such actuals are available. In this case, the 2003/04 budget year is impacted by an adjustment to actuals for fiscal year 2001/02. We have been informed by the Department of Finance that the CSU charges will be increasing by 201 percent in 2003/04 from 2002/03 prorata charges. This increase takes into account the differences related to the 2001/02 actual costs. In this case, an over expenditure roll-forward of \$365,032 from 2001/02 accounts for approximately 9 percent of the total increase for fiscal year 2003/04. Please be assured that as in the past, we will continue to voice our concerns related to the increases affecting our programs to the Department of Finance. In fact, we were able to gain a modest reduction since the draft memo was issued. Our goal continues to be to minimize expenditures for both the housing program and other CSU self-supporting programs.

As noted on the Draft 2003/04 Centrally Paid Costs memo, the Chancellor's Office charges, as part of the systemwide costs, were being finalized before this final memo could be issued. The Chancellor's Office charges have increased due to additional staffing in the accounting department, bringing the department to a level comparable to 1996/97.

In the past, PFAs for systemwide expenditures were scheduled to be processed on a monthly basis between July and April of each year. This monthly transfer method has been changed to a quarterly transfer method to improve efficiencies and lessen processing time for both campuses and the Chancellor's Office. In addition, as discussed in August 2002 and February 2003 CABO meetings, the change to quarterly transfers is necessary to reduce the shortfall during the November bond payment period because the equal monthly transfers do not match the principal and interest payments due on November 1st. As discussed at CABO, the quarterly amounts include a fifteen percent reserve to expedite the housing program goal of reducing the shortfall for payments in debt service. This reserve plan will be implemented for two years starting in 2003/04. It will not affect the calculation of the housing program's net income coverage calculations as long as campuses appropriately record the transfers for debt service and reserve as a "Transfer Out" and not as an operating expense in the FIRMS database (see Attachment C for an example). We anticipate that the interest received from the reserve will be credited to campuses and will be used for future debt service payments.

Please note that 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 rrenaud@calstate.edu or asutanto@calstate.edu, if you or your staff have any questions.

RKL:RHR:as

Attachments

Distribution:	Presidents	(without attachments)
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	Chancellor's Office Staff	(without attachments)
	Ms. Lily Wang	(with attachments)
	Mr. Lam Le	(with attachments)