# Table of Contents

Note: Please utilize filter functionality on the column titled Section Number to expand information contained within this spreadsheet. Filtering on Section Number 0 will allow you to see the Chapters in summary rather than the details. Additional chapters will be added as they are posted to this website.

<table>
<thead>
<tr>
<th>Chapter #</th>
<th>Chapter Title</th>
<th>Section Number</th>
<th>Section Name</th>
</tr>
</thead>
<tbody>
<tr>
<td>CH 01</td>
<td>General Information</td>
<td>0</td>
<td>General Information</td>
</tr>
<tr>
<td>CH 02</td>
<td>Common Financial System (CFS)</td>
<td>0</td>
<td>CFS</td>
</tr>
<tr>
<td>CH 03</td>
<td>FIRMS</td>
<td>0</td>
<td>FIRMS</td>
</tr>
<tr>
<td>CH 04</td>
<td>Year End</td>
<td>0</td>
<td>Year End</td>
</tr>
<tr>
<td>CH 05</td>
<td>SCO Reporting</td>
<td>0</td>
<td>SCO Reporting</td>
</tr>
<tr>
<td>CH 06</td>
<td>Extended Education</td>
<td>0</td>
<td>EE - CSU Fund 441, 442, 443, 444</td>
</tr>
<tr>
<td>CH 07</td>
<td>Parking</td>
<td>0</td>
<td>Parking - CSU Funds 471, 472, 473 and 474</td>
</tr>
<tr>
<td>CH 08</td>
<td>Housing</td>
<td>0</td>
<td>Housing - CSU Funds 531, 532 and 533</td>
</tr>
<tr>
<td>CH 09</td>
<td>Campus Union</td>
<td>0</td>
<td>Student/Campus Union - CSU Funds 534, 535 and 536</td>
</tr>
<tr>
<td>CH 10</td>
<td>Auxiliary Organizations</td>
<td>0</td>
<td>Auxiliary Orgs. - CSU Funds 537, 538 and 539</td>
</tr>
<tr>
<td>CH 11</td>
<td>Health Facility Funds</td>
<td>0</td>
<td>Health Facility - CSU Funds 452, 453 and 454</td>
</tr>
<tr>
<td>CH 12</td>
<td>Instructionally Related Activities</td>
<td>0</td>
<td>IRA - CSU Fund 463</td>
</tr>
<tr>
<td>CH 13</td>
<td>CSU Fund Lottery</td>
<td>0</td>
<td>Lottery - CSU Fund 481</td>
</tr>
<tr>
<td>CH 14</td>
<td>CSU Operating Fund</td>
<td>0</td>
<td>Operating Fund - CSU Fund 485</td>
</tr>
<tr>
<td>CH 15</td>
<td>CAPITAL PROJECTS – FUNDING FOR UNIVERSITY FACILITIES</td>
<td>0</td>
<td>CSU Funds 017, 485, 486, 487, 230</td>
</tr>
<tr>
<td>CH 16</td>
<td>Miscellaneous Trust</td>
<td>0</td>
<td>Miscellaneous Trust - CSU Fund 496</td>
</tr>
<tr>
<td>CH 17</td>
<td>Capital Projects - Systemwide Revenue Bond (SRB)</td>
<td>0</td>
<td>Capital Projects - SRB</td>
</tr>
<tr>
<td>CH 18</td>
<td>Capital Projects - Capital Outlay</td>
<td>0</td>
<td>Capital Project - Capital Outlay</td>
</tr>
<tr>
<td>CH 19</td>
<td>Capital Projects - Special Projects Fund</td>
<td>0</td>
<td>Capital Projects - CSU Funds 491 - Special Projects Fund</td>
</tr>
<tr>
<td>CH 20</td>
<td>Not Used</td>
<td>0</td>
<td>Not Used - Capital Projects -CSU Funds 542 - Cap Prjt Mgmt. Fee (Moved to Chapter 14)</td>
</tr>
<tr>
<td>CH 21</td>
<td>Capital Projects - Restricted Expendable</td>
<td>0</td>
<td>Capital Projects - CSU Funds 550 - Restricted Expendable</td>
</tr>
<tr>
<td>CH 22</td>
<td>Capital Projects - Capital Lease Obligation and Debt</td>
<td>0</td>
<td>Capital Projects - Capital Lease Obligations and Debt</td>
</tr>
<tr>
<td>CH 23</td>
<td>Cost Recovery</td>
<td>0</td>
<td>Cost Recovery - CSU Funds 543 and 544</td>
</tr>
<tr>
<td>CH 24</td>
<td>International Programs</td>
<td>0</td>
<td>International Programs - CSU Fund 464</td>
</tr>
<tr>
<td>CH 25</td>
<td>Endowments</td>
<td>0</td>
<td>Endowments - CSU Fund 464 and 466</td>
</tr>
<tr>
<td>CH 26</td>
<td>CSU Fund 499 - Revolving Fund and Accounts Payable</td>
<td>0</td>
<td>Revolving Fund and Accounts Payable (CSU Fund 499)</td>
</tr>
<tr>
<td>CH 27</td>
<td>Escheat</td>
<td>0</td>
<td>Escheat</td>
</tr>
<tr>
<td>CH 28</td>
<td>Accounts Receivable</td>
<td>0</td>
<td>Accounts Receivable</td>
</tr>
<tr>
<td>CH 29</td>
<td>Miscellaneous Accounting</td>
<td>0</td>
<td>Miscellaneous Accounting</td>
</tr>
<tr>
<td>CH 30</td>
<td>Financial Assistance - Federal</td>
<td>0</td>
<td>Financial Assistance - Federal</td>
</tr>
<tr>
<td>CH 31</td>
<td>Financial Assistance - State</td>
<td>0</td>
<td>Financial Assistance - State</td>
</tr>
<tr>
<td>CH 32</td>
<td>Financial Assistance - Campus/Local/Non-Governmental</td>
<td>0</td>
<td>Financial Assistance - Campus/Local/Non-Governmental</td>
</tr>
<tr>
<td>CH 33</td>
<td>Assoc. Student Body Trust</td>
<td>0</td>
<td>Associated Student Body Trust - CSU Fund 461</td>
</tr>
<tr>
<td>CH 34</td>
<td>Banking &amp; Investments</td>
<td>0</td>
<td>Banking &amp; Investments - CSU Fund 541</td>
</tr>
<tr>
<td>CH 35</td>
<td>Fees</td>
<td>0</td>
<td>Fees</td>
</tr>
<tr>
<td>CH 36</td>
<td>Athletics</td>
<td>0</td>
<td>Athletics</td>
</tr>
<tr>
<td>CH 37</td>
<td>Sponsored Programs</td>
<td>0</td>
<td>Sponsored Programs - CSU Fund 465 - Grants</td>
</tr>
<tr>
<td>CH 38</td>
<td>CSURMA</td>
<td>0</td>
<td>CSURMA</td>
</tr>
<tr>
<td>CH 39</td>
<td>Fixed Assets</td>
<td>0</td>
<td>Fixed Assets</td>
</tr>
</tbody>
</table>
INTRODUCTION

The *CSU Legal Accounting and Reporting Manual* is intended to be a single resource for information regarding legal-basis (transactional) accounting and state reporting. It is always a work in progress and is a collaborative effort between the CO and campuses, where everyone is a contributor and everyone is a reviewer. Its intent is to bridge the knowledge gap between accounting theory as taught in a traditional classroom and accounting as practiced by the CSU in a state university environment. The underlying presumption is that the reader has completed formal instruction as part of obtaining his/her business degree. The intent is not to provide a full discourse on each and every topic, but instead to point out selected aspects of accounting which are unique to the CSU, not only as a public university, but also as an agency of the state of California.

*Chapter Formats*

Each chapter within the manual adheres to a uniform format, which includes the following sections:

**AUTHORITY**: For CSU fund chapters only, the authority that allows the fund to be established and any applicable regulatory requirements as contained in the Education Code, Government Code, etc.

1.0 **OVERVIEW**: For CSU fund chapters, a brief description of the types of activities generating the revenues recorded in the specified CSU fund; for subject matter chapters, background information on the topic.

2.0 **FUND SPECIFICS**: Policy or rules governing operation of the fund based upon the authority for the fund. Campus policies and procedures may be more restrictive, but must be in compliance with the information in this section. Section not applicable to subject matter chapters.

3.0 **FUND MANAGEMENT AND ACCOUNTING**: CSU accounting requirements, including object codes valid in the fund, types of accounting entries, manner in which transfers are handled, etc.

4.0 **REPORTING REQUIREMENTS**: Includes reports that must be submitted to the CO, State or outside agencies, including reporting frequency.
5.0 FUND BALANCE: This section includes the rules for the ending balance in the fund. Indicates if there are carryover balance thresholds and reserve designations. Section not applicable to subject matter chapters.

6.0 GAAP IMPACT: This section identifies processes that need to occur in the legal-basis accounting records to ensure that the information will derive to GAAP properly. This section can also include a reference to the GAAP Manual which provides further information on the topic, for example, Summer Session revenue and faculty payroll.

7.0 RESOURCES: Includes references to other materials, such as:
- Systemwide guidelines
- Document links
- Spreadsheets
- Executive Orders
- Other helpful reference material

Where does the CSU Legal Accounting and Reporting Manual Fit In?

The CSU Legal Accounting and Reporting Manual is one of several authorities campus users can access for guidance. Below is a table (proposed) showing the hierarchy of the CSU’s authorities. Note that the CSU Legal Accounting and Reporting Manual is below the ICSUAM and is intended to amplify the policies by providing more detailed instructions (procedures) for implementation. However, it should be noted that for chapters relating to specific funds, Section 2.0, Fund Specifics, constitutes policy.

<table>
<thead>
<tr>
<th>Description of Authority</th>
<th>Definition</th>
<th>Document Where Authority Resides</th>
</tr>
</thead>
<tbody>
<tr>
<td>Board Resolution</td>
<td>Records decisions made or actions taken by the governing board of the CSU. Includes statements of high level critical requirements and delegations of authority to high-level staff (Presidents)</td>
<td>Board of Trustee (BOT) Meeting Minutes which are available at the CSU website</td>
</tr>
<tr>
<td>Executive Order (EO)</td>
<td>A directive of the CSU’s Chancellor proceeding from a board resolution and which sets forth the manner in which</td>
<td>Issued as individual documents which are available at the CSU website</td>
</tr>
</tbody>
</table>
Where Can I Find the CSU Legal Accounting and Reporting Manual?

The manual can be found at the following website:

http://www.calstate.edu/SFSR/Workshops/index.shtml
There will be a single print, .pdf, version of the entire *CSU Legal Accounting and Reporting Manual* posted at the website. The single print version will only be updated once per year, in conjunction with year-end training. The single print document is helpful when you want to find all the information related to a specific topic, no matter where it resides in the manual. The user can use the “control find” functionality within the .pdf to search for a specific word like “lottery” and see everywhere the word “lottery” is used.
Revisions

Revisions to the individual chapters within the *CSU Legal Accounting and Reporting Manual* will be made as they are identified by users. Chapter titles listed at the SFSR website will include an indication as to when the text was last updated. The single print version of the manual will not include any revisions until it is updated annually, again, in conjunction with year-end training.

On the last page of each chapter there is a revision control log which is a history of all changes made to the text. This replaces the Major Changes document previously provided at the beginning of each chapter. An example of the log is offered below. Users should consult this page to determine revisions made to the text and the effective dates of those changes.

To be notified when a chapter in the manual has been updated, users can subscribe to a listserv. Listserv members are automatically notified when manual updates have been uploaded to the website. To subscribe, just click on the “Subscribe” button on the home page of the *CSU Legal and Accounting and Reporting Manual*. You will receive an email indicating your acceptance into the listserv.
Feedback

We welcome the feedback of all users of the CSU Legal Accounting and Reporting Manual. To facilitate submission of your comments and suggestions, there is a feedback button located on the website where the main menu for the manual resides. The feedback button will generate an email to be completed by the user, which will then be sent to the Management and Accounting Practices Office and SFSR. Staff in these two departments will address the feedback as it is received. If the feedback results in a change to information contained in a chapter, the chapter will be updated and posted as a revised chapter on the manual website.
Accounting-Reporting listserv

The Accounting-Reporting listserv allows for accounting professionals at campuses throughout the CSU system to communicate with each other, as a group. It will serve as a business forum to share and foster ideas, to share sound practices, ask for tips, and promote awareness for the Chancellor’s Office when there may be a lack of system wide guidance. (Please note that this list has replaced the Financial-Standards listserv, which no longer exists.)

If you wish to subscribe, you can do so by sending a blank plain text e-mail to subscribe-accounting-reporting@lists.calstate.edu. Leave the subject and body completely blank. You will receive a confirmation e-mail containing a link (URL), which users are required to click to activate the subscription.

If you are looking for a specific answer to a question regarding the CSU Legal Accounting and Reporting Manual, please utilize the Feedback Button as described above.
INTRODUCTION

REVISION CONTROL

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughout</td>
<td>Removed references to the move from the old manual to the new manual.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>Revisions</td>
<td>Added section regarding the notification of updates to the manual.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>Revisions</td>
<td>Added section on how to subscribe to the manual listserv.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>Feedback</td>
<td>Added print screen to feedback section.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>Accounting-</td>
<td>Added information pertaining to the Accounting and Reporting listserv</td>
<td>Kristina Randig</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>3/28/2018</td>
</tr>
<tr>
<td>Reporting listserv</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CONTACTS

For further information concerning the topics covered in this manual, the following personnel may be contacted.

Chancellor’s Office

- Concerning reporting issues, including FIRMS submissions, tables and edit errors
  
  Sedong John  
  Director, Systemwide Financial Standards, Accounting & Reporting  
  sjohn@calstate.edu  
  562-951-4577  
  
  Sherry Pickering  
  Associate Director, Financial Systems, Statutory Reporting & Tax Administration  
  spickering@calstate.edu  
  562-951-4531  
  
  Nathanael Bryant  
  Financial Systems & Reporting Analyst  
  nbryant@calstate.edu  
  562-951-4549  

- Concerning cash management issues, including Bank of CSU statements
  
  Ron Flatt  
  Director, Treasury Operations  
  rflatt@calstate.edu  
  562-951-4521  
  
  Alisa Schivley  
  Manager, Banking Operations  
  aschivley@calstate.edu  
  562-951-4597  

- Concerning allocation orders
  
  Shannon Gordon  
  Fiscal & Policy Analyst  
  sgordon@calstate.edu  
  562-951-4562
CONTACTS

Jonathan Tang
Systemwide Budget Analyst
jtang@calstate.edu
562-951-4555

Alice Yip
Systemwide Budget Analyst
ayip@calstate.edu
562-951-4563

• Concerning legal accounting issues

Kelly Cox
Associate Director, Accounting
kcox@calstate.edu
562-951-4611

Lisa Kasten
General Accounting Manager
lkasten@calstate.edu
562-951-4209

Lan Luong (only for ITT Report, FBC Schedule and CPO’s)
CO Reporting Accountant
lluong@calstate.edu
562-951-4630

• Concerning legal accounting issues (Enterprise and Auxiliary)

Sedong John
Director, Systemwide Financial Standards, Accounting & Reporting
sjohn@calstate.edu
562-951-4577

Alice Kim
Senior Financial Reporting Manager (including CSURMA and CSUI)
akim@calstate.edu
562-951-4627

Terri Williams
Manager, SRB and Capital Projects
tmwilliams@calstate.edu
562- 951-4386

• Concerning GAAP accounting issues
CONTACTS

Sedong John  
Director, Systemwide Financial Standards, Accounting & Reporting  
sjohn@calstate.edu  
562-951-4577

Sheralin Klinthong  
Associate Director, Financial Reporting  
sklinthong@calstate.edu  
SFSR_GAAP@calstate.edu  
562-951-4548

- Concerning training or other financial accounting-related issues not listed above

Lily Wang  
Director, Management and Accounting Practices  
lwang@calstate.edu  
562-951-4628

- Concerning SAM 99 FTP issues

Michelle Baker  
FIS Manager  
mbaker@calstate.edu  
562-951-4142

Christina Laisy  
FIS Specialist  
elaisy@calstate.edu  
562-951-4599

- Concerning FIRMS technical problems

IT Support Center  
itupportcenter@calstate.edu  
562-951-4371

Yves Hepperle (Secondary)  
Project Development Manager  
yhepperle@calstate.edu  
562-951-4371 Work  
562-756-6492 Cell

- Concerning Oracle/PS Finance 9.2 or CFS
All tickets entered by campuses as being “Urgent” will follow the procedures as outlined in *CFS Incident Management Procedures* located on the CMS website at: [http://cms.calstate.edu/04_Applications/04B_Finance/CFS90/CFS_OperationsSupport.asp](http://cms.calstate.edu/04_Applications/04B_Finance/CFS90/CFS_OperationsSupport.asp).

The Service Center will contact the on-call person relative to any “Urgent” tickets received after hours.

**State Controller’s Office**

Yi-Wen Tsai  
Section Manager, Budgetary/Legal Reporting  
[YTEsai@sco.ca.gov](mailto:YTEsai@sco.ca.gov)  
(916) 322-4671

Janti Tam  
Supervisor, Budgetary/Legal Reporting  
[Jtam@sco.ca.gov](mailto:Jtam@sco.ca.gov)  
(916) 323-2359

Modupe O. Otusanya  
Financial Accountant II (primary analyst/contact)  
[moitusanya@sco.ca.gov](mailto:moitusanya@sco.ca.gov)  
(916) 322-4169
CHAPTER 1
GENERAL INFORMATION

1.0 OVERVIEW:

The purpose of this chapter is to provide the reader with a foundation for understanding legal-basis accounting as it applies to the CSU. Legal-basis, or budgetary, accounting is a unique form of accounting for governmental units. It allows the state legislature to measure a state agency’s performance against the budgets it enacts via the annual Budget Act. The State of California requires all state agencies, including the CSU, to maintain its accounting records on the legal basis of accounting and to file its reports of financial data on that basis. Legal-basis accounting, however, does not comply with U.S. Generally Accepted Accounting Principles (GAAP). It is, therefore, necessary to convert our data to GAAP to issue audited financial statements to meet the statutory requirement and also provide information to external users, including underwriters of our Systemwide Revenue Bonds (SRB).

This manual addresses legal-basis accounting only, although within each chapter we do provide some information regarding the differences between legal-basis accounting and GAAP. Conversion of transactional data to GAAP is more fully discussed in the GAAP Manual.

This chapter also provides a list of Chancellor’s Office and State Controller’s Office contacts that are particularly helpful in answering questions about year-end processes. See Section 7.0, Resources, for a link to the document listing these contacts.

Note: Acronyms are used throughout this manual. References regarding acronyms can be found in Section 7.0, Resources.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

Not applicable.
4.0 REPORTING REQUIREMENTS:

4.1 Fiscal Year Defined

The fiscal year for the State of California and the CSU, as an agency of the state, is July 1 through June 30.

4.2 Modified Accrual Basis Accounting v. Full Accrual Basis Accounting

The CSU maintains its financial records on a legal basis or modified accrual basis of accounting, especially for governmental funds, as required by the State of California. Under the modified accrual basis, revenues should be recognized in the accounting period in which they become “available and measurable.” Expenditures (as opposed to expenses) should be recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term liabilities, which should be recognized when due.

The legal basis of accounting is not consistent with Generally Accepted Accounting Principles (GAAP) and is converted to full accrual basis accounting on the CSU’s audited financial statements. Under the full accrual basis, revenues should be recognized in the accounting period in which they are earned, and expenses should be recognized in the accounting period in which they are incurred.

Figure 1 summarizes the foregoing definitions of modified accrual basis accounting and full accrual basis accounting.

Figure 1 – Legal Basis v. GAAP Basis Accounting

<table>
<thead>
<tr>
<th>Legal (modified accrual) Basis</th>
<th>GAAP (full Accrual) Basis</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Revenues recognized in the accounting period in which they become “available and measurable.”</td>
<td></td>
</tr>
<tr>
<td>• Expenditures should be recognized in the accounting period in which the liability is incurred, except for amounts payable from future fiscal year appropriations.</td>
<td>• Revenues recognized in the accounting period in which they are earned.</td>
</tr>
<tr>
<td></td>
<td>• Expenses are recognized in the accounting period in which they are incurred.</td>
</tr>
</tbody>
</table>
4.3 CSU Codes

The CSU employs a variety of codes in order to account for its activities. This section provides an overview of those codes.

4.3.1 State Fund Codes

The highest level of accounting is the state fund level. Fund accounting is the convention by which resources for various purposes are recorded and summarized in accordance with state laws and regulations. A fund is an accounting entity with a self-balancing set of accounts for recording assets, liabilities and fund equity. Separate accounts are maintained for each fund to ensure observance of limitations and restrictions placed on the use of resources.

In the State of California, the Department of Finance (DOF) is responsible for (a) coordinating the review and establishment of all funds, (b) notifying the State Controller’s Office and administering organization when the new fund is established, and (c) incorporating the new fund information into the Uniform Codes Manual and the Manual of State Funds, based on legislation, ballot initiative, or administrative decision. For example, the General Fund has been assigned the code 0001. The assigned codes are used by every state agency recording transactions within the various funds. In our example, every agency receiving General Fund appropriations would reference code 0001 when reporting accounting activity within the fund to the state.

Funds are termed either governmental or nongovernmental funds. Governmental funds are those which account for state appropriations. These include the General Fund and the General Obligation capital outlay funds. Nongovernmental funds, also referred to as proprietary or fiduciary funds, either account for self-supporting activities or activities conducted on behalf of another entity. Appendix 23, State Funds Table, lists all state funds in which the CSU operates and indicates for each its type: “G” for governmental; “P” for proprietary; “F” for fiduciary.

4.3.2 CSU Funds

The next level at which reporting is done at the CSU is the CSU fund level. The CSU has management and external reporting requirements beyond those mandated by the state. For each state fund, the CSU has established one or more CSU funds to provide further detail concerning its operations. Information about the individual CSU funds is provided in each of the fund chapters of this manual.
4.3.3 Fund Attribute Table Key (FNAT)

Within PeopleSoft, campuses establish and maintain PeopleSoft funds to manage unique campus activities. The purpose of the FNAT is to connect the campus PeopleSoft funds to a range of attributes as defined on the FNAT Data Table maintained by the Chancellor’s Office, providing the link to the common system-wide chart of accounts for accounting and financial reporting. Attributes include (but are not limited to):

- CSU Fund
- Project Code
- Account Type
- CSU Net Asset Category
- State Revenue Code
- State Sub-Fund Number
- Appropriation information
- Fund Processing Type

A new FNAT key must be established each time the appropriation year changes. For example, every year a new FNAT key is create for CSU Fund 001 – General Fund Appropriation.

Figure 2 shows a PeopleSoft screen shot describing the attributes related to the CO’s unique internal (PeopleSoft) fund 48501. The FNAT key 126464 was used by the CO to establish the fund with the correct attributes. Their PeopleSoft fund will now “map” to the correct CSU fund 485 and state fund 0948. Proper mapping of funds allows financial data to consolidate in a manner which accommodates system-wide reporting.
4.3.4 Object Codes

Object codes are the individual FIRMS accounts which capture detailed accounting information concerning each CSU fund’s assets, liabilities, fund equity, revenue and expenses. They are the equivalent of general ledger account codes found in other organizations’ chart of accounts. (FIRMS is the CSU’s corporate accounting and reporting system and is further discussed in Chapter 3.)

4.3.5 Account Attribute Key (AAT)

Within PeopleSoft, campuses establish and maintain PeopleSoft accounts to track unique campus activities. The purpose of the AAT is to connect the campus PeopleSoft accounts to a set of attributes as defined on the AAT Data Table maintained by the Chancellor’s Office. Rather than assigning a random number as the key value, like the FNAT, the object code (see section 4.3.4) is equal to the AAT. The attributes include:
• Object Code
• State General Ledger Account Number
• GAAP Natural Classification

Figure 3 shows a PeopleSoft screen shot describing the attributes related to the CO’s unique internal (PeopleSoft) account 604817. The “key” is the FIRMS object code 604001. The digit “8” in the fourth position of the PeopleSoft object code indicates it is a campus account and not a FIRMS object code. This screen shot demonstrates that 604817 maps to FIRMS object code 604001, to the state general ledger number (GLAN) 90000000 and to the GAAP natural class 722004.

Figure 3 - Illustration of Mapping a PeopleSoft Object Code Using an AAT Key

4.3.6 NACUBO Program Code

The National Association of College and University Business Officers (NACUBO) is the “industry” organization for higher education and as such sets accounting standards for its constituents. Traditionally, colleges and universities have described their operating expenses for external reporting purposes by functional categories. NACUBO has standardized those categories to ensure the comparability of higher education financial statements and defines them in their Financial Accounting and Reporting Manual for Higher Education (FARM). They are:

• Instruction
• Research
The FARM further breaks these categories down into more detailed functional subcategories.

At the CSU each functional category is assigned a code, referred to as the Program Group Code, and each subcategory is assigned an identifying number, called the Program Code. For example, the category Instruction, assigned Program Group Code 01, includes expenses for all activities that are part of an institution’s instructional program. Subcategories include:

- 0101 General Academic Instruction
- 0102 Vocational/Technical Instruction
- 0103 Special Session Instruction
- 0104 Community Education
- 0105 Preparatory/Remedial Instruction
- 0106 Instructional Information Technology

A complete list of program group codes and program codes can be found in the FIRMS Data Element Dictionary.

At the CSU, and at least on a monthly basis, NACUBO program codes are automatically assigned to the data in the PeopleSoft CSU Business Unit via an operation referred to as the derivation process. The codes are derived based on a set of four rules as defined by a CSU group with system-wide representation, the Financial Standards Advisory Committee (FSAC). The NACUBO Program Code derivation rules are processed in a specific order for each type of account. The four rules are:

**Rule 1:** This is based on PeopleSoft’s Account Type. The Account Type indicates whether an account is an asset, liability, equity, revenue or expense. The Account Type associated with each PeopleSoft account chartfield is used to look up the associated NACUBO program code. Balance sheet accounts always use the program code associated with this rule. Figure 4 is a PeopleSoft screen shot showing the assignment of program codes applying Rule 1.
**Rule 2:** This determines the program code based on the combination of Fund Processing Type and Object Code (also known as the AAT key). The Fund Processing Type defines a group of funds for which the same object codes are valid. Rule 2 looks up the Fund Processing Type and Object Code associated with the fund and account chartfields. If the program defines the combination, the related NACUBO program code will be used. If it is not defined, the program code will be determined by applying Rule 3 and/or Rule 4.

Revenue accounts are associated with program codes through application of this rule. However, if a program code cannot be found using Rule 2, a program code will be applied using Rule 1.

To illustrate the application of this rule, the object code 609001 is described as State E.O.P. Grant Program. The Program Code associated with this object code is 0801, Scholarships, which will be derived through the Rule 2 definition. Therefore, any balance in the object code 609001 will be categorized as Scholarships on the financial statements.

Figure 5 is a PeopleSoft screen shot which shows the program codes for a sample of combinations of Fund Processing Type and FIRMS object code.
Rule 3: This rule uses the FNAT to define the NACUBO program code when all expenses of certain funds need to be classified in a particular way. When the program code is defined on the FNAT all expense accounts where the program code was not determined via Rule 2 receive the defined code. For example, the program code 2001, Auxiliary Enterprises – Student, includes all expenses for auxiliary enterprise activities primarily intended to furnish self-supporting services to students. Expenses recorded in student auxiliary enterprise programs will receive the program code at the FNAT key level. This is sometimes referred to as Rule 3a.

Rule 3 can also operate where the NACUBO program code has been specified on the PeopleSoft fund chartfield by individual campuses rather than on the FNAT. This is sometimes referred to as Rule 3b.

If the program code is not defined in Rule 3, the program code will be determined by applying Rule 4.

Figure 6 is a PeopleSoft screen shot which shows the application of a program code based on Rule 3.
Rule 4: This rule determines the NACUBO program code for operating expenses based on the department identification (deptID) chartfield. If the code was not derived through operation of Rules 2 and 3, Rule 4 determines the code to be applied. The distribution of expense to program codes is expressed as a percentage. For example, the Computing Support Department might be distributed 50% Academic Support and 50% Institutional Support. The percentage may also be, and often is, 100% for any given department.

Figure 7 is a PeopleSoft screen shot showing the application of Rule 4.
Campuses should conduct a periodic review (at least triennially) of the program code allocations assigned to each department. The current allocations can be viewed in PeopleSoft using the query CSU_CDIP_RULE_4_REVIEW.

Expense accounts are associated with program codes using Rule 2 first. If a program code is not found through reference to Rule 2, the system will apply Rule 3. If it is not found with Rule 3, the system proceeds to application of Rule 4. And, if a code is still not found, the system will use Rule 1.

Figure 8 summarizes the order in which the NACUBO Program Code derivation rules are applied.

### Figure 8 – Order of Application of Derivation Rules

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Step 1</th>
<th>Step 2</th>
<th>Step 3</th>
<th>Step 4</th>
<th>Step 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Asset</td>
<td>Rule 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Liability</td>
<td>Rule 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Equity</td>
<td>Rule 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue</td>
<td>Rule 2</td>
<td>Rule 1</td>
<td>Rule 3b</td>
<td>Rule 4</td>
<td>Rule 1</td>
</tr>
<tr>
<td>Expense</td>
<td>Rule 2</td>
<td>Rule 3</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Tables of codes (state funds, CSU funds, object codes, program codes) are located on-line in the FIRMS Data Element Dictionary.

### 4.4 CSU Fund Classifications Within State Fund 0948, CSU Trust Fund

Unlike most state agencies which record operating activity in the General Fund (state fund 0001), the CSU records this activity in state fund 0948, in various CSU funds as described in the chapters of this manual. Because of the significance of this fund to the CSU, this section provides a brief overview of the general types of activities recorded in state fund 0948.

For legal-basis reporting purposes, state fund 0948 is classified by the state as a fiduciary/trust and agency fund and for GAAP-basis reporting purposes; it is classified as a proprietary/enterprise fund. Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, governments, and other funds. In
order to manage the fund and ensure it remains compliant with requirements under state law, the
CSU, through Executive Order 1000, established unique CSU fund types to define its activity.
These fund types are:

- Proprietary Enterprise Funds
- Proprietary Internal Service Funds
- Fiduciary Agency Funds
- Fiduciary Private Purpose Funds
- Fiduciary Investment Funds

Below, each of these types is described.

**Proprietary Enterprise Funds**
Enterprise programs/activities/fund sources are those that furnish facilities and/or goods or services
to students, faculty, staff, or incidentally to the general public. An enterprise typically charges a
user fee, rent or other fee type directly related to, although not necessarily equal to, the cost of the
facilities, goods or services. These funds record all revenues received from operations of
dormitories, housing facilities, health facilities, student union or activity facilities, parking
facilities acquired or constructed by the Trustees, and self-support instructional programs.

With the exception of sections addressing remittance to and investment by the State Treasurer, the
CSU enterprise program funds within the trust fund operate in accordance with the purpose and

Some CSU funds within this category pledge their revenue in connection with the Systemwide
Revenue Bond (SRB) program.

**Proprietary Internal Service Funds**
Internal service funds are used for the financing of goods or services provided by a designated
campus department or unit to other campus departments or units on a cost-reimbursement basis.
Internal service funds are established primarily to improve financial management of scarce campus
resources. The campus CFO, or designees, may establish internal service funds after documenting
the purpose, financial objectives, and scope of operations. Auxiliary organizations may purchase
goods or services from internal service funds in accordance with campus policies. Use of an
internal service fund is only appropriate if the campus is the predominant participant in the
activity; otherwise, an enterprise fund should be used.
Fiduciary Agency Funds
Agency funds are used to report resources held by the campus in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments. Unless an agency fund is expressly required by the agency relationship agreement, transactions may be accounted for within proprietary funds.

Fiduciary Private Purpose Funds:
Private purpose funds are used to record various financial aid programs funded from student fees.

Fiduciary Investment Funds
Investment funds are used to report the external portion of investment pools held for individuals, private organizations, or other governments.

For further information regarding the CSU fund types, please reference Executive Order 1000, Section III.

For details regarding the categorization of each CSU fund, see individual fund chapters.

5.0 FUND BALANCE:
Not applicable.

6.0 GAAP IMPACT:
For information regarding GAAP accounting requirements, please refer to the GAAP Manual at: http://www.calstate.edu/SFSR/Workshops/index.shtml

7.0 RESOURCES:

7.1 Contacts

The link below provides an up-to-date list of Chancellor’s Office and State Controller’s Office contacts that can assist users of this manual with their general questions, particularly those relating to the year-end closing procedures and the submission of annual financial reports to the state.

https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/sfsr/Pages/Legal-Manual-Contacts.aspx
7.2 Helpful Websites

Systemwide Financial Standards and Reporting (SFSR) website
http://www.calstate.edu/sfsr/

Management and Accounting Practices Office (MAPO) website

MAP Office website is your gateway to:
- TM1 login
- FSAC website
- ICSUAM website
- Recorded trainings
- Year-End Workshop website

Chancellor’s Office Financial Services
https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/Pages/default.aspx

FIRMS Data Element Dictionary

Bank of CSU
https://www.calstate.edu/bank

Coded Memos
https://csyou.calstate.edu/Policies/Pages/default.aspx

Financial Services Transaction Activity
- Fund Balance Clearing Reports (FBC)
- Interagency Transaction Reports (ITT)
- Bank of CSU Monthly Statements
- Allocation Orders (AO)
- Systemwide Allocation Transfers (SWAT)

Allocation Control Reports (ACR)

Integrated California State University Administrative Manual (ICSUAM)
https://csyou.calstate.edu/Policies/icsuam/Pages/default.aspx

Financial Services Useful Links webpage
https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/Pages/useful_links.aspx
Financial Services Recorded Training
https://csyou.calstate.edu/Employee-Resources/training/financial-services-training/Pages/default.aspx

Acronym Resources
Appendix 12 – Glossary of Terms
Acronym Decoder – CSYOU website
CHAPTER 1 – GENERAL INFORMATION

Contributor: Roberta McNiel
Reviewer: Kristina Randig
CO Owner: Roberta McNiel
Issuance Date: April 15, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Introduction and Section 7.0</td>
<td>Added information and reference to resources regarding acronyms.</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>11/19/14</td>
</tr>
<tr>
<td>4.3.6, Rule 4</td>
<td>Updated to include the triennial requirement to review the program code allocations to departments.</td>
<td>R. McNiel</td>
<td>J. Sedong</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.3.3</td>
<td>Added information that FNATs must be updated each time there is a change in the appropriation year.</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/19/16</td>
</tr>
<tr>
<td>Various</td>
<td>Reviewed and updated links within document to ensure all links are current.</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/19/16</td>
</tr>
</tbody>
</table>
CHAPTER 2

COMMON FINANCIAL SYSTEM (CFS)

1.0 OVERVIEW AND DEFINITIONS:

The Common Financial System was implemented to consolidate the individual PeopleSoft finance application instances that supported individual campuses and the California State University (CSU) Office of the Chancellor into a single centralized application instance (excluding the San Diego campus). The Finance Data Warehouse was implemented along with the Common Financial System to maintain a centrally-managed, robust, enterprise financial reporting environment for all campuses and the Chancellor’s Office.

CFS is comprised of three business units: CMP, CSU and GAP. Each business unit (BU) was created to meet a specific need that the other business units could not satisfy. Every transaction begins in the CMP business unit, the original book of entry. The CSU BU is used for reporting to the Chancellor’s Office (CO) Financial Information Record Management System (FIRMS). The data is derived monthly from CMP to the CSU BU through a derivation process that reads a set of rules and changes the PeopleSoft program values to NACUBO program values. After the derivation has been completed, the CSU BU data is extracted for submission to the CO through the FIRMS database. The GAP BU is used for GAAP financial reporting. The data is derived from the CSU BU.

This chapter does not address CFS specific system set up topics, such as configuration guidelines for various PeopleSoft modules (i.e. General Ledger, Accounts Payable), or other processes, such as set up and process Chargebacks, which can be found on the Common Management System (CMS) website. Link to the website and related documents are included in Section 7.0 Resources.

NOTE: Chapter 1, General Information, is a related chapter and should be read in conjunction with this chapter.

Below is a summary of the function of each business unit.

CMP Business Unit
- Legal-basis accounting and reporting for the campus.
- All six chartfields can be used.
Reflects campus operational needs.

**CSU Business Unit**
- Legal-basis accounting and reporting to the Chancellor’s Office and State of California.
- NACUBO program code **derived** into PeopleSoft program chartfield.
- Used to extract the quarterly and year-end data to FIRMS.

The derivation of ACTUALS, Budget, and Encumbrance ledgers from xxCMP to xxCSU business unit will be performed monthly to populate the data in xxCSU, which in turn populates the Finance Data Warehouse (FDW) FIRMS and Systemwide dashboards. Actuals and budget ledger journals must be in posted status and encumbrance journals must be in valid status to be reported in the FDW.

Although asset derivation from xxCMP to xxCSU business unit information is not a component of the FDW, it is required in order to use the delivered reports for reconciliation of campus asset management activity included in the campus ACTUALS ledger. Therefore, monthly asset derivation is required. Additionally, the monthly derivation creates the CSU_FIRMS_AL_AM file for GAAP derivation.

Monthly derivation deadline is the 15th of each month. If it falls on a weekend, then the deadline is the Friday before the 15th.

**GAP Business Unit**
- For GAAP-basis reporting purposes.
- Four chartfields used: Fund, Account, Program Code and Class
- Chartfields are derived using the fund and account attributes and NACUBO program codes.
- The table below identifies the chartfields that are in each of the three business units.

<table>
<thead>
<tr>
<th>Campus (CMP BU)</th>
<th>Legal (CSU BU)</th>
<th>GAAP (GAP BU)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fund = Campus Fund</td>
<td>Fund = Campus Fund</td>
<td>Fund = Net Asset Category</td>
</tr>
<tr>
<td>DeptID = Campus Dept</td>
<td>DeptID = Campus Dept</td>
<td>DeptID = Not applicable</td>
</tr>
<tr>
<td>Account = Campus Account</td>
<td>Account = Campus Account</td>
<td>Account = Natural Classification</td>
</tr>
<tr>
<td>Program = Campus Program</td>
<td>Program = Derived NACUBO</td>
<td>Program = Derived Prog Group</td>
</tr>
</tbody>
</table>
Refer to the Chart of Accounts Position Paper for complete definition and usage of each chartfield in Section 7.0, Resources.

The CMP Business Unit holds three ledgers: Actuals Ledger, Budgets Ledger, and KK Ledger. The first two ledgers are self-explanatory, that is, the Actuals Ledger contains the current year’s transaction data and the Budgets Ledger contains budget data. The third ledger, the KK Ledger, contains the pre-encumbrance and encumbrance data. An encumbrance is an obligation of a governmental agency to the provider of a product or service. The pre-encumbrance data arise from the entry of requisitions in the system and the encumbrance data results from entries of purchase orders (POs). When a requisition turns into a PO, the pre-encumbrance information becomes the encumbrance information. The encumbrance is reduced as the expense is incurred until it is spent down to zero or liquidated. These three ledgers may be viewed together in the CFS Data Warehouse (DW) in various delivered dashboards. Below is a screen print of this comparison. The BBA (or budget balance available) is the budgeted amount that remains unspent after payments against a PO (Total Actuals) and the remaining obligation (Total Encumbrances), representing the unspent amount of a PO, are deducted.

<table>
<thead>
<tr>
<th>Fund Desc</th>
<th>Acct Cat Desc</th>
<th>Rev Budget</th>
<th>Tot Actuals</th>
<th>Tot Enc</th>
<th>BBA</th>
<th>% Used</th>
</tr>
</thead>
<tbody>
<tr>
<td>543FS - FS INTERNAL COST RECOVERY</td>
<td>613 - Contractual Services Group</td>
<td>83,433.00</td>
<td>2,255.00</td>
<td>46,301.00</td>
<td>34,878.00</td>
<td>58%</td>
</tr>
<tr>
<td>543FS - FS INTERNAL COST RECOVERY Total</td>
<td></td>
<td>83,433.00</td>
<td>2,255.00</td>
<td>46,301.00</td>
<td>34,878.00</td>
<td>58%</td>
</tr>
<tr>
<td>Grand Total</td>
<td></td>
<td>83,433.00</td>
<td>2,255.00</td>
<td>46,301.00</td>
<td>34,878.00</td>
<td>58%</td>
</tr>
</tbody>
</table>

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 The Legal Edits Table
The Legal Edits Table determines the validity of CSU fund, Fund Processing Type, and object code combinations. It is maintained by the Chancellor’s Office and is downloaded into PeopleSoft CFS each night via an automated process. Activation of the table is at the option of the campus, but is highly recommended to ensure data integrity.
CFS users are alerted to a combination error at the point a journal is entered into the system. The journal entry screen signifies an error through the placement of an “X” on the journal line where the system has identified an invalid combination and the journal will not be processed. Users need to click on the “Errors” tab for a description of identified errors. When the error is attributable to the combination edit the error message will specify that this is the cause of the error and the user will need to identify a valid combination for the transaction in order to continue processing.

The Legal Edits Table is posted in Excel format on the Chancellor’s Office website, along with the procedures followed in updating the CFS table. See also below section 7.0 Resources.

Refer to CFS 9.2 User Guide Chartfield Attribute and Attributes Build Process in Section 7.0, Resources.

NOTE: Sections 3.2 and 3.3 are advanced level concepts and decisions made based on the information described are handled at the management level.

3.2 Establishing a PeopleSoft Fund in CFS

With the implementation of PeopleSoft, campuses acquired the ability to establish multiple PeopleSoft fund chartfield values within one CSU fund; much like the CSU can establish multiple CSU funds within a state fund. (See the Tables of CSU Fund and Object Code Definitions at the SFSR website for further information concerning the CSU funds associated with each state fund). Under certain circumstances, campuses MUST establish a unique PeopleSoft fund (e.g., to reconcile to the State Controller’s Office records, when the CSU establishes a new CSU fund or the CSU requires a set of transactions to be tracked via a FIRMS project code).

In addition to the state or CSU rules that require setting up a unique PeopleSoft fund, campuses may choose to establish separate and unique PeopleSoft fund values for their own purposes. The following are some of the key considerations when establishing a new PeopleSoft fund chartfield value.

(Refer to the Chart of Accounts Position Paper for complete definition and usage of each chartfield in Section 7.0, Resources.)

- What is the campus reporting structure?
- Who will manage the activity?
- Who is accountable for the equity?
- What is the materiality of the activity?
- What efficiencies are gained from establishing the fund?
What is the campus reporting structure?

If the activity being considered for a unique fund has a reporting requirement, then obviously one of the six chartfields must be used to identify that activity. If the campus-delivered reports only support reporting by DeptId or Fund, and if the Project, Program, or Class field is used to record the new activity, a new report would have to be designed in order to separate that new activity from the DeptID/Fund. In addition, the existing reports by DeptId and Fund would bury the new activity in the total by DeptID and/or Fund (i.e., the amount would not be segregated in a separate line item). In that case, a separate spreadsheet would have to be maintained to break out the activity for reporting purposes.

Who will manage the activity?

If the activity in question is the responsibility of a recognized campus organizational unit (for example, a department meeting the mission of instruction), then adding it to the department’s normal department activity may suffice. However, if the new activity is to be managed by an individual – staff or faculty – the campus reporting solution may not support that as it more than likely recognizes departments, not individuals. By creating a unique PeopleSoft fund value, it can be assigned to an individual.

Who is accountable for the equity?

Even though the activity may be the responsibility of a department, and the campus reporting solution supports the department, the balance available and/or equity of the new activity may have to be reported/tracked separately. If that is the case, a PeopleSoft fund value would separate equity through normal accounting processes, i.e., the close process. Without a unique fund, a manual process may be required to calculate the equity allocable to the activity and the responsibility for process maintenance needs to be assigned.

What is the materiality of the activity?

If the activity is for a finite period of time and/or for an immaterial amount, it may not be beneficial to create a fund.

What efficiencies are gained from establishing the fund?
Without a unique fund, a manual process may be required to separately identify and track the specific activity. Ownership of the manual process has to be assigned and maintained. Even an automated process has to be developed, tested, and tracked.

Conclusion

If creating a unique fund makes a business process, report, or activity monitoring more efficient, then it should be created. Campus financial management staff should discuss the pros and cons of creating a fund. The discussion should take into account the users of the information and consider reporting and tracking requirements, equity management and materiality of the activity.

GAAP Impact

If a campus decides to create a new fund, and the default GAAP net asset position category attached to the CSU Fund Attribute Key (FNAT) is not the proper category for the new activity, then the campus needs to use the override feature in the chartfield set-up to change the category to the one that properly describes the activity. For instructions on establishing the GAAP override, please refer to the ChartFields Attributes and Attributes Build Process paper on the CFS 9.2 General Ledger website. See also below section 7.0 Resources for link to document.

3.3 Reclassifying or Redefining an Activity Within a PeopleSoft Fund – New Fund vs. Change in FNAT of Old Fund

At times, transaction activity within a particular PeopleSoft fund may be reclassified and/or redefined in a way requiring the activity to be defined by a different CSU Fund Attribute Key (FNAT) than is currently assigned to that fund. A campus has two options for accomplishing the reclassification or redefinition of the activity: (1) create a new PeopleSoft fund or (2) change the FNAT key of an existing fund. Careful consideration should be given when choosing an option. The two options and the considerations when making a selection are further discussed below:

A. Establish a new fund in the correctly defined FNAT key:

1. Assess any outstanding transactions within the sub-systems listed below and process effective-dated fund value changes for each. This is an essential step because the outstanding transactions in the sub-system will continue to point to the old fund until the changes are entered.

   - Vouchers
   - Requisitions
   - Purchase orders
2. Transfer any balance in the general ledger that is not processed by the sub-system via a journal from the old fund to the new fund.

3. Transfer equity from the old fund to the new fund using the appropriate transfer out/transfer in account.

4. Notify all affected users to no longer use the old fund and to begin using the new fund.

5. Make sure to notify all campus service providers who may have the old fund on file or in chargeback systems to no longer use the old fund (telephone, Office Max, P-Card, etc.). This step is necessary because these service providers use a charge code associated with a chartfield string to post the expense. The fund in the chartfield string needs to be changed.

B. Change the FNAT key on the old fund

If the fund has equity, the FNAT key cannot just be changed as it will create a FIRMS error. The beginning balance in the current FIRMS submission is compared to the ending balance of the prior year FIRMS submission to ensure there has been no change in equity. The following steps must be taken in order to maintain an existing PeopleSoft fund, but with a change to the FNAT key:

1. Create a new PeopleSoft fund mapped to the “old” FNAT key value. This fund will only be used for the current year as part of the FNAT key change process. If you are changing the FNAT key on several PeopleSoft funds, one new PeopleSoft fund per CSU fund can be established.

2. Process a journal transferring equity from the old fund to the “new” PeopleSoft fund created in step 1.
Sample entries for FNAT key change:

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>G</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Ledger balance @ July 1</strong></td>
<td><strong>General Ledger balances at the start of the process</strong></td>
<td><strong>Journal to transfer equity</strong></td>
<td><strong>General Ledger balance after journal</strong></td>
<td><strong>Effective date of FNAT key change</strong></td>
<td><strong>Year end closing entries</strong></td>
<td><strong>General Ledger balance @ July 1</strong></td>
</tr>
<tr>
<td>FNAT</td>
<td>CSU Fund</td>
<td>A</td>
<td>496</td>
<td>A</td>
<td>496</td>
<td>A</td>
</tr>
<tr>
<td>PS Fund</td>
<td>MX052</td>
<td>MX052</td>
<td>MX052</td>
<td>MX052</td>
<td>MX052</td>
<td>MX052</td>
</tr>
</tbody>
</table>

| Cash | $300 | $450 | $- | $450 | $450 | $- | $450 |
| Accounts Rec | $50 | $- | $50 | $50 | $- | $50 | $50 |
| Accounts Pay | $- | $30 | $- | $30 | $- | $30 | $30 |
| Equity | $- | $300 | $300 | $- | $- | $470 | $470 |
| Expense | $96 | $- | $96 | $96 | $- | $96 | $96 |
| Revenue | $1,150 | $- | $1,150 | $1,150 | $- | $1,150 | $1,150 |
| Transfer in - 496 | $- | $300 | $300 | $- | $- | $300 | $300 |

Following are some points to consider when deciding whether to create a new fund to record the “redefined” activity or to change the FNAT key on the old fund:

- The old fund may have had meaning in its PeopleSoft fund value that will no longer be correct.
For ease in the maintenance of the system, trees and combination edits use ranges of chartfield values. More than likely when you change the FNAT key on the “old” fund you will have to revisit the trees and combination edits and break the use of ranges (i.e., if a campus defines ranges in its trees and changes to a different FNAT, the definition of that fund may no longer fit within the existing range).

If assets were recorded in the PeopleSoft Asset Management module, campuses choosing to change a FNAT key on a fund will have to manually reconcile the Report 19 generated by PeopleSoft when the new and prior FNAT keys map to different SCO funds. The additions and retirements of assets and the related accumulated depreciation on Report 18 will continue to report correctly under the old SCO fund. However, the reconciliation of the investment in capital assets by SCO fund shown on Report 19 will be reported under the new SCO fund, skewing the investment in capital asset amounts for the old and new SCO funds in the section.

It can be labor intensive to change all outstanding documents within the sub-systems to a new value.

Inactivate old fund when trial balance has zero balances in all accounts.

To maintain a clean chart of accounts, the most obvious choice is to create a new fund. However, in identifying the optimal path, timing and workload need to be considered, in addition to the impact on other departments and the campus end users.

Campus accounting officers should evaluate the potential impact on legal and GAAP reporting and communicate any GAAP reporting impact to the GAAP coordinator. Because the GAAP ledger balances are tracked by CSU fund, the GAAP coordinator will have to make a reclassification entry in the GAAP ledger. Campus end users should be informed of the impact on their departmental business operations, if any.

**GAAP Impact**

The change in activity may result in having to explain the fluctuation between years. Depending on whether the old and the new CSU funds cross GAAP net position categories, it may also have a prior period classification impact.

There is a reclassification journal entry that must be made in the GAAP ledger. The direct entry to equity posted in the legal ledger (shown in column C of the display above) is required to be reclassified in the GAAP ledger as it will derive to natural classification 714002, *Legal – Balance needs to be reclassed for GAAP*. See the sample entries below.
Sample entries in the GAAP ledger for FNAT key change

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
<th>F</th>
<th>General Ledger balance @ July 1</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>General Ledger balance @ July 1</td>
<td>Derived Data from Period 1-12 at the start of the process</td>
<td>Derived Journal to transfer equity</td>
<td>General Ledger balance after journal</td>
<td>Reclassification of Trial Balance from Column A</td>
<td>Year end closing entries</td>
<td>General Ledger balance @ July 1</td>
</tr>
<tr>
<td>CSU Fund</td>
<td>467</td>
<td>467</td>
<td>467</td>
<td>467</td>
<td>467</td>
<td>467</td>
<td>467</td>
</tr>
<tr>
<td>NAC</td>
<td>881</td>
<td>881</td>
<td>881</td>
<td>881</td>
<td>881</td>
<td>881</td>
<td>881</td>
</tr>
<tr>
<td>Cash</td>
<td>$ -</td>
<td>$ 150</td>
<td>$ -</td>
<td>$ 150</td>
<td>$ 300</td>
<td>$ -</td>
<td>$ 450</td>
</tr>
<tr>
<td>Accounts Rec</td>
<td>$ -</td>
<td>$ 50</td>
<td>$ -</td>
<td>$ 50</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 50</td>
</tr>
<tr>
<td>Accounts Pay</td>
<td>$ -</td>
<td>$ (30)</td>
<td>$ -</td>
<td>$ (30)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (30)</td>
</tr>
<tr>
<td>Equity</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td>Must be Reclss</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 300</td>
<td>$ 300</td>
<td>$ (300)</td>
<td>$ -</td>
<td>$ (470)</td>
</tr>
<tr>
<td>Expense</td>
<td>$ -</td>
<td>$ 980</td>
<td>$ -</td>
<td>$ 980</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (800)</td>
</tr>
<tr>
<td>Revenue</td>
<td>$ -</td>
<td>$ (1,150)</td>
<td>$ -</td>
<td>$ (1,150)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 1,150</td>
</tr>
<tr>
<td>Transfer in - 467</td>
<td>$ -</td>
<td>$ -</td>
<td>$ (300)</td>
<td>$ (300)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 300</td>
</tr>
</tbody>
</table>

|                | General Ledger balance @ July 1 | Derived Data from Period 1-12 at the start of the process | Derived Journal to transfer equity | General Ledger balance after journal | Reclassification of Trial Balance from Column A | Year end closing entries | General Ledger balance @ July 1 |
| CSU Fund       | 467                   | 467                    | 467                   | 467                   | 467                    | 467                    | 467                             |
| NAC            | 881                   | 881                    | 881                   | 881                   | 881                    | 881                    | 881                             |
| Cash           | $ 300                 | $ -                    | $ -                   | $ 300                 | $ (300)                | $ -                    | $ -                             |
| Accounts Rec   | $ -                   | $ -                    | $ -                   | $ -                   | $ -                    | $ -                    | $ -                             |
| Accounts Pay   | $ (300)               | $ -                    | $ -                   | $ -                   | $ -                    | $ -                    | $ -                             |
| Equity         | $ -                   | $ -                    | $ (300)              | $ (300)               | $ -                    | $ -                    | $ 300                           |
| Must be Reclss | $ -                   | $ -                    | $ 300                 | $ 300                 | $ -                    | $ -                    | $ (300)                         |
| Expense        | $ -                   | $ -                    | $ -                   | $ -                   | $ -                    | $ -                    | $ -                             |
| Revenue        | $ -                   | $ -                    | $ -                   | $ -                   | $ -                    | $ -                    | $ -                             |
| Transfer in - 467 | $ -                   | $ -                    | $ 300                 | $ 300                 | $ -                    | $ -                    | $ (300)                         |

* Assumes FNAT key change is effective dated 7/1/200X

4.0 REPORTING REQUIREMENTS:
Refer to Chapter 3, – FIRMS, and Chapter 5, – *Preparation and Submission of State Controller’s Office (SCO) Reports*. Also refer to Chapter 3 of the GAAP Manual on FIRMS_GAAP Submission (See the link provided in Section 7.0, Resources.)

5.0 **FUND BALANCE:**

Not applicable.

6.0 **GAAP IMPACT:**

See Section 3.0

Additionally, as part of the CSU systemwide financial statement audit (GAAP), KPMG performs general and application IT controls testing over the CFS and Finance Data Warehouse.

7.0 **RESOURCES:**

Recorded Training and Workshops

- CFS Refresher Course
- CFS Common Code Mods
- CFS 9.0 General Ledger
- CFS 9.2 General Ledger
- CFS Website - COA Position Paper

Systemwide Guideline: PO and Fund dates
GAAP Manual:
  • Chapter 3 Mapping Legal Basis Accounts to GAAP Reporting Model

CMS Home Page

CFS 9.2 User Guide Chartfield Attributes & Attributes Build Process

CFS 9.2 General Ledger

Legal Edits Table

Tables of CSU Fund and Object Code Definitions
### REVISION CONTROL

**Document Title:** CHAPTER 2 – CFS  
**Contributor:** Kristina Randig  
**Reviewer:** Lily Wang  
**CO Owner:** Roberta McNiel  
**Issuance Date:** May 8, 2014

#### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0</td>
<td>Added discussion of Actuals Ledger, Budgets Ledger, and KK Ledger.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/13/14</td>
</tr>
<tr>
<td>7.0</td>
<td>Updated Links as needed</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>5/25/16</td>
</tr>
<tr>
<td>1.0, 7.0</td>
<td>Added information regarding CMS</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>Lily Wang</td>
<td>4/4/17</td>
</tr>
<tr>
<td>1.0</td>
<td>Added monthly derivation requirement</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>Sherry Pickering</td>
<td>8/16/17</td>
</tr>
<tr>
<td>1.0</td>
<td>Updated monthly derivation requirement to include AM derivation</td>
<td>Sherry Pickering</td>
<td>Lily Wang</td>
<td>Sherry Pickering</td>
<td>9/22/2017</td>
</tr>
<tr>
<td>7.0</td>
<td>Added SW guideline re PO and Fund dates in CFS</td>
<td>Sherry Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 3
FINANCIAL INFORMATION RECORD MANAGEMENT SYSTEM (FIRMS)

1.0 OVERVIEW AND DEFINITIONS:

1.1 FIRMS Overview

The Financial Information Record Management System (FIRMS) is a corporate financial information management system that allows the Chancellor's Office to fulfill its system-wide financial reporting requirements from campus-submitted data. At the end of each month, each campus extracts accounting data from its local financial system and formats the information in a FIRMS compatible format. Data are transmitted electronically to the Chancellor’s Office via FIRMS for validation and to fulfill internal information requirements. For the quarterly submissions, the data are subjected to edit criteria and are given final acceptance by the Chancellor’s Office only when all errors have been resolved.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

Not applicable.

4.0 REPORTING REQUIREMENTS:

4.1 Data Quality Review

Before submitting financial data to the Chancellor’s Office via FIRMS and preparing reports as mandated by the state (discussed in Chapter 5), it is important that such data undergo a thorough review to ensure all transactions have been properly recorded and classified. Throughout this manual, guidance is provided to assist campuses in correctly recording their transactions so that similar events are accounted for in a consistent manner across the system and to ensure the quality of the financial data. Additional information is provided below to assist campuses in achieving a higher level of data integrity.
4.2 Quarterly Submissions

Campuses are required to submit data to FIRMS on a quarterly basis: for the periods ending September 30, December 31, March 31 and June 30. The June 30 submission is discussed in more detail in Section 4.4, Year-End Submissions. Each quarter’s data is cumulative, meaning the September 30 submission includes financial data for July 1 through September 30; the December 31 submission includes financial data for July 1 through December 31; the March 31 submission includes financial data for July 1 through March 31; and, the June 30 submission includes financial data for July 1 through June 30.

Each quarter’s submission is subject to the automated edits discussed further at 4.5, Automated FIRMS Edits/Chancellor’s Office Manual Edits. The submission will generally not be accepted by the Chancellor’s Office until all errors identified by the program have been resolved. However, on occasion there may be circumstances necessitating an override of these errors by the Chancellor’s Office. In this event, campuses are required to request acceptance of their submission via an email directed to the Chancellor’s Office FIRMS contacts as listed on the Contact List accessed at CSU Legal Accounting & Reporting Manual web page. The request must explain the reason(s) for the errors and why correction cannot be made. An electronic copy of the FIRMS validation report, with the errors that can’t be corrected highlighted, must be attached. The Chancellor’s Office, in response to these requests, will either document acceptance of the file containing the error or will provide guidance on correction and request re-submission of a “clean” file. If an accepted error is repeated in subsequent quarters, the campus must file a new acceptance request in that subsequent quarter, with a copy of the current validation report reflecting the repeated errors and a copy of the previous correspondence explaining the reason for the errors and reflecting the Chancellor’s Office acceptance of them.

The Chancellor’s Office only performs the manual edits detailed at 4.4 for the fourth quarter. However, the Chancellor’s Office will identify abnormal balances at the conclusion of the 3\textsuperscript{rd} quarter and report their findings to the campuses in preparation for year-end procedures. Control accounts will also be checked at the end of the 3\textsuperscript{rd} quarter to confirm they are not being used to record transactions; exceptions are reported to the campuses.

Quarterly submissions are due no later than the 10\textsuperscript{th} business day following the end of the quarter. Before the end of the first quarter of each fiscal year, the Chancellor’s Office updates the specific deadlines for the quarterly submissions at the Systemwide Financial Standards and Reporting (SFSR) website (see the FIRMS Submission Guidelines and Dates option).
4.3 Year-End Submissions

For year end, three FIRMS files are submitted by all campuses:

1. **Campus Pre-Closing File**
   This file must reflect the status of the accounts after all accruals consistent with legal basis accounting and adjusting entries have been posted, but before closing entries are recorded. Campuses are required to report all assets, liabilities, fund equity, revenues and expenditures. The account balances in the FIRMS file must agree with the pre-closing data reported to the SCO as of June 30.

   The pre-closing file can be submitted any time after June 30, but no later than the date specified in the master timeline posted at the Systemwide Financial Standards and Reporting (SFSR) website. (The timeline can be accessed from the drop-down menu for either “Legal” or “GAAP” for the most current fiscal year displayed.) The Chancellor’s Office performs certain analytical procedures on the data as described at 4.4 of this manual and notifies the campus of the results via email. The campus will be directed either to proceed to submit its post-closing file, if no errors have been identified, or to correct identified errors and re-submit the pre-closing file. If the latter direction is given, campuses will continue to submit pre-closing files until all errors have been cleared, no later than the specified due date described above.

2. **Campus Post-Closing File**
   This file must reflect the status of the accounts after the closing entries have been posted. Campuses are required to report all assets, liabilities and fund equities after revenue and expenditure accounts have been closed to fund equity. The account balances in this FIRMS file must agree with the post-closing data reported to the SCO as of June 30.

   Just as with the pre-closing file, the Chancellor’s Office will perform analytical procedures on the data as described in 4.4 of this manual. Results will be communicated via email and campuses will be required to continue submissions until all identified errors have been cleared. The post-closing file must also be submitted no later than the date specified in the master timeline posted at the Systemwide Financial Standards and Reporting (SFSR) website.

3. **Auxiliary Organization File**
   In addition to submitting their own financial data via the files described in
(1) and (2) of this section, campuses must submit on behalf of their auxiliary organizations pre-closing financial data in FIRMS format. This data, submitted in July (see the master timeline at the SFSR website for auxiliary submission deadlines), is used in state budgetary reports. The following line items are required for each auxiliary organization:

- Total assets
- Total liabilities
- Total fund equity
- Revenues
  - Federal grants and contracts
  - State grants and contracts
  - Local government grants and contracts
  - Private contributions
  - Federal facilities and administrative (F&A) cost recovery
  - State facilities and administrative (F&A) cost recovery
  - Local government facilities and administrative (F&A) cost recovery
  - Other facilities and administrative (F&A) cost recovery
  - Sales and services of auxiliary enterprises
  - Other revenues
- Expenses
  - Salaries and wages
  - Benefits
  - Miscellaneous expenses

A template is provided for submission of these line items at the SFSR Website (click on “Aux Org Legal Basis Template”). When the data entry into the template is complete, it should be converted to a text file and submitted to FIRMS using the submission process described in the FIRMS Data Submission Guide --- see link at the bottom of this section.

A later submission in October will include more detailed information that should tie to the audited financial statements. (Refer to the CSU GAAP Reporting Manual for details concerning the information required for the October submission.) This data is used for part of the Integrated Postsecondary Education Data System (IPEDS) annual report and for analysis of historical data in connection with the preparation of the consolidated financial statements.
In addition to using the data uploaded to FIRMS as indicated in (3) above, various other consolidated reports generated from these three files are submitted to the State Controller's Office (SCO), the California State Auditor (CSA), the Department of Finance, bond auditors, and other stakeholders. It is, therefore, very important that the necessary steps be taken to ensure the reliability of the data. It is the responsibility of the campus accounting officer/financial manager to immediately notify the Chancellor’s Office Systemwide Financial Standards & Reporting Department of any known errors contained in the files and to coordinate file resubmission with them.

For further information concerning the campus FIRMS submission process, see the [FIRMS Data Submission Guide](#).

### 4.4 Automated FIRMS Edits/Chancellor’s Office Manual Edits

The submissions described in Section 4.3 are subjected to two types of edits, those that are built into FIRMS and those performed by the Chancellor’s Office.

**Automated FIRMS Edits**

The automated edits generally fall into two categories:

- Edits which check for invalid values;
- Edits which evaluate the data against established business rules (including combination edits).

The first type, the check for invalid values, includes an edit that compares each campus’s interagency transfers and interagency receivables/payables transactions against data which are generated by the Chancellor’s Office accounting group and which they record in a report known as the Accounts Payable/Accounts Receivable Report. Differences between the interagency transfers and interagency receivables/payables transactions reported by the campus and recorded by the Chancellor’s Office in its report will appear on the FIRMS Validation Report. The system also confirms that intra-agency transfers and intra-agency receivables/payables net to zero.

The second type, the validation against business rules, checks data compliance against standard business practice. For example,

- Transactions in the scholarship and fellowship program group can only use financial aid object codes;
FTEs can only be associated with salary and wage object codes;
Interagency receivables must equal interagency payables.

In addition, in 2010, the Chancellor’s Office developed an automated tool, known as the Legal Edits Table, to ensure that certain combinations of data were valid. This table determines the validity of CSU fund, Fund Processing Type, and object code combinations. It is maintained by the Chancellor’s Office and is downloaded into PeopleSoft CFS each night via an automated process. Activation of the table is at the option of the campus, but is highly recommended to ensure data integrity.

Shortly after its implementation in CFS, the Chancellor’s Office incorporated these same edits in FIRMS, meaning that campus data failing to comply with the edits will not be accepted until the errors are cleared. Campuses need to be cognizant of the valid combinations to avoid delay in completing a quarterly submission, particularly at year end.

The Legal Edits Table is posted in Excel format on the Chancellor’s Office website, along with the procedures followed in updating the CFS table.

For more information about the Legal Edits Table, visit the FAST-ED website. After logging on, click the tutorial Legal Edits. Also see the CFS 9.0 User Guide and select FIRMS Legal Edits.

For a complete list of automated edits, refer to the Data Validation section of the FIRMS Data Submission Guide.

Chancellor’s Office Manual Edits
In addition to the edits built into FIRMS, the Chancellor’s Office performs manual reviews of certain data included in the year end pre-close file as follows:

- Balances in object code 690003, RMP Expenditure Offset, reported by the campuses will be validated against information provided by the Systemwide Budget Office. The rules below are applicable:

  - If there are no SWAP transactions, the transfers between state fund 0001, General Fund, and state fund 0948, Trust Fund, must net to zero on the campus books.
  - If there are SWAP transactions, the transfers between state fund 0001, General Fund, and state fund 0948, Trust Fund, must net to zero at the system-wide level.

- Type codes associated with governmental and non-governmental accounts receivable will be checked.
Object code 103003, Accounts Receivable – Revenue, must carry a code of “G” (for governmental).

Object code 103004, Accounts Receivable – Operating Revenue, must carry a code of “P” (for proprietary) or “F” (for fiduciary).

All accounts will be reviewed for “abnormal” balances, generally defined as:

- For asset and expense object codes, a credit balance;
- For liability, equity and revenue object codes, a debit balance.

There are exceptions to the general definition. For example,

- Contra-asset accounts, such as accounts receivable allowances, carry credit balances;
- Object code 304099, Offset for Reserves/Fund Balance, an equity account, will carry a debit balance;
- Object codes 690002, Prior Year Expenditure Adjustment, and 590002, Prior Year Surplus Adjustment, can have either a debit or credit balance.

The check for “abnormal” balances will not automatically result in rejection of a campus’s data, but campus personnel will be required to supply explanations for the existence of such balances. Appendix 20, Abnormal Balance Explanation Template, is provided to facilitate the documentation of explanations in a standard format for the Chancellor’s Office. (Note that this template is to be used for internal reporting purposes only and not for the SCO abnormal balance reporting requirement. See Appendix 22 for a suggested format for the provision of explanations of abnormal balances to the SCO.) Information provided by the campus should be in enough detail to allow the Chancellor’s Office to evaluate the propriety of the balance. Campuses should also be aware that if “abnormal” balances exist and are not corrected, the SCO may question them upon receipt of the SAM 99 file (see Chapter 5 for further information about the SAM 99 file) or the hard copy reports prepared by the Chancellor’s Office.

FIRMS has been programmed to identify all cash and investment accounts possessing credit balances. The system will return a WARNING message rather than an ERROR message. The former does not prevent the campus from making an acceptable (also known as a “clean”) submission to FIRMS, but the latter will. Although the campus can complete its year-end pre-close submission with credit balances in cash and investments, the Chancellor’s Office will also identify these balances in its manual review and can request further explanations.
Campuses are urged to analyze “abnormal” balances at the CSU fund level before making their FIRMS and SCO submissions (further discussed in Chapter 5) to ensure the accuracy of the data.

Finally, campuses are encouraged to transmit a completed Abnormal Balance Explanation Template to the legal reporting contacts on the Contacts List in the Legal Accounting and Reporting Manual at the time the FIRMS legal-basis file is submitted to expedite the CO’s review of the data. This is not mandatory. If a campus chooses not to do this, SFSR will prepare the form in conjunction with their review of the FIRMS data and transmit it to the campus for entry of explanations of identified abnormal balances.

NOTE: Scholarship and/or grant funds will frequently have negative cash balances because of the difference in the timing of issuance of funds and recovery of funds. Campuses will need to explain the abnormal cash balance in these funds upon submission of the FIRMS data, but if negative balances are due to this timing difference, the explanation will be accepted.

- Trial balances will be reviewed to confirm control accounts are not being used by the campuses to record transactions. To help campuses identify control accounts in FIRMS, the Chancellor’s Office added the words “Control Account” at the end of each control account’s object code description. FIRMS control accounts are used to describe the numbering convention used for a group of accounts. Like the tiered state general ledger accounts in the Uniform Codes Manual, the control accounts provide the logical structure for the detail accounts and may be used for roll-up in summary level reports. For example, 250000 is the Other Current Liabilities group of accounts and each object code in the group begins with the digits 2500. Therefore, Other Current Liabilities detail object codes include: 250001, Cash Overages; 250002, Uncleared Collections; 250003, Accrued Leave Time; etc.

- The designation of funds established in all CSU funds listed in ICSUAM 2001.00, Campus Reserves, will be compared both to object code 304099, Offset for Reserves/Fund Balance, and to the fund’s equity balance to confirm (1) the designations and the offset net to zero and (2) the entire equity balance of these funds has been distributed to the designation object codes, with any residual undesignated amount being credited to object code 304015, Fund Balance-Undesignated/Unallocated. Designation object codes include:
304010 Designated for Capital Improvements/Construction
304011 Designated for Equipment Acquisition
304012 Designated for Program Development
304013 Designated for Future Debt Service
304014 Designated for Facilities Maintenance & Repairs
304016 Designated for Outstanding Commitments
304018 Designated for Encumbrances
304021 Designated for Financial Aid
304022 Reserve for Economic Uncertainty

- Cash and investments object codes (101XXX and 102XXX) in capital outlay funds will be checked to confirm their balances are zero.

The balance in object code 101100, Cash/Short-Term Investments (SWIFT), will be checked to confirm it is zero for state funds other than state fund 0948.

- CSU funds deactivated within the fiscal year will be reviewed to confirm a zero fund balance as of June 30.

With regard to the post-close submission, the Chancellor’s Office will verify the following:

- The change in asset and liability balances is zero.

- The sum of the changes in revenue and expense accounts is equal to the sum of the changes in equity accounts.

- Campuses are closing revenue and expenses to the correct equity account for each state fund. Staff should refer to the schedule Fund Equity Object Code by Fund at Appendix 1 for guidance.

- Activity in CSU funds pending deactivation after July 1 net to zero.

**5.0 FUND BALANCE:**

Not applicable.
6.0 GAAP IMPACT (FIRMS GAAP Submission):

In addition to submitting the campus reporting package in YES (TM1) on the web, each campus is required to submit the final version of the GAAP reporting package in FIRMS format as soon as the final version of the reporting package is submitted in YES. Please refer to the timeline at the Systemwide Financial Standards & Reporting (SFSR) website for the submission deadline. The FIRMS GAAP data must agree with the final version of the reporting package. Since campus stand-alone financial statements are no longer issued, there should be no adjustments to the GAAP ledger after the reporting package is finalized. However, if campuses make adjustments to the GAAP ledger at a level that does not affect their reporting package but affects the FIRMS GAAP data, then campuses need to resubmit the FIRMS GAAP data.

The submission procedure for FIRMS GAAP data is the same as for other FIRMS submissions (see FIRMS Data Submission Guide at the SFSR website). The FIRMS GAAP submission requires submission of three files, each as a separate submission: 1) pre-closing (Activity Period 20XX16), 2) closing (Activity Period 20XX17), and 3) post-closing (Activity Period 20XX18). Assets, liabilities, revenues, and expenses in the pre-closing file (Activity Period 20XX16) must agree with the amounts in the reporting package for corresponding line items in both the GAAP object code and program group code, when applicable. Assets, liabilities, and net position in the post-closing file (Activity Period 20XX18) must agree with the amounts in the reporting package for corresponding line items in both the GAAP object code and program group code, when applicable. All FIRMS GAAP data (20XX16, 20XX17 and 20XX18) must have the appropriate and accurate CSU fund number, which provides additional details required for MD&A and management reports beyond the basic financial statements.

7.0 RESOURCES:

7.1 FIRMS Data Element Dictionary

In addition to the FIRMS Data Submission Guide referenced in this chapter, the Chancellor’s Office provides an on-line FIRMS Data Element Dictionary. This document provides descriptive information regarding the various data elements used in the system. It serves as a tool for training new staff and is a valuable reference tool for all personnel maintaining the CSU’s financial records.

The screen for CSU fund provides search options which aid the user in locating the desired information. A user can search for a particular CSU fund. The search will identify the associated state fund. Or, a search can be conducted by state fund to identify all valid CSU funds associated with it. Additionally, searches can be done to find all state or CSU funds which have been deactivated.
7.2 Current Year Object Code, CSU Fund and Legal Edits Updates

Each year codes are identified which are no longer needed and can be deactivated and transactions occur necessitating the creation of new codes. Beginning in the 2013/2014 fiscal year, SFSR incorporated information about these changes into the Tables of CSU Fund and Object Code Definitions located at its website. The tables include information on the status of a value (active or obsolete), the FIRMS update date, the effective date of the change, and the reason for the change. The information is updated as changes occur.

In addition, legal combination edits are periodically updated (for more information concerning the Legal Edits Table, see 4.4 in this chapter). Information concerning status, the update and effective dates, and the reason for a change are now a part of the Excel version of the table posted at the SFSR website.

7.3 PeopleSoft Queries

FIRMS Related Baseline Queries _ST_LVL

- CSU_GL_ABNORMAL_CREDITS & CSU_GL_ABNORMAL_DEBITS: Allows you to identify your abnormal balances prior to running FIRMS.

CSU_GL_ABNORMAL_CREDITS

<table>
<thead>
<tr>
<th>FIRMS Object CD</th>
<th>SCO Fund</th>
<th>CSU Fund Code</th>
<th>State GL Acct</th>
<th>Fund</th>
<th>Account</th>
<th>Descr</th>
<th>Sum Total Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>101004</td>
<td>0505</td>
<td>200 11400000</td>
<td>2001 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(1,400,000.00)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0505 Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(1,400,000.00)</td>
</tr>
<tr>
<td>101004</td>
<td>0573</td>
<td>181 11400000</td>
<td>CL181 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(10,229.89)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0573 Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(10,229.89)</td>
</tr>
<tr>
<td>101004</td>
<td>0575</td>
<td>201 11400000</td>
<td>CC201 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(7,556,579.31)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101004</td>
<td>0575</td>
<td>202 11400000</td>
<td>CC202 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(26,511.03)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101004</td>
<td>0575</td>
<td>203 11400000</td>
<td>CC203 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(146,016.25)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>101004</td>
<td>0575</td>
<td>205 11400000</td>
<td>CC205 101004</td>
<td>CASH IN ST TREASURY</td>
<td>(1,178,377.66)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0575 Total</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(8,907,464.25)</td>
</tr>
</tbody>
</table>

- CSU_GL_AR_ALLOWANCES: Allows you to validate if your allowances between state funds are in line prior to running FIRMS.
CSU_GL_AR_ALLOWANCES

<table>
<thead>
<tr>
<th>SCO Fund</th>
<th>CSU Fund Code</th>
<th>FIRMS Object CD</th>
<th>State GL Acct</th>
<th>Fund</th>
<th>Account Descr</th>
<th>Sum Total Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>0948</td>
<td>485</td>
<td>103007</td>
<td>131900000</td>
<td>48501</td>
<td>103007</td>
<td>33,277.71</td>
</tr>
<tr>
<td>0948</td>
<td>485</td>
<td>104007</td>
<td>131000000</td>
<td>48501</td>
<td>104007</td>
<td>4,463.06</td>
</tr>
<tr>
<td>0948</td>
<td>485</td>
<td>103002</td>
<td>131200000</td>
<td>48504</td>
<td>103002</td>
<td>34,073.40</td>
</tr>
<tr>
<td>0948</td>
<td>485</td>
<td>103007</td>
<td>131900000</td>
<td>48504</td>
<td>103007</td>
<td>163,382.23</td>
</tr>
</tbody>
</table>

- **CSU_GL_DUETO_DUEFROM**: Allows you to validate if your due to/from between state funds are in line prior to running FIRMS.

CSU_GL_DUETO_DUEFROM

- **CSU_GL_TR_IN_TR_OUT**: Allows you to validate if your transfer between state funds are in line prior to running FIRMS.

CSU_GL_TR_IN_TR_OUT

- **CSU_GL_TRS_570_670_ERRORS**: Allows you to validate if your state fund 0948 transfers between CSU funds are in line prior to running FIRMS.
CSU_GL_TRS_570_670_ERRORS

<table>
<thead>
<tr>
<th>CODE</th>
<th>Sum Total Amt</th>
</tr>
</thead>
<tbody>
<tr>
<td>481481</td>
<td>7,519,389.98</td>
</tr>
<tr>
<td>485485</td>
<td>2,369.92</td>
</tr>
<tr>
<td>486499</td>
<td>1,896,764.35</td>
</tr>
<tr>
<td>491491</td>
<td>1,035.96</td>
</tr>
<tr>
<td>496496</td>
<td>2,011,078.00</td>
</tr>
<tr>
<td>499496</td>
<td>2,744,241.76</td>
</tr>
<tr>
<td>537545</td>
<td>3,409,297.06</td>
</tr>
<tr>
<td>541496</td>
<td>881,369.64</td>
</tr>
<tr>
<td>641499</td>
<td>3,265,669.83</td>
</tr>
<tr>
<td>645545</td>
<td>877,557,387.30</td>
</tr>
<tr>
<td>649496</td>
<td>1,700,000.00</td>
</tr>
<tr>
<td>654996</td>
<td>1,289,028.13</td>
</tr>
<tr>
<td>547496</td>
<td>1,334,647.105.96</td>
</tr>
<tr>
<td>ERROR</td>
<td>1,491,960.97</td>
</tr>
</tbody>
</table>

7.4 On-Line Training
For an overview of FIRMS, go to FIRMS Overview – Training Webcast.
## REVISION CONTROL

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Throughout</td>
<td>Replaced links to web pages with hyperlinks.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.2</td>
<td>Included additional information regarding monthly submissions.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.3</td>
<td>Included information on the use of data submitted on behalf of auxiliaries.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.4</td>
<td>Updated section relating to manual edit for fund designations to align with ICSUAM 2001.00</td>
<td>R. McNiel</td>
<td></td>
<td>R. McNiel</td>
<td>3/25/16</td>
</tr>
<tr>
<td>4.5</td>
<td>Updated hyperlinks</td>
<td>N. Bryant</td>
<td>R.McNiel</td>
<td>R.McNiel</td>
<td>3/29/17</td>
</tr>
<tr>
<td>4.6</td>
<td>Removed information regarding monthly submission</td>
<td>S. Pickering</td>
<td>S. John</td>
<td>S. Pickering</td>
<td>11/14/17</td>
</tr>
</tbody>
</table>
CHAPTER 4
YEAR END

1.0 OVERVIEW AND DEFINITIONS:

This chapter includes information and instructions for the year end-close. The first section contains a year-end checklist which lists the tasks campuses should perform to complete the year-end close process. The subsequent sections include several year-end-specific subtopics. The sections are listed below so they can be easily identified and accessed.

3.1 Year-End Checklist
3.2 Reclassifying Claims Due From SCO
3.3 CSU Year End Process (CSUGL015)
3.4 SAM99: SCO Prior Year Accrual Adjustments, 6807 Error
3.5 CSURMA: Industrial Disability Leave/Non-Industrial Disability Insurance
3.6 PO Rollover
3.7 Year End Entries for Allocation Orders Pending – All Funds (Auto-Reversing)
3.8 Closing Rules
3.9 Interagency Transaction Year-End Accruals
3.10 Other Verification Steps

Note that in Appendix 24 there is a document entitled Year End CFS Close Checklist – Sample Template similar to section 3.1 in this chapter. The two checklists are intended to work together. This chapter’s checklist is written for the “functional accounting” person, whereas the Appendix’s checklist is written for the “accounting technical support” person (for campuses large enough to have segregated duties).

The following acronyms and terms are used throughout this chapter. Additional acronyms are defined in Appendix 12.

A/R – Accounts Receivable
A/P – Accounts Payable
ADNOAT – Accounting Department Notice of Accounting Transaction
AM – Asset Management (a separate module in PeopleSoft to track fixed assets and related accumulated depreciation)
AO – Allocation Order
ARBI – Accounts Receivable / Billing (a separate module in PeopleSoft)
YEAR END

BBA – Budget Balance Available
CE or CE/EE – Continuing Education/Extended Education
CFS – Common Financial System
CO – Chancellor’s Office
CPO – Cash Posting Order
CSU – California State University
CSURMA – CSU Risk Management Authority
CTL – Cash Transfer Letter (State Form CA504 Transaction Request)
CWIP – Construction Work-in-Progress
FIRMS – Financial Record Information Management System
GAAP – Generally Accepted Accounting Principles
IDL – Industrial Disability Leave
IT – Institutional Technology / Information Technology
ITT-Interagency Transaction Table
NDI – Non-Industrial Disability Insurance
NO_ROLL_FWD Tree – Functionality in Oracle that identifies funds whose revenue and expense activity does not need to be tracked over multiple years.
PFA – Plan of Financial Adjustment
ROLL_FWD Tree – Functionality in Oracle that identifies funds whose revenue and expense activity should roll forward to future years, as Period Zero, to support multi-year tracking. Used for appropriated funds, construction projects and grants.
SCO – State Controller’s Office
SWAT – Systemwide Allocation Transfer
Three-Way-Match Purchase Order: A transaction where price and quantity must match between CSU’s purchase order and the vendor’s invoice, plus the quantity must match to the goods actually received (the ‘receiver’ record).
RMP – Revenue Management Program
WFB – Wells Fargo Bank

2.0 **FUND SPECIFICS:**

Not applicable.
3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Year-End Checklist

The year-end checklist presented below is a set of steps that campuses need to consider or perform during the final fiscal quarter and through the period when the CSU closes its accounting records for the year. The checklist has been organized by month to reflect the timing of tasks in order to successfully complete the closing and file financial reports with the State Controller’s Office and the Chancellor’s Office within established deadlines. Campuses should prepare their own plans for the year-end closing process, incorporating steps unique to them, to ensure that no tasks are forgotten and to aid them in monitoring their progress. Evaluation of campus performance against the plan at the end of the process will help campuses identify areas for process improvement.

Checklist

March/April

- Review reverting funds (initial review)
  - Plan spending and clearing of any remaining assets, liabilities and encumbrances
  - Confirm current year revenues and expenses will close to Fund Balance Clearing for governmental funds (i.e., General Fund, GO Bond capital outlay funds)
- Clear all known FIRMS error messages
  - Remember, warning messages usually become errors in the 4th quarter
- Load SAM 99 accrual reversal data provided by the State Controller’s Office
  - SAM 99 should be run with the Accrual Reversal checkbox marked from the time the data is loaded through the end of closing
- Analyze data dependencies for monthly and year-end entries
  - Meet with campus departments or contact third-party providers to determine dates information will be ready or to identify necessary cut-off dates required to meet deadlines
- CO will process documents to facilitate the spend-down of the General Fund; campuses need to book the necessary entries.

May

- Submit test SAM 99 files to the SCO during the interval specified in the Master Timeline (see Financial Standards & Reporting website); see also Chapter 5, Preparation and Submission of State Controller’s Office (SCO) Reports, for further instructions regarding SAM 99 submissions.
- Collect and analyze information regarding capital leases, capital projects and other potentially complex transactions
  - Develop strategy for booking to ledger
- Review reverting funds (final review)
  - Clear any remaining assets, liabilities and encumbrances
Review closing rules and trees
- Update for reverting/reverted funds
  - Use PeopleSoft queries based on reversion date and compare to campus trees
  - Move from ROLL_FWD Tree to the NO_ROLL_FWD Tree
- Confirm all funds close to the appropriate equity object code – see Appendix 1, Legal Accounting Manual

Ensure budget and actuals equal (BBA=0) in the following CSU Operating Fund (CSU fund 485) accounts (initial review):
- 572000 – Transfers In – RMP SWAT
- 672000 – Transfers Out – RMP SWAT (CO only)
- 690003 – RMP Expenditure Offset from GF

Review revenue in CSU Operating Fund
- Make sure appropriate revenues are recorded

Budget and Accounting need to develop a plan for year-end reserve entries

June
- Review General Fund (state fund 0001) to confirm that only salary PFAs (FIRMS object code 690003) have been recorded. BBA should now be zero. Notify treasury@calstate.edu immediately if any balance remains.
- All CSURMA reimbursement requests (for example, for travel costs) should be emailed to CSURMA_acctg@calstate.edu no later than the 10th business day in June.
- Close and reconcile May data
- Notify auxiliaries of year-end deadlines as set forth in the Master Timeline
- Determine if any contingent liabilities exist (for SCO Report 22).
- For guaranteed processing, submit final claims to the SCO by the date specified in the Master Timeline
- Prior to June 30, Review and adjust A/R allowances for uncollectible accounts (See Chapter 28, Accounts Receivable)
- Review and adjust Escheat Liability (See Chapter 27 Escheat)
- Clear all known SAM 99 reconciliation issues (see section 3.4 of this chapter regarding prior year accrual adjustments)
- Clear all known FIRMS error messages
- Confirm all requisitions are processed into purchase orders or cancelled
- Complete final Student Financials application feeds to A/P; prepare for final fiscal year check run
- Post final ProCard statement
- Confirm all on-line receiving has been completed
- Close the purchasing system
- Record final cash receipts
- Close ARBI module
- Perform a final check run/complete final claim processing
- Close accounts payable
July - Week 1

- Post/reconcile SCO pay tape by the date specified in the Master Timeline (see section 3.5 of this chapter regarding how this data is used to calculate the IDL/NDI reimbursement)
- Record all chargebacks
- CO data will be communicated to campuses via AD NOAT or CPO for review and/or entry no later than the 3rd business day
  - Non-delegated CWIP / additions to fixed assets (IT infrastructure)
  - Fund Balance Clearing (FBC), FIRMS object code 305022, should be checked for agreement with ADNOAT
  - 4th quarter CSURMA deductible recovery CPO
  - Final CSURMA reimbursement (e.g. travel costs) CPO, if any
  - CSURMA IDL/NDI CPO (see section 3.5 of this chapter for further information)
  - Interagency Transaction Report (ITT) ADNOAT
- Run and post CSU year-end obligations process (see section 3.3 of this chapter)
- For all funds, prepare year-end entries for Allocation Orders Pending and designate them as “auto-reversing” (see section 3.8 of this chapter)
- Complete manual obligations accrual
- Reconcile the Asset Management system and complete fixed assets entries
- Research and record construction retention entries
- Complete reconciliation of all subsystems (ARBI, Student, AM, etc.) to ledger
- Complete routine month-end journal entries
- Load WFB bank statement and perform reconciliation
  - Load the Paid Check File from WFB
- Complete reconciliation of Bank of CSU statement, which will be distributed no later than the 3rd business day by the CO
  - Resolve negative cash balances
- Clear negative SWIFT cash outside of local trust funds (state fund 0948). Complete SAM 99 reconciliations and clear all reconciling items (see section 3.4 of this chapter regarding prior year accrual adjustments)
- Revolving fund reclassification (see section 3.2 of this chapter for further information)
  - Reclassify FBC for claims filed to Due To Trust for Direct Vendor Pay (DVP)
  - State Pay Vendor (SPV) needs to be reclassified to object code 201002, Claims Filed
- Process CFS allocation entries to reclassify FBC accounts created by Labor Cost Distribution (LCD), if needed.

July - Week 2

- All remaining entries affecting the CSU Operating Fund and Lottery Fund should be approved by the campus Budget Office, to ensure Budget is aware of late activity and the impact on ending balances.
- Final review to ensure budget and actuals equal (BBA=0) in the following CSU Operating Fund (CSU Fund 485) accounts:
  - 572000 – Transfers In – RMP SWAT
3.2 Reclassifying Claims Due From SCO

The State Controller’s Office (SCO) has given CSU the ability to process payments through a CSU local bank (i.e. Wells Fargo Bank). Payments made by the CSU using funds classified as claimable funds must be reimbursed by the SCO from the appropriate state expenditure fund.

The CSU claims process gives campuses the ability to identify reimbursable payments and to submit a claim schedule with the required information to the SCO for reimbursement. Claimable funds include, but are not limited to, the state bond funds 6028, 6041 and 6048.

This section provides instruction on identifying and creating the accounting entries needed at year end if the SCO has not issued a warrant for an outstanding claim schedule. Claims for which the SCO issued a warrant in June, but the warrant was not received and deposited by June 30, will not be reclassified. These items will be considered claim payments in transit.
A. The CSU Claims Process

The CSU claims process utilizes a claims clearing account (FIRMS object code 103xxx, where “xxx” represents campus specific coding) within the Revolving Fund (CSU fund 499) to track claim schedules that have been submitted, but not yet reimbursed by the SCO. In other words, the balance in this account represents all claims that have not yet been paid by the State Controller’s Office.

During the claims process, vouchers that have been charged to a claimable fund are identified and the related voucher distribution lines are extracted to a CSU Claims Staging Table. The Claims Post process creates accounting entries that result in a debit to the claims clearing account (103xxx) and a credit to cash (101xxx) within the Revolving Fund.

Following is an example of a claims clearing account balance per the PeopleSoft Trial Balance Report for state fund = 0948; CSU Fund = 499; and PeopleSoft Fund = DVP01. Please note that the PeopleSoft Fund is campus specific and each campus should use their appropriate value when running this report.
It is the balance in the claims clearing account (103xxx) that needs to be evaluated in order to identify the unpaid claims and determine which ones will need to be reclassified to Due To/Due From accounts at year end.

B. *Identifying Outstanding Claims*

The first task is to identify the unpaid claims that make up the balance in the claims clearing account. You will then need to determine which DUE FROM account is associated with each claim. Following are the steps to assist you in obtaining this information.

1. Query XX_YE_CLM_DTL_SUBMIT_NOT_RECON: YE Clm Dtl Submit & Not Recon
   Note: XX is the 2-character campus designation (i.e. CO = Chancellor’s Office)

   Open the following document for instructions on creating the query:
   XX_YE_CLM_DTL_SUBMIT_NOT_RECON - YE Clm Dtl Submit & Not Recon

2. Run the query and download the results to Excel. Reconcile the output to the ledger balance for account 103xxx. This represents the unpaid claims balance amount. Here is an example of the query results:

   ![Query Results](image)

   This list provides the details to support the ledger balance for account 103xxx:
C. Identifying Associated Due To/Due From Accounts

1. Query XX_YE_CLM_DUE_FROM_TO_ACCTS: Due To/Due From State Level
   Note: XX is the 2-character campus designation (i.e. CO = Chancellor’s Office)

   Open the following document for instructions on creating the query:
   XX_YE_CLM_DUE_FROM_TO_ACCTS - Due To/Due From State Level

2. Run the query and download the results to Excel. In Excel, label the sheet containing the data from Query 2 “Due Froms”.
3. Move the results of this query into the workbook that contains the results from the outstanding claims query.
4. In the Excel sheet with the output from Query 2 – labeled “Due Froms”, insert a column to the left of the column labeled State GL Account.

In the new column, add the header description “SCO Fund” to describe the data that will populate the column.

In the first field in the new column, add the formula \(=\text{RIGHT}(B3, 4)\).

This will extract the state fund from the last four digits of the State GL account. Copy the formula to the remaining cells in the column.
5. Using the Excel sheet with the output from Query 1, in the first empty column after the query output, add the header description “Due From Reclass” to describe the data that will populate the column.

In the first field in the new column, add the formula `=VLOOKUP(Q3,'Due Froms'!A1:D28,4,FALSE).

The formula will take the state fund associated with the claim and look up the state fund from the State GL account in the Due Froms sheet.

When the funds match, the campus PeopleSoft account found in column 4 of the Due Froms table will be displayed as the result of the VLOOKUP formula.

Copy the formula to the remaining cells in the column.
D. Identifying In-Transit Outstanding Claims

After identifying the outstanding claims, review the June TAB run for claim warrants issued by the State in June that were not deposited by the campus on or before June 30. These SCO claim payments will be considered in transit and the related outstanding claim should not be reclassified from the claims clearing account within the Revolving Fund.

E. The Reversing Journal Entry

Using the Excel spreadsheet containing the column “Due From Reclass” – sample shown above in C.1.d, sort the data first by Claim No and then by Voucher. Sub-total by Claim No to obtain a total for each unpaid claim.
Now that the appropriate unpaid claims and associated Due From accounts have been identified, a REVERSING journal entry needs to be created.

Two entries will be made for each eligible claim as follows:

1. In the campus Revolving Fund (CSU fund 499), debit the Due From account (105xxx) shown in column S titled “Due From Reclass” (see sample above) and credit the A/R account (103xxx) containing the outstanding claims balance. For example:

<table>
<thead>
<tr>
<th>DR</th>
<th>CR</th>
</tr>
</thead>
<tbody>
<tr>
<td>105001-49901</td>
<td>103810-49901</td>
</tr>
<tr>
<td>$45,127.70</td>
<td>&lt;$45,127.70&gt;</td>
</tr>
</tbody>
</table>

   Reclass Claim 3912 to Due From
   Reclass Claim 3912 to Due From
2. In the campus original claimable fund, debit the campus account mapping to FIRMS object code 305022, Fund Balance Clearing, and credit FIRMS object code 202025, Due to Trust Fund. For Example:

| DR   | 305022-GO712 | $45,127.70 | Reclass Claim 3912 to Due To |
| CR   | 202025-GO712 | <$45,127.70> | Reclass Claim 3912 to Due To |

3. For Chancellor’s Office only: the type of state fund must first be identified before making the entry indicated in #2 above. If CSU Fund Type = SCOPE, in the original claimable fund, debit the account mapping to FIRMS object code 101004, Cash in State Treasury.

| DR   | 105010-49901 | $845.17   | Reclass Claim 3913 to Due From |
| CR   | 103810-49901 | <$845.17> | Reclass Claim 3913 to Due From |

| DR   | 101004-SO013 | $845.17   | Reclass Claim 3913 to Due To   |
| CR   | 202025-SO013 | <$845.17> | Reclass Claim 3913 to Due To   |
The criteria for that identification and the correct entry to make as a result of the analysis are illustrated in the attached spreadsheet.

4. The year-end entries described above are indicated in red as Transaction #4 in the T-accounts below.

Note to Reader: "HA001" and "49901" represent campus-defined PeopleSoft values. Similarly, "103XXX" and "617804" represent campus-defined PeopleSoft account values. Each campus should use their appropriate values when creating the journal entry. Also, Account "105XXX" represents the appropriate "Due From" account for the Bond Fund, which in this example would be 105038.
Below is an example of the Trial Balance for the Revolving Fund AFTER the year-end entries have been made. The balance of all unpaid claims for state fund 6041 is now in the Due From account 105037.

![Trial Balance Example]

F. *State Pay Vendor (SPV) Claims*

A State Pay Vendor (SPV) claim is when a claim has been sent to the SCO asking that the State pay the vendor directly. Any outstanding SPV claims at June 30 must be reclassed with a debit to the campus account mapping to FIRMS object code 305022, Fund Balance Clearing and a credit to the FIRMS object code 201002, Claims Filed in the original claimable fund. It should be noted that for campuses using SPV, unpaid claims may cause timing differences on the SAM99 reconciliations.

\[
\begin{align*}
\text{DR} & \quad 305022-\text{GO}712 & \quad $5,000,000.00 & \quad \text{Reclass Unpaid Claim 3xxx} \\
\text{CR} & \quad 201002-\text{GO}712 & \quad <$5,000,000.00> & \quad \text{Reclass Unpaid Claim 3xxx}
\end{align*}
\]

G. *Resources*

- RMP Training October 24-25, 2007 Materials
  - Tab 4 RMP Revolving Fund and Pooled Investments
At each fiscal year-end, CSU is required to accurately report its encumbrances and its obligations. This section discusses a potential risk of overstating encumbrances and obligations.

Encumbrances, discussed further in Chapter 29, *Miscellaneous Accounting*, section 3.1, are outstanding contractual commitments for which goods and services have not yet been received. Stated another way, encumbrances are reservations of appropriations to ensure that sufficient resources are available when the expenditure materializes. In contrast, obligations (synonymous with ‘accruals’ or ‘accrued expenditures’) are contractual responsibilities to pay for goods or services that have been received.

CSU’s use of purchase orders combined with encumbrance accounting poses a risk of overstatement at June 30th of each year. The risk arises as campus personnel identify or estimate obligations which relate to the year just ended but which are not yet reflected in accounts payable/accrued liabilities. The risk is that campus personnel will correctly accrue an obligation but will forget that the goods or service are already in the accounting system as an encumbrance, and thus will inadvertently ‘double’ the amount owed. This risk occurs in government funds that are reported to the SCO via the annual SAM99 electronic file, because encumbrances and obligations are combined and reported together as “Accounts Payable” (as an illustration, run a SAM99 reconciliation report and note the column titled Encumbrances). The risk also occurs in management reporting for any fund, governmental or non-governmental, if the report output includes a calculation of ‘budget balance available’ (which combines obligated and encumbered amounts).

The Common Financial System (CFS) offers a year-end process that can reduce some of this risk. The process, referred to as program CSUGL015, uses logic to evaluate purchase orders that have been set up as “Three Way Match” transactions. If the ‘receiver record’ in CFS has been
updated to reflect the quantity of goods received, the program can use information in the purchasing, accounts payable and receiving modules to generate four journal entries. The four entries create the desired result for June 30th and also allow for the proper results when the vendor invoice subsequently is received and entered into accounts payable. The four entries are:

1. Encumbrance ledger 6/30/XX: DR A/P Reserve for Enc and CR Exp; liquidate the purchase order.
3. Encumbrance ledger 7/1/XX: DR Exp and CR A/P Reserve for Enc; re-establish the purchase order.
4. Actuals ledger 7/1/XX: DR Accts Payable and CR Exp; reverse the year-end accrual.

Thus, the automated program not only identifies the items to be accrued but also generates the necessary entries. More information on this automated process is available in the CFS 9.2 business process guide *Year End Encumbrances and Accrual Processing*, linked at the end of this chapter.

Note that the automated CSUGL015 program uses the received quantity to determine obligations, so it only works for commodity purchase orders as they require “received quantity” for their three-way match. The program does not work for service purchase orders that only require the dollar amount to match the invoice dollar amount for their two-way match. Campuses must manually identify the items to be accrued and must also manually create the four entries. Three separate journals are needed in order to generate the four entries: one Encumbrance journal to liquidate the purchase order; a second to re-establish it and then a third journal (a normal expense accrual) that is self-reversing.

### 3.3.1 Processing an Encumbrance Journal Entry

Encumbrance journal entries are processed with the Ledger Group ACTUALS so that their chartfield coding can be validated by the Legal Edits Table (see Chapter 2, *Common Financial Systems (CFS)* for more information about the operation of this table in CFS) and can also be controlled by open and closed periods.

To enter an encumbrance journal entry, navigate to General Ledger > Journals > Journal Entry > Create/Update Journal Entries and add a journal. Fill in the applicable fields on the Header tab. A screen shot of that tab follows.
Click on the Commitment Control hyperlink and select the Encumbrance radio button.

Enter the journal lines and edit the journal. Once the edit process completes successfully to a journal status of V(alid) and budget check status of V(alid), the encumbrance ledger has been updated and no further processing is necessary, or, said another way, the journal does not need to be posted. Encumbrance and pre-encumbrance activities are stored in the Commitment Control.
ledger. Updates to the Commitment Control ledger are accomplished by processing a transaction to a budget check status of V for valid.

Campus operational users may mark encumbrance and pre-encumbrance journals as posted using new functionality with CFS. Accessing the menu General Ledger – Journals – Process Journals - CSU Mark Enc/Pre Journals as Posted and selecting your criteria of Business Unit, Year and Period, the system can be updated to set the journal status to P(osted) without opening a ticket as in previous years.

3.4 SAM 99: SCO Prior Year Accrual Adjustments, 6807 Error

The purpose of this section is to alert campuses to an error condition that may appear on their SAM 99 Reconciliation in the final months of a fiscal year. This condition is unique in that it does not appear in the “warnings” area at the bottom of the SAM 99 report, but instead appears as a line item within the body of the report itself.

From the beginning of the fiscal year until the campus receives the accrual reversal entries from the State Controller’s Office (SCO), generally around mid-March, the ‘Reverse: Agency Original Prior Year Accruals’ line on the SAM 99 is the sum of the period zero balances in asset and liability accounts for each state fund. The accrual reversal file the state provides contains the reversal of all asset and liability accruals reported to the SCO via the SAM 99 submission in the prior year for funds included in the SAM 99 electronic file. See Chapter 5, Preparation and Submission of State Controller’s Office Reports, for additional information about the SAM 99 submission process.

Once the accrual reversal file is received and loaded into PeopleSoft, the Accrual Reversal Tape flag should be used to run the SAM 99 Reconciliation report as demonstrated in the screen shot below.
When the Accrual Reversal Tape flag is clicked, the program will replace the campus ledger balances shown on the ‘Reverse: Agency Original Prior Year Accruals’ line with the balances shown in the state’s file. While these balances should match, it is possible that the SCO has adjusted the campus accruals. When there is a mathematical difference between the Accrual Reversal Tape balance and the campus period zero balances that would otherwise be reported on the ‘Reverse: Agency Original Prior Year Accruals’ line, the SAM 99 report indicates there is a difference by populating the ‘SCO Prior Year Accrual Adjustments’ row on the report with the difference, as illustrated in the sample report below. This is commonly referred to as a 6807 error, referring to the state general ledger account shown on this line.
There are several reasons these errors occur and resolution is dependent on the cause. A group of Subject Matter Experts will be formed in the upcoming year to assist with investigation and resolution.

### 3.5 CSURMA: Industrial Disability Leave (IDL)/Non-Industrial Disability Insurance (NDI)

CSURMA Accounting uses the systemwide data warehouse to produce the IDL/NDI reimbursement cash posting order (CPO). Campuses should have their June payroll data posted to PeopleSoft by close of business on the second business day of July, even when it falls on a holiday, to allow CSURMA Accounting enough time to retrieve the data and prepare the CPO. The San Diego campus will be contacted directly as they are not in PeopleSoft.

Due to the tight timeline to prepare the CPO, campuses are urged to review the detail in their FIRMS payroll object codes 603008, Industrial Disability, and 603009, Non-Industrial Disability, to ensure that ONLY IDL and NDI payroll data is recorded. If any errors are identified, adjustments will be handled in the following fiscal year between the campus and CSURMA accounting.

### 3.6 PO Rollover

PeopleSoft stores encumbrance ledger balances as a running total, however, the CSU reporting design requires all of the records in the ledger to carry a single fiscal year as an identifier. The PO Rollover job was created to comply with the CSU reporting requirement. The process sums the amount in the encumbrance ledger from period zero to period 12 by chartfield and posts the

---

<table>
<thead>
<tr>
<th>Period</th>
<th>Amount</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Zero</td>
<td>123</td>
<td>456</td>
</tr>
<tr>
<td>Period 1</td>
<td>789</td>
<td>123</td>
</tr>
<tr>
<td>Period 2</td>
<td>321</td>
<td>789</td>
</tr>
</tbody>
</table>

---

California State University | CSU Legal Accounting and Reporting Manual
calculated balance in period 0 of the new fiscal year. The PO Rollover job must be run at year end for the xxCMP and xxCSU business units so that the reported amounts for encumbrances on the SAM99 and in FIRMS are in sync.

3.7 Year End Entries for Allocation Orders Pending - All Funds (Auto-Reversing)

“Allocation Orders Pending” refers to transactions which occur at year end and which were not reported to the SCO before the close of the fiscal year. These timing differences do not occur frequently. At year end, they should be recorded in the budget accounts listed below, so that the campus’s records will reconcile with the SCO’s records in the SAM99 reconciliation.

- FIRMS object code 404001, Allocation Orders - Pending
- FIRMS object code 404002, Reserve for Allocation Orders – Pending

If the SCO expenditure allotment is UNDER (less than) the campus expenditure allotment, there will be a CREDIT balance in FIRMS object code 404001. If the SCO revenue allotment is UNDER (less than) the campus revenue allotment, there will be a DEBIT balance in FIRMS object code 404001. Because these entries are, in effect, accruals arising from a timing difference, they should be reversed July 1. The PeopleSoft option to auto-reverse the entry is a desirable option and will eliminate the need to revisit the transaction in the new year when the SCO executes the late budget adjustment.

Sample entries, presuming the SCO’s revenue allotment is less than the campus’s revenue allotment:

June 30th: DR 404001 $XXXX and CR 404002 $XXXX.
July 1st reversal: DR 404002 $XXXX and CR 404001 $XXXX.

If a campus has an allocation order pending, it should be reported on SCO Report 5, Final Reconciliation of Controller’s Accounts with Final Budget Report.

3.8 Closing Rules

CSU’s Common Financial System is complex; closing the books each month and each year requires that processes be executed in the proper order and that data be verified at numerous points, to insure accurate data.
A Business Process Guide has been developed which sets forth the required chronological order of processes, validation points and reconciliation points. The guide is titled CFS 9.2 General Ledger Month End / Year End Close. In section 2.0, the guide provides the required setup and steps necessary to successfully process an accounting year-end close in the general ledger.

Chapter 2 of the Legal Accounting Manual contains other reference materials regarding the use of CFS functionality to meet CSU reporting standards.

3.9 Interagency Transaction Year-End Accruals

The purpose of this section is to detail the year-end procedures related to the reporting of interagency transactions, including interagency receivables and payables and interagency transfers.

Throughout the year, the Chancellor’s Office maintains a record of interagency transactions on a document referred to as the Interagency Transaction Table (ITT) --- see Chapter 29, Miscellaneous Accounting, Section 3.1, Interagency Transaction Table (ITT) FIRMS Edit, for further information about the table. The ITT data is uploaded monthly to FIRMS and is used to test the accuracy of interagency transactions as reported by the campuses. The test ensures that for every interagency receivable there is an offsetting interagency payable and that for every interagency transfer in there is an offsetting transfer out.

At year end, campuses should make every effort to request a CPO by the deadline published in the Master Timeline to clear their outstanding interagency balances. If a CPO is not requested prior to the deadline, campuses are required to communicate any uncleared interagency transactions as of June 30 to the Chancellor’s Office Reporting Team no later than the second business day of July (see the Contact List for the CO staff member to whom these communications should be directed) for inclusion in the ITT.

On the third business day of July, the Chancellor’s Office issues an ADNOAT detailing the interagency transactions as reported on the ITT. The ADNOAT is used by campuses to resolve any interagency transaction errors identified by FIRMS as a result of the upload of ITT data.

The normal entry for interagency receivables/payables is as follows:
Issuing campus: FIRMS object code 131XXX, Due From (where XXX = source CSU fund)
Remitting campus: FIRMS object code 231XXX, Due To (where XXX = destination fund)
Entries in these accounts identify the transaction as interagency and facilitates elimination in consolidation. However, in the very rare circumstance where a campus has missed the deadline set forth in this section for reporting these transactions, it is not possible to include the interagency transaction on the ITT. The entries will, therefore, need to be made to the following object codes:

Issuing campus: FIRMS object code 103004, Accounts Receivable – Operating Revenue
Remitting campus: FIRMS object code 201001, Accounts Payable

It is imperative when recording an interagency transaction to these accounts that:

1. The issuing campus directs the remitting campus to use object code 201001 rather than 231XXX. **The entry of one campus MUST reconcile to the entry of the other campus.**
2. The issuing campus prepares an email to fssr@calstate.edu setting forth:
   - The identity of the campuses party to the interagency transaction;
   - The entries made by the issuing and remitting campuses;
   - The reason for the entries;
   - The reason for missing the deadline for recording the transaction in ITT.

This information will be used by the CO to eliminate the transactions for both legal and GAAP reporting purposes. It should be noted that these transactions should **NOT** be included in the TM1 footnote 4.1, the line captioned Accounts Receivable from Chancellor’s Office or from Campuses (other than CO), or footnote 17.1, the line captioned Accounts Payable from Chancellor’s Office or to Campuses (other than CO).

Campuses should establish procedures to ensure the timely reporting of interagency transactions and avoid recording such transactions in regular accounts receivable/accounts payable object codes.

3.10 Other Verification Steps

Listed below are other steps that should be taken by campuses to ensure data integrity:

- Uncleared collections should be reconciled regularly and should be at or near zero by the last day of the fiscal year.
- The accounting for Federal Direct Student Loan activity should be confirmed for propriety. Receipts should be recorded as revenue and payments as expenditures on the legal basis of accounting. (This treatment differs from the GAAP basis of accounting.)
For GAAP, Federal Direct Student Loans are recorded in an agency fund. The fund will have balance sheet accounts only, no income, expense or equity accounts.) A student receivable should not be recorded by the campus for these loans as they are receivables of the Federal government.

- Expenditure accruals for fiduciary and enterprise funds are to be based upon goods and services received as of June 30; revenue accruals for fiduciary and enterprise funds are to be based upon income earned as of June 30. To receive the Certificate of Excellence in Financial Reporting from the SCO, at year-end these accruals should be within 90% to 110% of the actual amount earned or spent in the following fiscal year. Accruals should be reviewed for reasonableness with the goal of meeting this criterion.

- The state general ledger account number 2090 (object code 101100 or 108090), Investments Other, may be used only in fiduciary (i.e. trust or agency) funds. It may be used in state fund 0948 since 0948 is classified as a Nongovernmental/Trust and Agency Fund for legal-basis reporting. It may not be used in governmental or proprietary (i.e. enterprise) funds. If object code 101100 or 108090 was set up as the default value for all funds in PeopleSoft, then it needs to be reclassified to an appropriate object code before closing.

- The state general ledger account number 3790, Other Current Liabilities, should not be used in bond funds. Instead, entries mapping to this account number should be analyzed and reclassified to an appropriate liability account (3010, Accounts Payable, 3020, Claims Filed, 3021, Claims in Process).

- Expenditures must be reviewed at the FIRMS program code level to ensure that no program expenditure totals are negative. If negative totals are identified, adjusting entries must be made to clear them.

- Accounts receivable must be analyzed and adequate reserves for uncollectible amounts must be established.

- With regard to capital project funds, the most common error made is using the wrong year on CTLs submitted to the SCO. Campuses sometimes use the incorrect year for revenue accounts on CTLs. This requires the Chancellor’s Office capital projects accounting group to make a correcting journal entry for each instance. On July 1 the fiscal year should be changed on the revenue account.

- Scholarship and/or grant funds will frequently have negative cash balance because of the difference in the timing of issuance of funds and recovery of funds. Campuses will need to explain the abnormal cash balance in these funds upon submission of the FIRMS data, but if negative balances are due to this timing difference, the explanation will be accepted.
Also see Chapter 3, Financial Information Record Management (FIRMS), Section 7.3, PeopleSoft Queries. These queries can be used to perform the review of abnormal balances so that any issues can be resolved prior to the year-end close.

4.0 Reporting Requirements:
Not applicable.

5.0 Fund Balance:

5.1 Designation of Year-End Fund Balance

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

The Systemwide Budget Office uses campus entries to reserve object codes to understand how a campus plans to use its reserves. It is important that campus accounting department personnel coordinate with their executive management in making reasonable assessments of future needs and determining the appropriate reserve object codes to use for allocation of their fund balance.

The amount in the appropriate equity account (e.g. for state fund 0948, Trust Fund, the appropriate equity account is object code 305002, Fund Balance Continuing Appropriations) in each CSU fund on the current year’s pre-closing trial balance must be the same amount as what was reported by the campus on the post-closing trial balance for these accounts in the previous year. The Fund Equity Object Code by Fund at Appendix 1 shows the appropriate fund equity account for each state fund.

At year end, for applicable funds as listed in the ICSUAM 2001.00, Campus Reserves, the entire post-close fund balance must be designated for intended use via a pre-closing year-end memo entry using FIRMS object codes 30401x and/or FIRMS object codes 30402x, and 304099 as the offsetting object code in the ACTUALS ledger. The sum of the amounts in FIRMS object codes 30401x and 30402x must equal the post-closing balance in 305002, and the sum of the amounts in FIRMS object codes 30401x, 30402x, and 304099 must net to zero.

5.2 Fund Balance Clearing

The balances in the Fund Balance Clearing object code 305022 must be reconciled with the June 30 balances reported in a Chancellor’s Office Accounting Department Notice of Accounting Transaction (ADNOAT) memo issued in early July each year. All reconciling items must be eliminated before the final FIRMS submission.
YEY END

6.0 **GAAP IMPACT:**

Not applicable.

7.0 **RESOURCES:**

For Acronyms and Definitions see Appendix 12

For CFS Year Checklist see Appendix 24

[**CFS 9.2 Business Process Guide Year End Encumbrances and Accrual Processing**](#)

[**ICSUAM Budget Policy 2001.00 – Campus Reserves**](#)
# REVISION CONTROL

**Document Title:** CHAPTER 4 – YEAR END  
**Contributor:** Kelly Cox  
**Reviewer:** Jean Gill  
**CO Owner:** Sherry Pickering  
**Issuance Date:** April 30, 2014

## Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
</table>
| 3.2.E.4            | Snapshot replaced for 3.2.E.4  
Replaced wording in 3.3 to clarify when CSUGL015 can, and cannot, be utilized. | Lauri Reilly/Jean Gill | R. McNiel | R. McNiel | 6/9/14 |
| 3.3                | Moved “Processing an Encumbrance Journal Entry” from Chapter 29 to Chapter 4. | J. Gill | R. McNiel | R. McNiel | 3/2/15 |
| 3.10               | Added section to explain procedures for recording interagency transactions at year end. | Alice Kim | K. Cox | R. McNiel | 3/23/15 |
| Through 3.10 and 5.0 | Reviewed for annual updates to chapter. Updated for new campus reserve policy – ICSUAM 2001.00 | K. Cox | K. Randig | R. McNiel | 3/18/16 |
| 3.1                | Correction of reference from 3.6 to 5.1 in the July, week 2 bullet points. | K. Randig | K. Randig | R. McNiel | 6/20/16 |
| 3.1                | From July, Week 1, removed “Confirmation of SWIFT investments held outside of Treasury” as no longer required. The SWIFT Investment Pool is now reported solely by the CO | K. Randig | J. Gill | R. McNiel | 2/28/17 |
| 3.2 – E.4.         | Replace screen shot with actual excel spreadsheet within the document. | K. Randig | Kelly Cox | R. McNiel | 2/28/17 |
| 3.10               | Add bullet point to reference Chapter 3, FIRMS, in regard to identifying abnormal balances as part of the year end closing process. | K. Randig | Kelly Cox | R. McNiel | 2/28/17 |
| 3.2                | Clarified that the AR entry in the revolving fund does not need to be reclassified when a claim has been paid but was in transit at year end. | S. Pickering | S. John | S. Pickering | 3/28/18 |
| 3.8                | Added a reference and link to Chapter 2 | S. Pickering | S. John | S. Pickering | 3/28/18 |
CHAPTER 5
PREPARATION AND SUBMISSION OF STATE CONTROLLER’S OFFICE (SCO) REPORTS

1.0 OVERVIEW AND DEFINITIONS:
As an agency of the State of California, the CSU is obligated to comply with certain state reporting requirements as set forth in the State Administrative Manual (SAM) Section 7951. The State Controller’s Office (SCO) is the agency charged with the task of preparing the state’s financial reports on both the legal basis (sometimes referred to as the budgetary basis) of accounting (for internal state reporting purposes) and the GAAP basis (for external reporting purposes). The SCO’s Division of Accounting and Reporting issues on an annual basis a set of instructions and deadlines for the submission of agency financial data allowing them to meet their report preparation obligations. The CSU must comply with both the prescribed reporting methods and formats and submission due dates. It is essential that we report accurately to ensure the state’s financial reports fairly present the results of agency operations.

This chapter is intended to provide information which will help your campus meet the state’s data submission requirements in a timely manner. All deadlines for the various submissions have been set forth in the master timeline posted at the Systemwide Standards and Reporting (SFSR) website.

2.0 FUND SPECIFICS:
Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:
Not applicable.
4.0 REPORTING REQUIREMENTS:

4.1.1 SCO Legal Reports

Each July CSU campuses submit a combination of a data file and hard copy reports to the SCO, accompanied by certifications executed by campus executives confirming the accuracy of the information provided. The SCO requires the following:

- Report 1 - Report of Accruals to Controller’s Accounts (for governmental funds)
- Report 2 - Accrual Worksheet (for governmental funds)
- Report 3 - Adjustments to Controller’s Accounts (for all funds)
- Report 4 - Statement of Revenue (for governmental funds)
- Report 5 - Final Reconciliation of Controller’s Accounts with Final Budget Report (for governmental funds)
- Report 7 - Pre-Closing Trial Balance (for all funds)
- Report 8 - Post-Closing Trial Balance (for all funds)
- Report 9 - Analysis of Change in Fund Balance (Statement of Operations) (for nongovernmental funds)
- Report 14 - Report of Bank/Savings and Loan Association Accounts Outside of the Treasury System (for each agency)
- Report 15 - Reconciliation of Agency Accounts with Transactions per State Controller (for governmental funds)
- Report 18 - Statement of Changes in General Fixed Assets (for all funds)
- Report 19 - Statement of General Fixed Assets (for each agency)
- Report 20 - Statement of Financial Condition (for nongovernmental funds)
- Report 22 - Statement of Contingent Liabilities (for all funds)

The data required on some of these forms is provided via an electronic file referred to as the SAM 99 file (see sub-section 4.1.2). The SAM 99 file satisfies the data needs of Reports 1, 2, 4, 5, 7, 8 and 15 for governmental funds. Campuses are required to submit in hard copy form for all governmental funds Reports 3 and 22 (if applicable). Additionally, campuses submit in hard copy form Report 14 for the agency as a whole. Although Reports 18 and 19 are required of all state agencies, the SCO has waived the requirement for the CSU. Instead, the CSU submits detailed fixed asset information as part of its GAAP submission to the state (see Chapter 18 in the *GAAP Manual* for further details about this submission).

Under a certain circumstance, a manual Report 5, Final Reconciliation of Controller’s Accounts with Final Budget Report, is also required. When the SAM 99 file cannot report a reversal of a
prior year accrual relating to a reverted appropriation by its appropriation number, a manual Report 5 will be needed to report the current year’s expenditure for that appropriation.

The SCO requires submission in hard copy form of documents supporting an increase or decrease in appropriation authority reported on Report 5 for governmental funds. This requirement pertains to transactions which occur at year end and which were not reported to the SCO before the close of the fiscal year. Documents supporting Allocation Orders Pending should be included with the hard copy reports for the affected governmental funds and their inclusion should be reflected in the Table of Contents for the hard copy report package submitted to the SCO.

To ensure the quality of the SAM 99 file submitted at year end, a monthly SAM 99 reconciliation should be conducted and all differences should be resolved. Appendix 15 provides a table to help campuses determine the level, by state fund, at which the reconciliation should take place.

Whether financial data is submitted electronically or via paper, campuses must ensure before submission that the data destined for the SCO is the same as the data submitted to FIRMS. Reconciliation is facilitated in PeopleSoft through review of the CSU to Campus Validation Report, which compares data in the campus business unit (i.e., operating ledger) with the data in the CSU business unit (i.e., legal FIRMS ledger). The report is accessed by clicking on CSU BU Derivation on PeopleSoft’s main menu, selecting Reports and then CSU to Campus Validation Report. We recommend campuses check the Report Variance Only option, which returns only those accounts where a difference is electronically identified, and that the report interval be from period 0 to the period of submission. The report should be run on a monthly basis to allow timely resolution of discrepancies.

For non-governmental funds (i.e. proprietary or fiduciary funds), the SCO accepts financial data on a consolidated basis. The Chancellor’s Office prepares and submits the consolidated reports for each non-governmental fund in hard copy form on behalf of the entire system, drawing all necessary data from the campus FIRMS submissions.

For a summary of the reporting mechanism (SAM 99 v. hard copy) and reporting responsibility (campus v. Chancellor’s Office) for each state fund, see the table at Appendix 2. The following sub-sections provide more detailed instructions on the submission components.
4.1.2 The SAM 99 File

The SAM 99 file is created in PeopleSoft. This section details how that is done and how it is transmitted to the SCO. Before that discussion is begun, however, there are several things to remember about the SAM 99 file:

- Campuses should make certain the current year’s data has been used in its creation.
- Campuses need to ensure their PeopleSoft data has been updated by the year-end accrual reversal file, if applicable. This file is provided by the SCO at its website no later than May of each year and contains the summary accrual the SCO booked for each appropriated fund as of the prior year based on the campus SAM 99 submission, plus any adjustments to those accruals made by the SCO, to equal the SCO’s reported ending balance. The file for any given campus is identified by the SCO using the following naming convention: CXXXX.DMMDDYY.accsum, where XXXX is the 4-digit organization code and MMDDYY is the creation date. This file is required to be loaded into PeopleSoft prior to running the year-end SAM 99 (test and final). While the electronic file to be loaded into PeopleSoft is retrieved by each campus from the Teale FTP server, similar to the monthly SAM 99 files, a report listing all of the accrual reversal amounts is available on the SCO’s website, listed as the Prior Year Accrual Summary Report. See Section 7, Resources, in this chapter for the guide Loading SCO Accrual File for instructions relating to the retrieval of the file from the SCO.
- With the exception of the 2015 & 2016 deferred maintenance appropriations, the General Fund should have no accruals at 6/30 since the monies should be fully expended before that date.
- The sum of General Fund operating expenditures (a total debit) must equal the balance in Fund Balance Clearing (a credit).
- Campuses should not submit the file if there are any out-of-balance warning messages returned. The data cannot be used by the SCO where debits do not equal credits on the trial balances.
- Always transmit a fund with year-end accruals, if applicable.

For test submissions:
- Campuses are required to complete a test submission prior to year end to ensure a successful transmission of the production file when it is due.
- The SCO will accept test submissions during a specified time period (see the master timeline at the SFSR website for current year’s interval).
- When you are submitting a test file, an email similar to the one in Figure 3 is required notifying the SCO of the test. On the subject line write “TEST SAM 99 Submission for Agency XXXX” and note again in the body of the message that you have transmitted a test file. The SCO will let you know if the test has been successful.
For testing purposes, use a closed month to generate the test file. DO NOT send data for a partial month as it will cause the SCO to reject the test file. In addition, the prior year accrual reversal tape must be loaded before the test file is generated.

The steps in creating the SAM 99 file in PeopleSoft follow:

1. Figure 1A below displays the screen used to begin the process. This screen is accessed by following this path: CSU State & SW Reporting > SAM Reporting > SAM99 Reconciliation. Once the screen has been reached, enter the following information:

   - Fiscal Year - This is the fiscal year for which you are running the report. For example, if you are running the SAM 99 for fiscal year 2013/2014, the entry to the Fiscal Year field would be 2013.
   - Accounting Period - For year end, this is 12. When running a “test” file, the number of the last closed period should be used.
   - Accr Rev Tape Flag - This refers to the year-end accrual reversal file provided by the SCO discussed earlier in this section. As it is required to be loaded into PeopleSoft prior to running the year-end SAM 99, the box must be checked.
     - If there is no accrual reversal tape for the campus in a given year, there will be no file to load. However, the campus should check this box to generate the SAM 99 file for test and final submission to the SCO.
   - Year End Tape Flag - This indicator signifies that you are running your year-end SAM 99 report, therefore, the box must be checked.
   - Business Unit - This is specific to each campus and is an identifier for the transactional ledger.
   - Budget Ledger - This is specific to each campus.

Once all of these entries have been made, press the “Run” button in the top right corner of the screen.

Figure 1A – Step #1 in the Creation of the SAM 99 File in PeopleSoft 9.2
2. After pressing the “Run” button, the Process Scheduler Request screen will display (see Figure 1B). Verify that the *Type is “Web” and the *Format is “PDF” and press OK at the bottom left of the screen.

Figure 1B – Step #2 in the Creation of the SAM99 File in PeopleSoft 9.2

3. After clicking OK in Figure 1B, the screen will refresh to the run control displayed in Figure 1A with the assigned process instance. Click on the Process Monitor hyperlink to monitor the progress of the job. Once the Run Status displays as “Success” and the Distribution Status
is “Posted” on the Process Monitor (see Figure 1C below), click on “Details” to retrieve the .txt and .pdf files (it is recommended that both files be saved).

Figure 1C – Step #3 in the Creation of the SAM99 File in PeopleSoft 9.2

4. Once the Details link in Figure 1C is clicked, go to the Actions section in the bottom right corner of the Process Monitor screen (see Figure 1D) and click on the View Log/Trace hyperlink to navigate to the output of the process. The resultant screen (see Figure 1E) displays.

Figure 1D - Step #4 in the Creation of the SAM99 File in PeopleSoft 9.2

Figure 1E – Step #5 in the Creation of the SAM99 File in PeopleSoft 9.2
The output in the .txt file is the extracted information that will be sent to the State. Once the file is downloaded from the PeopleSoft process monitor, the name of the file **must** be changed to FISCAL.DMMDDYYA.AGYACR, where MMDDYY is the file transmission date to the SCO. Once the file is downloaded to a local directory, if the file name looks like this in Windows Explorer (see highlighted file name) then rename it in the required format, removing the .txt file extension.

After renaming the file, this warning message will display:
Click “Yes” and the file type will change to AGYACR as shown below.

If the file extensions are not visible in Windows Explorer, modify the setting by navigating to the Folder Options panel and un-checking the box highlighted below “Hide extensions for known file types”.
The file is now ready to be transmitted (sometimes referred to as being FTP’d) to the SCO via the Teale Data Center. Figure 2 shows the WS_FTP Pro transmission screen. Each campus has a unique User ID and Password. The passwords for these accounts are required to be changed regularly (every 90 days). The following, in order of preference and efficiency, are the methods to request a password reset: (a) log a ServiceNow ticket; (b) send an email to itsupportcenter@calstate.edu; or, (c) send an email to FISTeam@lists.calstate.edu with a request to log a ticket on your behalf. Only authorized users can request password resets. If the transmission is being performed by a new user or from a new computer, or if a new version of the software is being used, please see the WS_FTP Pro Setup guide in Section 7 Resources. The campus may need to contact the FIS Team for assistance. See SFSR’s legal manual page, Contacts option, for a list of current FIS Team contacts.
Upon successful transmission of the file, the campus is required to send a confirming email to the SCO addressed to the following recipients:

Ross Boyer
rboyer@sco.ca.gov

Rod Renteria
rrenteria@sco.ca.gov

Carl Walker
cwalker@sco.ca.gov

SCO Reporting Staff
sardsam99@sco.ca.gov
dgfin@sco.ca.gov
feprod@sco.ca.gov
fssr@lists.calstate.edu
The email must include the following:

- Data file name formatted as FISCAL.DMMDDYYA.AGYACR, where MMDDYY represents the file transmission date
- Organization entity number
- Campus name
- Subject as follows: **SAM 99 Submission for Agency XXXX**
- Contact person, including name, telephone number and email address
- Record amounts (located on last page of the SAM 99 printed report)
- Record count (located on last page of the SAM 99 printed report)
- A statement as to whether current year accruals are being reported. “Yes” indicates current year accruals are present in the file; “No” indicates they are not.

Figure 3 provides a sample email. If you copy and paste from the sample email, make sure to update the highlighted areas.

**Figure 3 – Email Confirming Transmission of SAM 99 File**

<table>
<thead>
<tr>
<th>Subject:</th>
<th>SAM99 Submission for Agency 6620</th>
</tr>
</thead>
<tbody>
<tr>
<td>On behalf of the <strong>California State University Office of the Chancellor</strong> I want to inform you that we have FTP’d our SAM99 file to the State Controller’s Office.</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Data file name:</th>
<th>PD.COCSU.FTP.CHANCLR.FISCAL.D072016A.AGYACR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Org. Entity Number:</td>
<td>6620</td>
</tr>
<tr>
<td>Campus Name:</td>
<td>California State University Office of the Chancellor</td>
</tr>
<tr>
<td>Subject:</td>
<td>SAM99 Submission for Agency 6620</td>
</tr>
<tr>
<td>Contact Person:</td>
<td>Michelle Baker</td>
</tr>
<tr>
<td></td>
<td><a href="mailto:mbaker@calstate.edu">mbaker@calstate.edu</a></td>
</tr>
<tr>
<td></td>
<td>(562) 951-4142</td>
</tr>
<tr>
<td>File Proof Total:</td>
<td>1,234,567,890.98</td>
</tr>
<tr>
<td>Record Count:</td>
<td>2,345</td>
</tr>
<tr>
<td>Current Year Accruals:</td>
<td>Yes</td>
</tr>
</tbody>
</table>

The email from the SCO accepting the submission will be similar to the example shown below. Should errors be detected during the in depth review, the SCO will contact the SFSR team for an explanation or resolution.
The SCO plans to issue these notifications within two days of the date of the campus submission.

If errors in account balance or classification are discovered after submitting the SAM 99 file, do not resubmit without first coordinating with the SFSR team. Unless the problem is severe, it may be resolved by providing them with journal entries. Campuses should coordinate with the SFSR team; see SFSR’s legal manual page, Contacts option, for a list of current contacts.

To assist campuses in verifying that the SAM 99 transmission is complete, a SAM 99 Submission Checklist is provided at Appendix 18. The Chancellor’s Office and State Controller’s Office strongly urge campuses to complete the checklist and to retain it in their files as evidence that all necessary validation steps have been performed.

4.1.3 Report 3 - Adjustments to Controller’s Accounts

Report 3 is submitted in hard copy form by campuses for each governmental fund to which it applies. It identifies any adjustments needed to correct the central records maintained by the SCO as of June 30. This includes reconciling items that involve another state agency, other than the Chancellor’s Office, recorded in FIRMS object codes 404003 (Adjustments to SCO Accounts – Expenditures), 404004 (Adjustments to SCO Accounts – Revenues) and 404005
PREPARATION AND SUBMISSION OF STATE CONTROLLER’S OFFICE (SCO) REPORTS

(Reserve Adjustments SCO Accounts). If there are no adjustments, no report need be submitted. (See subsection 4.2.2 for information on reporting the nonapplicability of Report 3 on the Transmittal and Report Certification Memo.)

State Forms 576A and 576B, which are available at the SCO’s website, are the vehicles used to report the adjustments, if any (see Figures 5A and 5B for examples of the forms). Form 576A is used to report adjustments to asset and liability accounts; Form 576B is used to report adjustments to disbursement, reimbursement, receipt and transfer accounts. Adjustments should be numbered and the numbers should correspond to an attachment providing a brief explanation for each. The number should be placed in the “Account Title” column on Form 576A and to the right of the amount on Form 576B. Each explanation must disclose the reason for or the nature of the error and should not merely be a restatement of the correction. Letters previously written to the SCO about any adjustments should not be attached.

**Figure 5A – State Form 576A (Report 3) – Adjustments to Controller’s Accounts**

**Figure 5B – State Form 576B (Report 3) – Adjustments to Controller’s Accounts**
The CSU generally tries to minimize or eliminate reported adjustments. To do this, all reconciling items between a university’s books and the State Controller's records that do not involve another state agency must be recorded as accruals at June 30. The entries are made to Due To (FIRMS object code 105000) or Due From (FIRMS object code 202000) Other Funds or Appropriations and the Fund Balance Clearing Account (FIRMS object code 305022) in the appropriate general ledgers. To demonstrate, assume an expenditure account was charged in error by the SCO to the correct agency but to an incorrect fund, appropriation or budget category. The necessary entry at June 30 would be:

Debit      Due from Other Funds or Appropriations  
Credit     Fund Balance Clearing Account

Now suppose the campus recorded an expenditure which the SCO did not. The entry would be:

Debit      Fund Balance Clearing Account  
Credit     Due to Other Funds or Appropriations

In either case, these entries would be reversed July 1, the beginning of the next fiscal year. Neither entry would be reported on Report 3.
4.1.4 Report 14 - Report of Accounts Outside the State Treasury

Report 14 is a report listing all bank accounts held by a state agency outside the state treasury system. Campuses will report all Zero Balance Accounts and accounts held at Wells Fargo. Do not report accounts closed in a prior year, cash-on-hand or monies deposited with non-financial institutions (such as Pitney Bowes). Information that must be reported includes the authority, statutory citation OR Department of Finance (DOF) approval date allowing establishment of the account and the purpose for the account (deposit and disbursement, investment, etc.).

(1) Campuses are to report Bank balances, not book balances.
(2) Campuses no longer report their share of the Pooled Investment Fund (SWIFT) as reporting on this fund is now done solely by the Chancellor’s Office.

Campuses will continue to report all other accounts held outside the state treasury under their tax identification number, including escrow accounts. June 30 statements are submitted at the same time as the annual Report 14 submission via Fi$Cal.

Accounts require collateralization if the balance on deposit with a financial institution exceeds the FDIC insurance threshold, currently $250,000.00. Campuses should consult with the Chancellor’s Finance and Treasury Department when collateralization is required for further instructions.


The purpose of Report 18 is to provide the SCO with changes resulting from fixed asset acquisitions and dispositions during the fiscal year. Prior to the fiscal year ended June 30, 2014, Report 18 was prepared in hard copy form for each governmental and non-governmental (i.e. proprietary or fiduciary) fund from which monies were drawn to purchase capital items, defined as items costing $5,000 or more, with a life exceeding 1 year.

Report 19 accounts for the total fixed assets of an agency and identifies the fund that purchased the fixed assets. Report 19 summarizes the information contained in Report 18 as of June 30.

Although the SCO requires these two reports from all state agencies, the SCO has waived the submission requirement for the CSU in favor of a more detailed report we prepare as part of the SCO GAAP submission. For more information concerning the SCO GAAP submission, see Chapter 18 in the GAAP Manual.
4.1.6 Report 22 – Statement of Contingent Liabilities

This report discloses estimated liabilities, such as federal audit exceptions and pending litigation, at thresholds established by the SCO, and is prepared for each state fund for which such liabilities are identified. These liabilities are not recorded on the books of the campus. Filing of this report is not required if there are no contingent liabilities. However, agencies are required to indicate that there are no contingent liabilities to report in the certification letter to the SCO (see sub-section 4.2.2 regarding certification letters). See Appendix 16 for the Report 22 template and completion instructions. The Excel workbook at the appendix also includes a tab detailing the SCO reporting thresholds.

Campuses will prepare and submit to the SCO a report for each governmental fund in which contingent liabilities are identified. The Chancellor’s Office will prepare a consolidated Report 22 for each proprietary or fiduciary fund where it pertains, including state fund 0948, Trust Fund. To accomplish this, campuses are directed to complete Report 22 for each proprietary or fiduciary fund where applicable and to send them to the CO for consolidation (see the master timeline at the SFSR website for due date). For purposes of this requirement, there is no reporting threshold.

4.1.7 Explanations of Abnormal Balances

The SCO requires campuses to provide written explanations of abnormal general ledger account balances for both governmental and non-governmental funds. For all affected governmental funds, a sheet providing the necessary explanations should be included in the hard copy report package submitted to the SCO for each fund as applicable and the inclusion of the document should be reflected in the package’s Table of Contents. A template has been developed to report these abnormal balances to the SCO (see Appendix 22). Campuses may use the template or any other format which provides the necessary information.

As Report 7, the Pre-Closing Trial Balance, is prepared on a consolidated basis for all non-governmental funds, the Chancellor’s Office will use the explanations of abnormal balances it collects as part of the fourth quarter FIRMS submission review process for fulfilling this requirement.

4.1.8 State Funds 0890, Federal Trust Fund, and 0942, Special Deposit Fund

For campuses that have these funds, SCO reports must be submitted in hard copy form (they are not included in the SAM 99 file). The submission for these funds will include:

- Report 7 - Pre-Closing Trial Balance
PREPARATION AND SUBMISSION OF STATE CONTROLLER’S OFFICE (SCO) REPORTS

- Report 8 - Post-Closing Trial Balance
- Report 9 - Analysis of Change in Fund Balance (Statement of Operations)
- Report 20 - Statement of Financial Condition

Each report must list both the name and report number. The column listing the general ledger account numbers on these schedules should be captioned GLAN (for General Ledger Account Number).

For state fund 0890, there should be no fund equity. If the inflows and outflows are not equal, an accrual should be recorded to make them equal. Federal Trust Fund statements with a fund balance remaining will automatically be disqualified from receiving the SCO’s Certificate for Achieving Excellence in Financial Reporting.

Funds in state fund 0890 have reversion dates and these dates appear on the State Controller's Agency Reconciliation Report (referred to as “the tab run”). Funds remitted to the Federal Trust Fund should be claimed back to the campus and deposited to a fund, such as state fund 0948, California State University Trust Fund, where they are held to be expended for the required purpose. Funds not claimed back will revert to the state and the campus will be responsible to the federal government for these amounts.

Section 4.1.9 Special Reporting Considerations

In addition to the reporting requirements set forth in the preceding sections, the SCO has additional information needs which campuses must address in their annual filings. These are set forth below:

4.1.9(a) Reporting Due To/Due From Transactions Occurring Within the CSU and Within the Campus

The SCO requires the provision, on a separate schedule, of a four-digit organization code (also referred to as an agency code) associated with transactions reported in state general ledger account numbers 1410XXXX, Due from Other Funds, and 3114XXXX, Due to Other Funds, where XXXX is the state fund from which monies are being paid (due from) or to which the funds are being sent (due to). This information facilitates the SCO’s reconciliation of the receivables and payables.

Most of the activity in these accounts at the CSU represent transactions occurring within the system and, therefore, they net to zero. However, it remains necessary for campuses to report for each fund the relevant organization code. This requirement is applicable to transactions not
only between campuses, but between funds on the same campus. When reporting such transactions the state agency code of the campus should be recorded in the “Subsidiary Org” column of the form. The SCO provides the template for reporting this information. We have incorporated it into this manual as Appendix 17; instructions for completion have been included at the first tab of the Excel workbook. Figure 6 is an example of a completed form:
### Figure 6 - Due To/From Other Funds/Appropriations – Supplemental Form

**Due To/From Other Funds (GL 3114/1410)**

**Due To/From Other Appropriations (GL 3115/1420)**

**Supplemental Form**

June 30, 2014

**NOTE:** The subtotals will automatically calculate for each change in fund/subsidiary fund/subsidiary org.

This information is required for all Due To Other Funds (GL 3114), Due From Other Funds (GL 1410), Due To Other Appropriations (GL 3115), and Due From Other Appropriations (GL 1420). Campuses need to coordinate with other agencies to ensure that their corresponding Due To and Due From entries reconcile.

<table>
<thead>
<tr>
<th>GL ACCOUNT</th>
<th>SUBSIDIARY FUND</th>
<th>SUBSIDIARY ORG</th>
<th>SUBSIDIARY ORGANIZATION TITLE</th>
<th>AMOUNT</th>
<th>SUBTOTAL (GL/SFUND/SORG)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1410 0001 0160</td>
<td>Office of Legislative Council</td>
<td>1,797.00</td>
<td>1,797.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0531</td>
<td>Office of Systems Integration</td>
<td>1,554.20</td>
<td>1,554.20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0506</td>
<td>Office of the Inspector General</td>
<td>19,519.78</td>
<td>19,519.78</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0650</td>
<td>Governor's Office of Planning &amp; Research</td>
<td>8,000.00</td>
<td>8,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0690</td>
<td>Governor's Office of Emergency Services</td>
<td>19,529.24</td>
<td>19,529.24</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0840</td>
<td>State Controllers Office</td>
<td>8,378.00</td>
<td>8,378.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0840</td>
<td>State Controller's Office - Accounting</td>
<td>12,693.75</td>
<td>21,071.75</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0845</td>
<td>Department of Insurance - SS</td>
<td>4,779.00</td>
<td>4,779.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0850</td>
<td>California Lottery</td>
<td>2,787.50</td>
<td>2,787.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0850</td>
<td>California State Lottery</td>
<td>1,272.00</td>
<td>4,059.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 0860</td>
<td>Board of Equalization (BOE)</td>
<td>54,385.00</td>
<td>54,385.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1410 0001 1655</td>
<td>Department of Consumer Affairs - MS</td>
<td>318.00</td>
<td>318.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 1410.0948-0001</strong></td>
<td></td>
<td></td>
<td><strong>135,013.47</strong></td>
<td><strong>135,013.47</strong></td>
<td></td>
</tr>
<tr>
<td>1420 0948 6620</td>
<td>Chancellor's Office</td>
<td>370,626.00</td>
<td>370,626.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 1420.0948</strong></td>
<td></td>
<td></td>
<td><strong>406,840.27</strong></td>
<td><strong>406,840.27</strong></td>
<td></td>
</tr>
<tr>
<td>3115 0948 6780</td>
<td>California State University, Sacramento</td>
<td>36,214.27</td>
<td>36,214.27</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total 3115.0948</strong></td>
<td></td>
<td></td>
<td><strong>36,214.27</strong></td>
<td><strong>36,214.27</strong></td>
<td></td>
</tr>
</tbody>
</table>

The last column reports subtotals by state general ledger number, state subsidiary fund and subsidiary organization. The template at Appendix 17 automatically populates this column.

This requirement pertains even when filing data via submission of the SAM 99 electronic file. The supplementary form must be included in your hard copy report submission. The SCO also requires an electronic copy. See Section 4.2 for further submission instructions.

Likewise, the organization code associated with transactions in state general ledger numbers 1420, Due From Other Appropriations, and 3115, Due To Other Appropriations, must be reported. This is done in two ways. First, by adding the code to the end of the account number. For example, an amount due from the Chancellor’s Office would be reported as 1420.6620. Secondly, by reporting the transaction on the supplemental form.
Historically, transactions in state general ledger numbers 1420 and 3115 are recorded in state fund 0948, California State University Trust Fund. Reports for this fund are prepared on a consolidated basis by the Chancellor’s Office. Because these are manual reports, the Chancellor’s Office will add the necessary organization codes when preparing the trial balances submitted to the SCO and will complete the necessary form.

Currently, our automated system does not provide an electronic method for adding the organization codes to these account numbers. Therefore, should a campus need to report receivable/payable transactions within any fund other than state fund 0948, the Chancellor’s Office must be immediately contacted for further guidance. Refer to the reporting issues contacts listed in the Contact List located at the SFSR’s legal manual page. Please be aware that should your campus need to report activity, other than in state fund 0948, in either state general ledger number 1420 or 3115, it is responsible for also including the transaction on the supplemental form.

4.1.9(b) Reporting Due To/Due From Transactions With State Agencies Outside the CSU

The same reporting requirements as described in Subsection 4.1.9(a) pertain to transactions with non-CSU organizations. These transactions are not as frequent as those within the system. Campuses should make every effort to identify and record these interagency receivable and payable transactions prior to closure of the legal basis financial records. To the extent they occur in governmental funds, campuses will include these transactions in the supplemental forms they file with the State Controller’s Office. However, they will more likely happen in a nongovernmental fund, most notably in state fund 0948, California State University Trust Fund. Because the Chancellor’s Office prepares all year-end reports for nongovernmental funds, campuses will need to complete supplemental forms for due to/due from transactions occurring in these funds and submit them to the Chancellor’s Office in accordance with the deadline set forth in the master timeline and in the manner described in Section 4.2.6.

Each year some of the campuses will conduct business with other state agencies, most notably the Department of Justice (DOJ), which may not compute their year-end accruals prior to the CSU’s mid-July closing. This will cause our interagency assets and/or liabilities to be understated on our books at June 30. To properly state our interagency assets and liabilities when reporting to the SCO and because the obligations frequently belong in state fund 0948, the Chancellor’s Office will be responsible for recording the total amount receivable or due on the consolidated manual report for this fund.

In connection with unrecorded transactions as of June 30 between campuses and the DOJ, the Chancellor’s Office will solicit the information directly from the DOJ necessary to record the accrual. To ensure that DOJ receivables/payables are not counted twice, once by the campus
and again by the Chancellor’s Office, campuses should not record the accrual of any unpaid DOJ invoices received as of June 30 in the legal-basis books. Once the Chancellor’s Office obtains the due from/to information from the DOJ, it will contact campuses (usually in the latter part of July) to verify the accuracy of the data received. Although the Chancellor’s Office will account for the DOJ receivables/payables in the consolidated reports for CSU fund 0948, campuses remain responsible for payment of all charges. (Note that, for GAAP purposes, an adjustment may need to be entered by campuses for any receivables from/payables to the DOJ as of June 30. The Chancellor’s Office does not make these GAAP adjustments centrally.)

The Chancellor’s Office is unable to provide this same service in connection with transactions involving other state agencies as it does not know what transactions have taken place. Therefore, campuses must notify the Chancellor’s Office upon being contacted by another state agency regarding a due from or due to recorded by that agency, the other side of which was not recorded by the campus as of June 30. Appendix 17 includes a tab for reporting these unrecorded transactions (labeled “Unrecorded Transactions”) to the Chancellor’s Office. The template includes fields for the campus to provide the name of the other state agency, contact information (name of an agency representative and their phone number and email address), the amount either due from or due to that agency and the fund in which that other agency is recording the transaction. The finished form, when necessary to complete, is submitted to the Chancellor’s Office in accordance with the deadline set forth in the master timeline and in the manner described in Section 4.2.6.

Accounts payable and accounts receivable transactions recorded by campuses for each fund as of June 30 should be examined to determine any that occurred with state agencies. Such transactions must be reclassified to the appropriate due to/due from account.

4.1.9(c) Reporting Transactions with the University of California and Community Colleges

Transactions with the University of California and the state’s community colleges are a rarity. Should they occur, campuses need to record the receivables and payables as follows for state reporting purposes:

<table>
<thead>
<tr>
<th></th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>University of California</td>
<td>State GL 13XX</td>
<td>State GL 3010</td>
</tr>
<tr>
<td>California Community Colleges</td>
<td>State GL 1590</td>
<td>State GL 3220</td>
</tr>
</tbody>
</table>
4.1.10 Material Variance Explanation Form

The SCO requires completion of the Material Variance Explanation Form (see Appendix 21) for every fund included in the SAM 99 file and for funds 0890 and 0942, if applicable. The form requires the calculation of the difference in the current year’s and prior year’s balance for total expenditures, total revenue, total transfers in and total transfers out. When the differences meet certain criteria, described later in this section, the causes must be explained. The form should be included with the other hard copy documents being submitted to the SCO. Placement of the form in the reporting package is described at Section 4.2.

Campuses are no longer required to submit to the Chancellor’s Office a Material Variance Explanation Form for each non-governmental fund because the Chancellor’s Office found that the threshold for explaining variances for these funds is rarely met. However, in those instances where it is, only those campuses contributing to the variance will be contacted for further information.

To find the amounts that should be entered on the form for comparison, use the Adjusted Campus Records amount reported on the Fund Summary page of the SAM99 report.

Generally, due to the nature of the appropriations the CSU receives campuses will report these amounts in “Expenditures” block on the form.

In determining if a variance requires explanation, it must meet both of the following two tests:

- The variance must be $1,000,000 or more
- AND
PREPARATION AND SUBMISSION OF STATE CONTROLLER’S OFFICE (SCO) REPORTS

- The percentage change is 10% or more.

Explanations should answer the question “WHY is there a variance?”

Examples of **acceptable** variance explanations include:

- Revenue (GL XXXX) increased due to a new revenue source per Government Code section XXXX.
- Expenditures (GL XXXX) decreased as a result of program XX budget cuts/lack of funding/increased federal reimbursements.
- Transfers In (GL XXXX) increased due to additional federal grants administered for the XX program.

Examples of **unacceptable** variance explanations include:

- Revenue increased.
- Expenditures decreased due to increased encumbrances.
- Transfer In increased due to federal grants.

**Section 4.2 Submitting the Hard Copy Report Package**

The hard copy report package submitted to the SCO in accordance with the schedule set forth in the master timeline at the SFSR website consists of the following:

- Cover sheet identifying the campus and its agency number and the fiscal year end (June 30, 20XX)
- Table of contents
- Transmittal and report certification memos (by fund)
- Report 3 - Adjustments to Controller’s Accounts (only if applicable)
- Report 14 - Report of Accounts Outside the State Treasury *(the SCO requires two copies, a signed hard copy of the information submitted to the State Treasurer’s Office via Fi$Cal and an unsigned electronic copy in Excel format transmitted to blfinrep@sco.ca.gov)*
- Report 22 - Statement of Contingent Liabilities (only if applicable)
- Explanations of abnormal balances
- **One copy** of the Due To/From Other Funds/Appropriations Supplemental Form (only if applicable); **a second copy of this form must also be submitted to the SCO electronically using the address blfinrep@sco.ca.gov**
- **One copy** of the Material Variance Explanation Form
If the campus has state funds 0890, Federal Trust Fund, and 0942, Special Deposit Fund, it must include in its submission the reports listed in Section 4.1.8.

Report preparation has been covered in Sections 4.1.1 through 4.1.10. The following sections provide information on formatting the table of contents, preparation of the transmittal and report certification memos and instructions for binding and mailing the reports. Also see Appendix 13, Legal Reports Submission Checklist, for a summary of reports that are due and the organizations to which they are submitted.

**4.2.1 Table of Contents**

The table of contents lists all state funds for which reports are being filed. For each fund, the reports being submitted are listed and the package page numbers at which they can be located are indicated.

Page 1 of the package should provide identifying data for the SAM 99 file. The Chancellor’s Office provides a form for this purpose (see Appendix 4). The information provided includes the run date and time, the proof total and record count.

Reports for each fund should be presented in numerical order preceded by a Transmittal and Report Certification Memo (discussed further in Section 4.2.2). Report 14 is prepared for the agency as a whole and not for a particular fund. Therefore, the SCO has asked that it be presented and certified with reports applicable to the General Fund.

Reports 3 and 22 and a copy of the Supplementary Information for Due To/From Other Funds form are filed by fund, but only if there is activity to report. Because the Chancellor’s Office consolidates financial information for non-governmental funds, it prepares Report 22 (see further instructions at Section 4.1.7.) and the supplementary information form for those funds.

Campuses need to include for each fund an explanation of abnormal balances, where applicable.

Campuses also need to include **one copy** of the Material Variance Explanation Form for each fund, even if the variances don’t meet the thresholds for explanation.

Reports for funds or appropriations that reverted prior to the beginning of the fiscal year should not be submitted.

A sample Table of Contents is provided at Appendix 5. Campuses should adhere to the format as closely as possible so the CSU can achieve uniformity in its presentations.
4.2.2 Transmittal and Report Certification Memos

The SCO requires that the reports for each active fund be accompanied by a memorandum, signed by the campus president or an authorized designee (e.g. the vice president of administration and finance), certifying under penalty of perjury the accuracy of the data being submitted. The certification extends not only to the hard copy reports, but for governmental funds, to data contained in the SAM 99 file. The memorandum for each fund must provide a complete list of hard copy reports that could be filed (i.e. Reports 3 and 22) with an indication of whether they are enclosed or not applicable. In addition, in a separate section of the memo, the forms Supplementary Information for Due To/Due From Other Funds and the Material Variance Explanation Form must be reported on the certification as enclosed or not applicable. The memorandum for the General Fund will also list the enclosure of Report 14. Because this report is filed for the campus as a whole, the SCO also requires agencies to identify on all other certifications its location (i.e. that it has been filed with the General Fund reports). The signed certification eliminates the need for signatures on individual reports (except Report 14, which must be signed by the vice president of administration and finance or a higher official).

Additionally, each memorandum must include the following:

- Date
- Agency name
- Agency number
- The fund name and number
- Contact name(s), phone number(s) and email address(es)
- Name and email address of the president and vice president, administration and finance (NOTE: These items of information must be present no matter who signs the memorandum.)

Failure to provide any of the required information as set forth in this section will result in automatic disqualification for the SCO’s Award of Achieving Excellence in Financial Reporting (see Appendix 6 for award criteria).

Templates for the certification memorandums are provided at Appendix 7. Template 1 is used for certification of the SAM 99 file and transmission/certification of hard copy reports for governmental funds; Template 2 is used for transmission/certification of hard copy reports for non-governmental funds.

---

1 The Chancellor’s Office is required to file the certification for the General Fund on the submission date specified by the SCO. This is the date indicated on the master timeline for submission of the SAM 99 electronic file.
IMPORTANT: If a campus previously prepared a certification for a fund solely to transmit Report 18, such certification is no longer needed. However, if a certification is otherwise required (to transmit other required reports or to certify data included in the SAM 99), the campus must still list Report 18 on the certification with the following message: “Not required per CSA & SCO.” This same message should be included with regard to Report 19 on the certification for the General Fund.

To summarize the certification requirement:

- If the campus has no current fiscal year activity and no ending balance, **no certification letter is required**.
- If the campus has no current fiscal year activity, but HAS an ending balance, **a certification letter is required**.
- If the campus has current fiscal year activity and NO ending balance, **a certification letter is required**.

4.2.3 Binding Instructions

Package specifications are as follows:

- Reports are to be submitted in one hard cover report booklet.
- The report cover should be labeled with the following:
  
  THE CALIFORNIA STATE UNIVERSITY
  CAMPUS NAME
  AGENCY NUMBER _ _ _ _
  YEAR-END REPORTS
  JUNE 30, 20XX

- All pages should be reduced to 8 ½ x 11 inches.
- Reports should be organized by fund.
- Each report should be labeled with the agency name and number and the fund name and number.
- Each fund grouping should begin with the certification and behind that document should be all applicable reports in numerical order. A copy of the form Supplementary Information for Due To/From Other Funds and **one copy** of the Material Variance Explanation Form should be filed behind Report 3.
- The pages should be sequentially numbered in large script on the top right-hand side, regardless of the direction the report pages are printed, starting with the first page after the Table of Contents.
• An index tab should be placed at the beginning of each fund group and labeled with the fund number.
• Do not use staples.

4.2.4 SCO’s Year-End Checklist

Before mailing the package, campuses are strongly advised to consult the SCO’s Year-End Reports Checklist to ensure that it is complete and formatted in the prescribed manner. The checklist is available at Appendix 8.

4.2.5 Mailing Instructions

The hard copy report package should be mailed to:

State Controller’s Office
Division of Accounting and Reporting
State Government Reporting
P.O. Box 942850
Sacramento, CA 94250-5872

Alternatively, it can be hand-delivered to:

B-08
State Controller’s Office
Division of Accounting and Reporting
State Government Reporting
3301 C Street, Suite 700
Sacramento, CA 95816

Campuses should be sure to include their return address on the package.

The second address can also be used to FedEx the hard copy report package to the SCO.

In addition to the hard copy version, the SCO requires an electronic version in Excel format of the Report 14 generated from FiSCal and Due From/To Other Funds/Appropriations Supplemental form, if filed for governmental funds. Send to blfinrep@sco.ca.gov.
4.2.6 Submission of Report Package to the Chancellor’s Office

Campuses are required to provide the Chancellor’s Office with an identical copy of the report package submitted to the SCO in .pdf format. The Chancellor’s Office no longer accepts hard copy submissions. Submissions are to be uploaded to SharePoint using this link: https://csyou.calstate.edu/groups/StateReporting/SitePages/Home.aspx. The site consists of several libraries. The General Information library provides an overview of the site and specifies the naming conventions to be used for uploaded documents. The SCO Legal Reporting Package library is to be used for uploading copies of all documents submitted to the SCO (and which were formerly mailed to the Chancellor’s Office). Documents required by the Chancellor’s Office for preparation of consolidated SCO reports for non-governmental funds are to be uploaded to the Non-governmental Funds Supplemental Schedules library in accordance with the deadlines set forth in the master timeline located at the SFSR website.

Access to the SharePoint site is granted to those campus staff approved by campus management. Sign-on instructions are provided to the designated staff by the Chancellor’s Office. Any changes to the campus designees need to be requested via email to Sherry Pickering (see the SFSR’s legal manual page for contact information). Any problems using the site should also be reported to Ms. Pickering.

Campuses need to remember to upload a Financial Data Integrity Certification Form signed by the campus’s vice president of administration and finance. This form confirms the accuracy of the data submitted to the Chancellor’s Office via FIRMS. Do not send this form to the SCO. See Appendix 9 for the form.

4.3 Records Retention

Campuses are required to retain a complete set of all reports filed with the SCO for a period of two years or until audited by the Department of Finance, Office of Financial and Performance Audits (FPA), whichever is later. Campuses should not mail year-end reports to the FPA. In addition, campuses should comply with the CSU records retention policy.

5.0 FUND BALANCE:

Not applicable.

6.0 GAAP IMPACT:

Not applicable.
7.0 **RESOURCES:**

Prior Year Accrual Reversal Tape Guide

[Instructions_downld accrual rev tape.docx]

SAM99 Transmission FTP Guide

[MAPO BPG WS_FTP PRO Set Up Guide.doc]

[Link to SAM99 transmission presentation.]
**REVISION CONTROL**

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.2</td>
<td>Number of copies of the Material Variance Explanation Form due to the SCO reduced from two to one effective for the reporting period ended June 30, 2014.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/2/14</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Number of copies of the Material Variance Explanation Form due to the SCO reduced from two to one effective for the reporting period ended June 30, 2014.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/2/14</td>
</tr>
<tr>
<td>4.2.3</td>
<td>Number of copies of the Material Variance Explanation Form due to the SCO reduced from two to one effective for the reporting period ended June 30, 2014.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/2/14</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Noted that the SCO street address provided can be used to FedEx the hard copy report package to the SCO.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/2/14</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Added the street address of the STO.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/2/14</td>
</tr>
<tr>
<td>4.1.10(a)</td>
<td>Removed reference to two columns removed from the 2014 version of the Due To/From Other Funds/Appropriations Supplemental Form by the SCO and updated Figure 6.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/5/14</td>
</tr>
<tr>
<td>Throughout</td>
<td>Replaced web page links with hyperlinks.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Added reference to elimination of Reports 18 and 19.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Added bullet at the first paragraph clarifying the information that should be included in the SAM 99 file.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Added a requirement that campuses accompany the copy of Report 14 filed with the CO a reconciliation of the US Bank account.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Added a final paragraph regarding bank</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/18/15</td>
</tr>
</tbody>
</table>
## PREPARATION AND SUBMISSION OF STATE CONTROLLER’S OFFICE (SCO) REPORTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Change Details</th>
<th>Author(s)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1.5</td>
<td>Changed section name to include Report 19, deleted detailed text regarding preparation of Report 18 and added discussion of SCO’s waiver of requirement to submit Reports 18 and 19.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.6</td>
<td>Deleted entire section, which had detailed the preparation of Report 19. Renumbered succeeding sections.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.9</td>
<td>Replaced blank due to/from supplemental form with form containing sample data.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.9</td>
<td>Added more information regarding the accrual of DOJ invoices by the CO.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.10</td>
<td>Added information concerning the two copies of Report 14 required by the SCO.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.2.1</td>
<td>Deleted references to Reports 18 and 19.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.2.2</td>
<td>Added instructions related to disclosure of the Report 18/19 waiver on the certifications and added summary of when certifications are required.</td>
<td>R. McNiel, S. John</td>
<td>3/18/15</td>
</tr>
<tr>
<td>4.1.6</td>
<td>Updated to indicate that reporting thresholds are established by the SCO and are available at Appendix 16.</td>
<td>R. McNiel, R. McNiel</td>
<td>6/19/15</td>
</tr>
<tr>
<td>Resources and 4.1.2</td>
<td>Added an embedded Word document to guide campuses on retrieval of the prior year accrual file at the SCO’s website and added a reference to the document in the text.</td>
<td>R. McNiel, R. McNiel</td>
<td>6/22/15</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Updated SAM 99 electronic file transmission instructions</td>
<td>M. Baker, R. McNiel</td>
<td>3/17/16</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Updated Report 14 completion instructions</td>
<td>R. McNiel, S. John</td>
<td>3/17/16</td>
</tr>
<tr>
<td>Throughout</td>
<td>Updated hyperlinks</td>
<td>N. Bryant, R. McNiel</td>
<td>2/21/2017</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Added reference and link to SAM99 FTP setup guide</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Updated reference to Fi$Cal submission</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.2</td>
<td>Updated instructions to reflect 2018 hard copy reporting requirements</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.2.5</td>
<td>Updated mailing instructions to strike the requirements related to the STO and DOF. Report 14 submission is made to these agencies via Fi$Cal. Updated SCO’s electronic filing requirements.</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.2.6</td>
<td>Updated contact for State Reporting SharePoint access</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>7</td>
<td>Added SAM99 FTP setup guide and link to recent SAM99 submission training</td>
<td>S. Pickering, S. John</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.1.4</td>
<td>Removed December 31, 20XX submission</td>
<td>S. John, S. John</td>
<td>S. John</td>
</tr>
</tbody>
</table>
of bank statements for accounts requiring collateralization as the reporting requirement was removed by the State Treasurer.

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pickering</td>
<td>Pickering</td>
</tr>
</tbody>
</table>
CHAPTER 6
EXTENDED EDUCATION (EE)

CSU FUND: 441 – EE Operations
442 – EE Capital Improvements
443 – EE Maintenance & Repair
444 – EE Campus Partners

FUND TYPE: Proprietary – Enterprise Trust Fund
Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY: Education Code 89704, 89721(i)
441 – Executive Orders 811, 806, 569, 402, 191, & 1099
442 through 444 established through Executive Order 1000 - Section IIIA

1.0 OVERVIEW AND DEFINITIONS:

Extended education (also known as “special sessions” or as “Continuing education” per Article 1, EO 1099) provides an increasingly broad spectrum of educational services to public and private agencies, as well as to a large number of persons who seek advanced educational training to help them increase their occupational competency or to otherwise enrich their lives. Courses and programs include both credit and non-credit instruction and may be administered through the EE Local Trust Fund (described below). Participants do not need to be matriculated students.

Except for auxiliary organizations generating revenue by offering non-credit instruction, “All revenues are hereby appropriated, without regard to fiscal years, to the trustees for the support and development of self-supporting instructional programs of the California State University” (Education Code 89704 (b)). In addition, “…the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts… fees for
extenson programs, special sessions, and other self-supporting instructional programs” (Education Code 89721(i)). In compliance with this code section, CSU has identified a set of CSU funds for the different EE reporting segments, known collectively as the EE Local Trust fund.

2.0 FUND SPECIFICS:

**CSU Fund 441, Extended Education Operations:** Used to record all revenues and operating costs related to the Continuing Education program. All support, development and program allocations to campuses in connection with this program, exclusive of cost recovery, must be recorded in this fund. Use FNAT 101557 to establish the fund in PeopleSoft.

**CSU Fund 442, EE Capital Improvements:** Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.

**CSU Fund 443, EE Maintenance & Repair:** Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

**CSU Fund 444, EE Campus Partners:** Used to record program allocations to colleges for the purpose of tracking the fund balance and expenditures related to these activities. All costs for program reinvestment and support of EE programs by campus partners should be recorded to this fund. The purpose of CSU Fund 444 - EE Campus Partners is to distinguish EE operation activities and its reserve balances from Campus Partners. This will allow reserves to be identifiable and reportable. Year-end reporting to Executive Management will reflect reserve balances designated in EE Campus Partners (444). The entries to record program allocation transfer activity are as follows:

- The EE Program (CSU Fund 441) is to record a Transfer Out (670444) to CSU Fund 444: EE Campus Partners.

- The Campus Partner (CSU Fund 444) is to record a Transfer in (570441) from CSU Fund 441: EE Extended Ed. The College/Department owners will spend their allocated funds in CSU Fund 444 – EE Campus Partners to the appropriate object code for the nature of the expense in accordance with Ed Code 89704.
The following are specific Extended Education fund requirements:

a) EE funds are specifically restricted for the support and development of extended education instructional programs. Costs of self-support instructional programs include support and improvement of the academic quality of the university.

b) Carry forward balances are limited to no more than six months of actual EE operating expenditures; refer to section 5.1 of this chapter for carry forward guidance for campuses wishing to maintain a balance in excess of that amount (Executive Order 1099, Article 13.2.4).

c) All extended education revenues which are recorded to CSU fund 441 may be pledged to the acquisition, construction, and improvement of facilities for extension programs, special session, and other self-supporting instructional programs, and may also be pledged to supplement other revenue-funded projects relating to debt obligations issued by the trustees. (Education Code section 89704(d); State University Revenue Bond Act of 1947)

d) Deficit carry-forward balances shall not be permitted (Presidents’ Executive Council Carry-Forward Fund Policy, adopted August 28, 2007; Executive Order 1099, Article 13.2.6).

e) Extended education shall reimburse the CSU Operating Fund, CSU fund 485, for any direct and indirect costs (including instructional and administrative costs) incurred by the CSU Operating Fund during the offering of a self-supporting program (Executive Order 1000; ICSUAM 3552.01; Executive Order 1099, Article 13.3.1).

f) Systemwide Revenue Bond (SRB) proceeds that will finance Extended Education construction are to be recorded in SCO fund 0576 Dormitory Construction fund, CSU fund 229.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Unique EE Revenue FIRMS Object Codes

Revenues are to be recorded to the below appropriate FIRMS object code and will be collected by campuses as Category V fees approved by the Campus President.
<table>
<thead>
<tr>
<th>OBJECT CODE</th>
<th>OBJECT NAME</th>
<th>DESCRIPTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>502101</td>
<td>Special Sessions Degree Programs</td>
<td>Special Sessions programs that award CSU degrees, per EO 1099 authorization. This includes all Self Support cohort-based programs and programs conducted off-campus or online.</td>
</tr>
<tr>
<td>502102</td>
<td>Special Sessions Certificate Programs</td>
<td>Special Sessions programs that generate certificates and award academic degree credit, per EO 1099 authorization.</td>
</tr>
<tr>
<td>502103</td>
<td>Special Sessions Contract Programs</td>
<td>Special Sessions programs which are typically offered to a specific audience in the public or private sector, for which an administrative charge is collected per unit but no instructional costs are incurred. Enrollment in the program is usually limited to employees of the agency or company.</td>
</tr>
<tr>
<td>502104</td>
<td>Open University</td>
<td>For enrollment of non-matriculated students in state-support regular courses per EO 805 authorization and subject to specified conditions.</td>
</tr>
<tr>
<td>502105</td>
<td>Special Sessions - Other</td>
<td>Special Sessions operations not described previously, including intersession terms (Winter and May), per EO 1099 authorization.</td>
</tr>
<tr>
<td>502106</td>
<td>Self Support Summer</td>
<td>Special Sessions operations conducted exclusively in self-support during summer sessions. This object code supersedes the direction given to record to Special Session - Other.</td>
</tr>
<tr>
<td>502201</td>
<td>Regular Extension Credit</td>
<td>Extension credit offerings include self-support courses, conferences, workshops and seminars for which academic credit is awarded but with limitations. Unlike Special Sessions credit offerings, there are limitations on applying Extension Credit towards CSU degrees and residency requirements.</td>
</tr>
<tr>
<td>502202</td>
<td>Contract Extension Credit</td>
<td>For “contracted” operations within the &quot;Extension Credit&quot; category for which an administrative processing charge is collected per unit but no instructional costs are paid.</td>
</tr>
<tr>
<td>502203</td>
<td>Extension Certificate Programs</td>
<td>For Extension programs that award certificates for academic credit, but not Special Sessions degree credit.</td>
</tr>
<tr>
<td>502301</td>
<td>Regular - Non Credit</td>
<td>Activity that does not award academic credit.</td>
</tr>
<tr>
<td>502302</td>
<td>Non Credit Contract Program</td>
<td>Activity for a specific audience, such as employees of a company, that does not award academic credit for which an administrative processing charge is collected per unit but no instructional costs are paid.</td>
</tr>
<tr>
<td>502303</td>
<td>Continuing Education Unit (CEU) Credit</td>
<td>Fees collected as the result of issuing CEUs. This may not include fees paid for instruction or services.</td>
</tr>
<tr>
<td>502304</td>
<td>Continuing Education - Fine and Fees</td>
<td>Replaces 580006 (Installment Charges), 580008 (Campus Collection Costs) &amp; 580009 (Late Fees) for CERF only as of July 1, 2011. Can be used only in CERF and can be used for other student fees that do not have specific object codes.</td>
</tr>
<tr>
<td>502400</td>
<td>Allowance for doubtful Continuing Edn. fees (contra revenue)</td>
<td>Contra revenue account for all 502XXX object codes.</td>
</tr>
</tbody>
</table>

### 3.2 Expense FIRMS Object Codes

EE expenditures will be for a wide range of purposes in support of the programs. They will include travel, hospitality, supplies and services, salaries/benefits, telephone, postage, printing, subscriptions, and advertising/promotion as necessary to accomplish the requirements of Education Code 89704. For object code definitions, please see Appendix 19.

### 3.3 CSU Fund 441: EE Operations - Early Start Program
Early Start Program Waiver Reimbursement

The Early Start Program was developed to better prepare students in math and English, before the fall semester of their freshman year. Financial assistance for students demonstrating need is available and is funded by the CSU Systemwide Budget Office through campus-based Lottery allocations. Campuses are to waive student tuition fees based on financial aid eligibility and are to seek reimbursement from the Chancellor’s office. Once the enrollment report has been verified a CPO will be issued to transfer cash to the campus to relieve the waiver established at the time the student was enrolled.

A CalVet waiver for Early Start is an exception to the above and is not reimbursed to the campus by the Chancellor’s Office. The College Tuition Fee Waiver for Veteran Dependents (the CalVet waiver) is a state-wide program which waives mandatory system-wide tuition and fees at any State of California community college, CSU or UC campus. Fees imposed for the Early Start program are included in the fee waiver provision and are thus treated just like any other fee waiver. Due to the nature of the Cal Vet waiver program, campuses are not reimbursed by any state entity, including the Chancellor’s Office, for the lost tuition revenue, regardless of how Early Start is administered, through extended education or the academic departments of the university.

With regard to the accounting for the CalVet waiver, campuses can either set up an item-type waiver that never charges a tuition fee for the eligible student or they can record the registration, then manually reverse the entry as follows:

\[
\begin{align*}
\text{Dr.} & \quad 501001 \text{ Tuition Fee} \\
\text{CR} & \quad 131481 \text{ Due from CSU} 481 - \text{TF Lottery Education within Fund 0948 between agencies}
\end{align*}
\]

Early Start Program Accounting Setup

This program can be administered through either Self-Support or stateside. Once the campus has determined how this program will be administered, then up to six (6) item types are to be used to set up the accounting and those are demonstrated in the accounting matrix on the next page.

1. Early Start Program Tuition Fee
2. Mandatory Health Services Fee
3. Mandatory University Union Fee
4. Early Start Program Tuition Waiver
5. Mandatory Health Fee Waiver
6. Mandatory Student Union Fee Waiver

State-side
If a campus has chosen to offer this program on the Stateside the campus must report the financial transactions within a unique 485 fund using FNAT #130311. Revenue object code 501001 Student Tuition Fees should be used to record the Early Start Program Tuition Fees with an offset to 131481: Due from CSU 481 - TF Lottery Education within state fund 0948 between agencies.

Extended Education (EE)
If a campus has chosen to offer this program through Extended Education (EE) the campus must report the financial transactions within a unique 441 fund using FNAT #130310. Revenue object code 502105 Continuing Education - Special Session-Other should be used to record the Early Start Program Tuition/CE Fees with an offset to 131481: Due from CSU 481 - TF Lottery Education within state fund 0948 between agencies.
Collected in Advance
If the program or course is in a future fiscal period then the campus should use object code 205090 Collected in Advance - Operating Revenue and Other. Therefore, in the above accounting template, the unearned revenue account would be exchanged for the revenue accounts listed and be populated with entries A1 & B1.

Since this program crosses fiscal years, it is very important that campuses communicate to the Chancellor’s Office General Accounting Department the amount recorded in each CSU Fund and object code 131481 as of 6/30. This is necessary to pass FIRMS edits related to the CSU Interagency Transaction Table (ITT). Further information regarding the year-end requirements are outlined in Chapter 29.

**Note:** For the Chancellor’s Office only, the accounting entry to record the campus’ payable would be debit 107090: Other prepaid expenses and credit 231XXX (485: State-Side/441: EE, 452: Facility Revenue and 534: Union fee).
Reporting and Reimbursement
Each campus must comply with the reporting requirements requested by Student Academic Support to receive reimbursement. In order for the campus to receive reimbursement from the Systemwide Budget Office they must reconcile campus enrollment reports to the campus general ledger. Campuses will be reimbursed based on campus-submitted enrollment reports and NOT on the general ledger object code 131481. It is the responsibility of the campus to ensure an adequate business process is in place to ensure proper reporting of need-based waivers.

3.4 Cost Recovery

Per ICSUAM 3552.01 on Cost Allocation/Reimbursement, it is the policy of the California State University (CSU) to recover both direct and indirect costs incurred in providing services, products, and facilities to other funds within the university or between the CSU, auxiliary organizations, and external parties. Refer to Chapter 23 for discussion and guidance on cost recovery activities.

3.4.1 Centrally Paid Costs (Chancellor’s Office)

a. State Overhead (Pro Rata)

Retirement costs recorded to EE local Trust Funds will determine the amount of Department of Finance State Pro Rata to be charged. State Pro Rata allocations are based on the retirement expense (FIRMS Object Code 603005) reported by each campus 2 years earlier. The Chancellor’s Office will collect reimbursement via CPO on a quarterly basis. Campuses are to record this to object code 612001: State Pro Rata Charges.

b. Chancellor’s Office Overhead

Tuition fees recorded to EE local Trust Funds will determine the amount of Systemwide Extended Education office and Financial Services overhead to be charged. The Chancellor’s Office will collect reimbursement via CPO on a quarterly basis. Campuses are to record this to object code 660025: Overhead-Chancellor's Office.

c. Cal State Online Initiative Opt-In Services

In the event a campus utilizes and benefits from the Cal State Online Initiative-negotiated contract agreements for opt-in services, the Chancellor’s Office will be paid for services it provides and be reimbursed for costs it incurs in connection with the engagement of external vendors in accordance with memorandums of agreement. This will be done on an as-needed basis and collected via CPO. Campuses are to divide the charges between object code 660025, CO Overhead, and object code 613001, Contractual Services, as directed by the CPO. The entries made by the campus and the Chancellor’s Office are demonstrated in the table below:
3.4.2 Campus Paid Costs

Campus Overhead

Campuses are to ensure indirect costs charged to their EE programs are adequately documented and distributed in a timely manner. Campuses are to record this transaction to object code 660024: Overhead-Other and 580094: Cost Recovery from Other CSU Funds within state fund 0948 in the EE Local Trust fund, in accordance to Chapter 23: Cost Recovery.

3.4.3 SCO Fund 0573

SCO Fund 0573 State University Continuing Education Revenue Fund (CERF) and CSU Fund 181 CERF-Extended Education were de-activated effective July 18, 2013.

4.0 REPORTING REQUIREMENTS:

4.1 Budget

Each campus shall submit an annual plan for revenue generation in extended education programs. These projections shall be included in the trustees’ annual budget and shall include all extended education revenues (Executive Order 1099, Article 13.3.3).

4.2 Financial Reporting

 Upon request from the Chancellor’s Office, campuses shall report on extended education activities (Executive Order 1099, Article 15).

Financial data uploaded by campuses to the Financial Information Resource Management System (FIRMS) at the Chancellor’s Office are used to compile a variety of reports. To ensure the quality
of these reports, campuses should periodically validate the NACUBO program codes allocated to each of their departments. For further information on FIRMS and NACUBO program codes, please see Chapter 1, *General Information*, of this manual.

### 4.3 Earned Summer Revenue

Campuses that operate summer session through Extended Education are required to recognize the earned portion of the summer session revenue and related misc. fees in the Legal ledger and record the accrued expenses in the GAAP ledger. It is understood that in the Legal ledger revenue is being accrued without a matching accrual for expense. This is only an issue in the transition year in the Legal ledger. Subsequent years will include 12 months of both revenue and expenses, except for the timing difference regarding June expenses. Faculty accruals are not expected to vary significantly from year to year.

<table>
<thead>
<tr>
<th>Extended Ed</th>
<th>Legal</th>
<th>GAAP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expense</td>
<td>June – May</td>
<td>July – June</td>
</tr>
<tr>
<td></td>
<td>(includes June expenses other than faculty accrual)</td>
<td>(includes faculty accrual)</td>
</tr>
</tbody>
</table>

An exception is campuses that operate summer session on the state side, which will not be required to record accrued revenue or expenses for summer session in the Legal ledger but can continue to record them in the GAAP ledger since the information is not available prior to Legal closing and it does not affect the Extended Education report.

To accomplish this, a query has been developed for determining the earned portion of EE summer revenue from the student financials system. It is to be run from the two tier, Golden or Toad where you would cut, paste and run the query. The query has 5 components included; --- Collected in Advance (CIA) -- Actual; -- Miscellaneous Fees; -- Doctorial; -- Waiver. The query is set up so you may alter any part but specifically will need to change the item types or Item Term (if used) for your campuses. These have been highlighted for easy of identification. Please work with your functional person to understand your data and your technical person to alter and run this query. The query file ‘Summer Tuition’ is available in Section 7.0 – *Resources*.

### 5.0 FUND BALANCE:

#### 5.1 EE Reserves

EE reserves should be recorded in accordance with ICSUAM 2001.00 – Campus Reserves which was effective on 10/1/2015. A link to this policy is available in Section 7.0 – Resources.
5.2 EE Reserve Year End Entries

The entire fund balance in EE (CSU fund 441, 442, 443 & 444) must be designated regarding its intended use via a “pre-closing” year-end memo entry in the equity account group of the ACTUALS ledger. Campuses can establish multiple designation accounts for management purposes and designation entries are based on management’s plans for spending.

Below are definitions to be utilized when recording the year-end entries. Please include all that apply to your campus so that your entire closing fund balance has been designated, including unspent college funds. You must work with your Extended Education department to determine the appropriate amount to record in each category.
### EE Allowable Fund Balance FIRMS Object Code and Definitions - Effective June 30, 2013

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Object Code Description</th>
<th>Allowed CSU Fund</th>
<th>Allowed for Repurpose</th>
<th>Definitions and Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>304010</td>
<td>Designated for Capital Improvement/Construction</td>
<td>442-EE Capital Improvements</td>
<td>No</td>
<td>Used to reserve funds for capital outlay purposes. Examples include: Major construction planned such as new building, adding an annex for classrooms, adding a parking lot.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>443-EE Maintenance &amp; Repair</td>
<td>No</td>
<td>Should be used when the funding source is from external donations. Only capital outlay expenditures should be recorded in this fund.</td>
</tr>
<tr>
<td>304011</td>
<td>Designated for Equipment Acquisition</td>
<td>441: EE Operations</td>
<td>Yes</td>
<td>Used to reserve funds for an estimated amount of equipment needs in future years. Examples: Computer upgrade for faculty and staff, equipment for a new computer lab, furniture upgrade, copiers and other machinery.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>442-EE Capital Improvements</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>443-EE Maintenance &amp; Repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>444: EE Campus Partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>304012</td>
<td>Designated for Program Development</td>
<td>441: EE Operations</td>
<td>Yes</td>
<td>Used to reserve funds for an estimated amount of program development activities for the CE unit. Examples: Course costs for degrees and certificates in the development stages, planned new programs, incentive funds for program development.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>444: EE Campus Partners</td>
<td></td>
<td></td>
</tr>
<tr>
<td>304013</td>
<td>Designated for Future Debt Service</td>
<td>441: EE Operations</td>
<td>No</td>
<td>Used to reserve funds for the amount needed to cover debt service payments in the next year.</td>
</tr>
<tr>
<td>304014</td>
<td>Designated for Facilities Maintenance and Repairs</td>
<td>441: EE Operations</td>
<td>Yes</td>
<td>Used to reserve funds for the purpose of routine and major facilities maintenance and repair costs. Should be used for a “routine” repair which occurs in the normal course of operations. Examples of “routine” repairs would include painting an office or fixing a leaking pipe. Should be used for a “major” repair which is either infrequent in nature or which is scheduled on a non-routine basis and may require setting aside funds over a period of time or issuing additional debt to fund it. Examples of “major” repairs include re-roofing an entire building, replacing the carpeting throughout a building or replacing a ventilation system.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>443-EE Maintenance &amp; Repair</td>
<td></td>
<td></td>
</tr>
<tr>
<td>304016</td>
<td>Designated for Outstanding Commitments</td>
<td>441: EE Operations</td>
<td>No</td>
<td>Used for the portion of retained earnings that will be used for campus or departmental commitments which are not encumbrances. Examples: Unexpended summer session faculty salaries related to revenue collected prior to 6/30. In the event that a GAAP accrual was recorded in legal entry to match summer revenue and faculty costs, then no fund balance recognition is needed.</td>
</tr>
<tr>
<td>Object Code</td>
<td>Object Code Description</td>
<td>Allowable CSU Fund</td>
<td>Allowed for Repurpose</td>
<td>Definitions and Examples</td>
</tr>
<tr>
<td>-------------</td>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>304018</td>
<td>Designated for Encumbrances</td>
<td>441: EE Operations 442-EE Capital Improvements 443-EE Maintenance &amp; Repair 444: EE Campus Partners</td>
<td>No</td>
<td>Used for outstanding purchase orders that will be expended within the next fiscal year. Examples: Outstanding purchase orders as of 6/30</td>
</tr>
<tr>
<td>304022</td>
<td>Reserve for Economic Uncertainty</td>
<td>441: EE Operations 444: EE Campus Partners</td>
<td>No</td>
<td>Used for an event that causes substantial harm or damage to significant CSU assets or instructional programs. Allows the continuance of operations when a disruptive event occurs. Examples: Program suspension, earthquake, fire, extended power outage, equipment failure, or a significant computer virus outbreak.</td>
</tr>
<tr>
<td>304023</td>
<td>Designated for EE Campus Partners</td>
<td>441: EE Operations 444: EE Campus Partners</td>
<td>Yes</td>
<td>Includes academic college/department funds from various EE Program agreements. Examples: Revenue obligations through internal campus agreements to the academic colleges and departments, academic affairs, and other units.</td>
</tr>
</tbody>
</table>
6.0 **GAAP IMPACT:**

See GAAP Manual Chapter 4.3.4, Unearned Revenues, for the treatment of Summer Session revenue, GAAP Manual Chapter 4.3.2, Accrued Salaries and Benefits, for the Summer Session faculty payroll accrual and GAAP Manual Chapter 4.3.4, Unearned Revenues (Early Start Program Waiver). See section 7.0, Resources, for link to the GAAP Manual.

7.0 **RESOURCES:**

**Education Codes 89704**

**Education Code 89708**

**Education Code 89709 (EE)**

**EO 1099-** Extended Education: Self-Supporting Instructional Courses and Programs

**EO 994** – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program

**FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the Legal Accounting and Reporting Manual - Updated**

Superseded by FS 2016-01 (see above) **FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program**

**Index of Fees – Category V**

**ICSUAM 2001.00 – Campus Reserves**

**Standards and Rules: Legal Edit Table**

**GAAP Manual:**

Chapter 4.3.4 Unearned Revenues

Chapter 4.3.2 Accrued Salaries and Benefits

**CERF Supplemental SW Cost Recovery Guidelines**

**CERF Program Reinvestment Allocation Guidelines**

**2012 Budget Act Memo for CSU Transfers from CE for FY2012-13**
**REVISION CONTROL**

**Document Title:** CHAPTER 6 –EXTENDED EDUCATION (EE)

**Contributor:** Kelly Cox

**Reviewer:** Jean Gill

**CO Owner:** Sherry Pickering

**Issuance Date:** May 7, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Click here to enter Section(s) Revised.</td>
<td>Click here to enter Summary of Revisions</td>
<td>Click here to enter name of Person Revising.</td>
<td>Click here to enter name of Reviewer</td>
<td>Click here to enter name of Approver</td>
<td>Click here to enter Revision Date</td>
</tr>
<tr>
<td>2.0</td>
<td>Added language about special FNAT used to capture activities related to on-line learning programs.</td>
<td>Kelly Cox</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>3/16/15</td>
</tr>
<tr>
<td>3.4</td>
<td>Added text regarding possible charges to campuses for services rendered by Cal State On-Line Initiative.</td>
<td>Kelly Cox</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>3/16/15</td>
</tr>
<tr>
<td><strong>All</strong></td>
<td>Updated text where applicable to reference EO 1099.</td>
<td>Kelly Cox</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>3/16/15</td>
</tr>
<tr>
<td>2.0</td>
<td>Removed added language about special FNAT used to capture activities related to on-line learning programs.</td>
<td>Kelly Cox</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>12/3/15</td>
</tr>
<tr>
<td>3.1</td>
<td>Added Revenue Definitions at the request of the SW Dean to improve consistency of reporting throughout the system.</td>
<td>Kelly Cox</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>12/3/15</td>
</tr>
<tr>
<td>7.0</td>
<td>Inserted Memo from EVC Ben Quillian regarding 2012 Budget Act amendment to all the transfer of CSU CE funds to the CSU Trust Fund for FY 12-13.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>12/3/15</td>
</tr>
<tr>
<td>3.3</td>
<td>Added statement that CalVet waivers for Early Start are not reimbursed.</td>
<td>Kristina Randig</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>2/26/16</td>
</tr>
<tr>
<td>5.0 and 7.0</td>
<td>Updated information in accordance with ICSUAM 2001.00 – Campus Reserves</td>
<td>Kristina Randig</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>2/26/16</td>
</tr>
<tr>
<td>4.3</td>
<td>Added Section pertaining to Earned Summer Revenue</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>S. John</td>
<td>3/30/17</td>
</tr>
<tr>
<td>Section</td>
<td>Update Description</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>--------------------</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Add reference to Chapter 23, Cost Recovery Activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapter 4.3.2 Accrued Salaries and Benefits and to Chapter 4.3.4 Unearned Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Author(s)</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>N. Bryant</td>
<td>K. Randig</td>
</tr>
<tr>
<td>Lily Wang</td>
<td>K. Randig</td>
</tr>
<tr>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
</tr>
</tbody>
</table>
CHAPTER 7
PARKING

CSU FUND:  
471 – TF-Parking Revenue Fund – Fines and Forfeitures  
472 – TF-Parking Revenue Fund – Parking Fees  
473 – TF-Parking Capital Improvements  
474 – TF-Parking Maintenance & Repair

FUND TYPE:  
Proprietary – Enterprise Trust Fund  
Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY:  
EC 89701, 89701.5, 89721(i)  
EO 1000 - Section IIA

1.0  OVERVIEW:

The CSU parking program is a self-supported program that is financed through the collection of user fees. Parking fees are set by the university president as needed to fund the operations, debt service, maintenance and repair, and construction requirements of the parking program.

Consistent with CSU objectives for increased accountability, operations of the parking program are decentralized to the campus level. Each campus plans and manages parking resources, and develops local strategies to deal with their parking needs. Parking fee revenue is deposited in the Bank of CSU (or SWIFT) and recorded in the specified parking fund(s).

All parking program revenue must be used exclusively for the self-supporting parking program.
2.0 FUND SPECIFICS:

**CSU Fund 471, TF-Parking Revenue Fund - Fines and Forfeitures:** Used to record all parking fines and forfeitures. Campuses that internally manage the citations process may use CSU Fund 471 for the related administration costs. However, if the citations process is not internally managed, the fund can only be used for the operation of alternative modes of transportation (i.e. rideshare programs). CSU Fund 471 is not required to be pledged towards the SRB debt service payments.

EC 89701.5 states “…monies in the State University Parking Revenue Fund received as parking fines and forfeitures shall be used exclusively for the development, enhancement, and operation of alternate methods of transportation programs for students and employees, for the mitigation of the impact of off-campus student and employee parking in university communities, and for the administration of the parking fines and forfeitures programs.” Examples include bus passes, car pools, rideshare program expenditures, bike racks, zip cars, etc.

**CSU Fund 472, TF-Parking Revenue Fund - Parking Fees:** Used to record all revenues and operating costs related to the program. Includes revenue from advertising (e.g. on campus vehicles). Because advertising revenue is an exchange transaction and advertising on vehicles is connected with the enterprise operation, such revenue shall be classified as operating revenue. To the extent advertising revenue funds alternate transportation programs, that portion so used can be transferred to CSU fund 471 and expended from that fund.

**CSU Fund 473, TF-Parking Capital Improvements:** Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.

**CSU Fund 474, TF-Parking Maintenance & Repair:** Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

Systemwide Revenue Bond (SRB) financed construction is recorded in SCO fund 0576, CSU fund 222. Parking revenues in CSU fund 472 are pledged towards the SRB.
3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Accounting Treatment for Fines and Forfeitures

The accounting treatment discussed in this subsection should be followed in an occurrence of a fine or forfeiture. GASB 33, paragraphs 17 & 18, provides accounting guidance in connection with the recording of fines and forfeitures. Further guidance is offered in GASB Staff Implementation Guide Z.33.10. This section provides a brief overview of the requirements.

Revenue from fines and forfeitures should be recognized when it becomes legally enforceable. Legal enforceability generally occurs when any of the following occur:

(1) the party pays their fine;
(2) when the statutory time allowed for dispute lapses (e.g. 30 days); or,
(3) if disputed, when a court later rules that the fine is enforceable.

When (2) or (3) from above apply, a corresponding receivable should be recorded.

The fines and forfeitures receivable balance should be analyzed based on the campus’ established allowance for doubtful accounts and write-off procedures.

3.2 Unique Parking Revenue FIRMS Object Codes

The following object codes will be used to record the various parking revenues:

504003, Parking Permits (CSU Fund 472 only)
504004, Parking Coin Gates (CSU Fund 472 only)
504005, Parking Meters (CSU Fund 472 only)
504006, Parking Fines (CSU Fund 471 only)

For a complete list of valid object codes, refer to the Legal Edits Table. See link provided in Section 7.0, Resources.
3.3 Operation of Alternative Transportation Programs

Per the Education Code 89701.5, see section 2.0 for Education Code excerpt and examples, in addition to administering the fines and forfeitures program, fines and forfeitures shall be used to for alternative transportation programs.

Supplemental user fees needed for an alternative transportation program like bus passes or bicycle lockers described in section 2.0, should be recorded using object code 504090 - Sales and services of auxiliary enterprises and may be recorded in CSU fund 471, when this fund is planned to subsidize the program cost. If there are multiple funding sources, but the majority of the program is planned to be subsidized by excess CSU fund 471 revenue, then the supplemental user fees will be recorded in CSU fund 471. If the services or facilities are planned to be funded predominantly from other sources, like CSU fund 472, the supplemental user receipts should be recorded in that fund and any CSU fund 471 share of the operating costs should be recorded as a cost recovery entry between CSU fund 471 and the other fund.

4.0 REPORTING REQUIREMENTS:

None

5.0 FUND BALANCE:

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

Reserves are also required to be developed and reviewed in accordance with Section 7 of EO 994. See link provided in Section 7.0, Resources.

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.

6.0 GAAP IMPACT:

As discussed in Section 2.0, parking construction is financed through the Systemwide Revenue Bond (SRB) program and parking fee revenues are pledged to SRB, hence subject to the SRB audit and included in the SRB passdown entries from the Chancellor’s Office. Refer to Chapter 4.3.6, Long-term Debt Obligations, Chapter 5, GAAP Adjustments or Reclassifications that
Require Information from The Office of the Chancellor and Chapter 16, SRB Audit Requirements of the GAAP reporting manual for GAAP treatment and requirements (link provided in Section 7.0, Resources).

7.0 RESOURCES:

Education Code 89701 (Parking)

ICSUAM 2001.00 – Campus Reserve Policy

EO 994 – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program

FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the Legal Accounting and Reporting Manual - Updated

Superseded by FS 2016-01 (see above) FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program

Financing & Treasury: Parking

Standards and Rules: Legal Edit Table

GAAP Manual:
- Chapter 4.3.6 - Long-term Debt Obligations
- Chapter 5 - GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
- Chapter 16 - SRB Audit Requirements
REVISION CONTROL

Document Title: CHAPTER 7 – PARKING – CSU FUNDS 471, 472, 473 and 474
Contributor: David Crozier
Reviewer: Lily Wang
CO Owner: Sherry Pickering
Issuance Date: 1/8/14

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM 2001.00 – Campus Reserves</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>Roberta McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>Throughout</td>
<td>Updated fund titles for 473 and 474 per CM FS 2016-01.</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>6/8/2017</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapter 4.3.6 Long-term Debt Obligations and Chapter 5 GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
<tr>
<td>3.3</td>
<td>Operation of Alternative Transportation Programs</td>
<td>S. Pickering</td>
<td>S. John</td>
<td>S. Pickering</td>
<td>5/29/2018</td>
</tr>
</tbody>
</table>
CHAPTER 8
HOUSING

CSU FUND: 531 – TF-Housing Operations and Revenue
532 – TF-Housing Maintenance & Repair
533 – TF-Housing Capital Improvements

FUND TYPE: Proprietary – Enterprise Trust Fund
Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY: State Revenue Bond Act of 1947
Ed. Code 89703
Ed.Code Section 90010
Self-Supporting Program as established through EO 1000 - Section IIIA

1.0 OVERVIEW:
The Housing Program at CSU provides residential and other related program facilities for students. The State Dormitory Construction Fund was established under the State Revenue Bond Act of 1947 and bonds were initially sold to support the construction of campus housing facilities. In 1957, the legislature approved a residence hall program, which was financed by both state and federal funds. Today the Housing Program is a self-supporting program deriving its revenues primarily from student license fees collected for the use of the residence facilities. Funds are used for current operating expenses, maintenance and repair, improvements to facilities, development of new facilities, and interest and principal payments on outstanding bonds. After payment of all authorized charges, the balances in any of these funds remain available for future program expenses and facilities expansion. Housing facilities at the Fresno, Monterey Bay and San Marcos campuses are operated by auxiliary organizations.
In 2003, CSU initiated its Systemwide Revenue Bond program (SRB) under the authority granted in Ed Code 90010. The SRB program is designed to provide lower cost debt and greater flexibility to finance revenue bond projects. Rather than relying on specific pledged revenues to support specific debt obligations, the program pools several sources of revenue as the pledge for the revenue-producing projects. The revenue bond indenture requires that an audit of the bonds be conducted each year. The audit must be completed by late November to satisfy the many deadlines imposed by interested parties.

2.0 FUND SPECIFICS:

CSU Fund 531, TF-Housing Operations and Revenue: Used to record all revenue generated from license fees and other housing-related services and operating costs related to the Housing program.

CSU Fund 532, TF-Housing Maintenance & Repair: Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

CSU Fund 533, TF-Housing Capital Improvements: Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.

Systemwide Revenue Bond (SRB) financed construction is recorded in SCO fund 0576, CSU fund 221. Housing revenues in CSU fund 531 are pledged towards the SRB.

3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Housing Revenue

All housing program revenue must be used exclusively for the self-supporting housing program.

Revenue object code 504001, Housing Rent, is only to be used in fund 531 to record license fees charged in association with housing programs.

Revenue object code 504002, Housing Revenue-Others, is only to be used in CSU fund 531 to record fees charged in association with housing programs. It can be used to record Housing late fees and installment charges.
Revenue object code 503401, Private Contributions–Non-Capital, should be used to record monies transferred from auxiliary organizations as non-exchange transactions to CSU fund 531.

### 3.2 Meal Plan Fees

University-run housing meal plan fees collected at registration are part of the university’s revenue, not agency transactions, thus the revenue should be recorded in the Housing CSU fund 531 using FIRMS object code, 504010, Food Services.

Currently, the majority of CSU universities outsource (subcontract) food service activity to their auxiliary organizations, and the payments to the auxiliary organization are recorded in the Housing CSU fund 531 using FIRMS object code 613001, Contractual Services. Due to the high degree of subcontracting and the resulting low volume of financial transactions systemwide, a separate CSU fund for food service activity has not been established. For those campuses that do have food service activity provided by their university (and thus have revenues and expenses within their university books), CSU fund 531, Housing Operations and Revenue, should be used.

For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

### 4.0 REPORTING REQUIREMENTS:

None

### 5.0 FUND BALANCE:

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

Reserves are also required to be developed and reviewed in accordance with Section 7 of EO 994. See link provided in Section 7.0, Resources.

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.
6.0 **GAAP IMPACT:**

Resident Assistant Fee Waivers: As a condition of employment, resident assistants who reside on campus are not charged for housing, which includes lodging and meals. Some resident assistants also receive a tuition waiver for their services. Refer to Chapter 4.5.1 *Student Tuition and Fees, Net* of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.

As discussed in Section 2.0, Housing program construction is financed through the Systemwide Revenue Bond (SRB) program and certain housing revenues are pledged to SRB, hence subject to the SRB audit and included in the SRB passdown entries from the Chancellor’s Office. Refer to Chapter 4.3.6, *Long-term Debt Obligations*, Chapter 5, *GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor* and Chapter 16, *SRB Audit Requirements*, of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.

7.0 **RESOURCES:**

- Education Code 89703 (Housing)
- ICSUAM 2001.00 – Campus Reserve Policy
- EO 994 – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program
- FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the *Legal Accounting and Reporting Manual* - Updated

Superseded by FS 2016-01 (see above) FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program

- Financing & Treasury: Housing
- Standards and Rules: Legal Edit Table

**GAAP Manual:**

- Chapter 4.5.1 – Student Tuition and Fees, Net
- Chapter 4.3.6 – Long-term Debt Obligations
- Chapter 5 –GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
- Chapter 16 - SRB Audit Requirements
# REVISION CONTROL

**Document Title:** CHAPTER 8 – Housing – CSU Funds 531, 532, 533  
**Contributor:** Thomas Leung  
**Reviewer:** Lily Wang  
**CO Owner:** Sherry Pickering  
**Issuance Date:** 1/8/14

## Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>Clarified meal plan fees described in this chapter refers to university run housing meal plans.</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM 2001.00 – Campus Reserves</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>Roberta McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>Various</td>
<td>Updated fund titles for 531, 532 and 533 per CM FS 2016-01</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>6/8/2017</td>
</tr>
<tr>
<td>6.0 &amp; 7.0</td>
<td>Updated references to GAAP Manual.</td>
<td>N Bryant</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/11/2018</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to 4.3.6 Long-term Debt Obligations and Chapter 5 GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
</tbody>
</table>
CHAPTER 9
CAMPUS UNION

CSU FUND: 534 – TF Campus Union – Operations and Revenue
535 – TF Campus Union – Maintenance & Repair
536 – TF Campus Union – Capital Improvements

FUND TYPE: Proprietary – Enterprise Trust Fund
Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY: EC 89303, EC 89304
EO 1000 - Section IIIA

1.0 OVERVIEW:

The Campus Union (also referred to as Student Union) is both a facility that serves as a student body center and a self-support program that derives most of its revenue from a mandatory campus student body center fee required of all students for enrollment. Union fee revenue is deposited in the Bank of CSU (or SWIFT) and earns investment income. The Campus Union fee is used to pay debt service and the operations of the center. Any surplus remaining may be used for other costs to acquire, construct and improve the campus union.

Consistent with CSU objectives for increased accountability, management of the campus union program is decentralized to the campus level. The campus Chief Fiscal Officer (CFO) is responsible for the distribution of funds to the respective auxiliary organization to cover current year operating expenses.
2.0 FUND SPECIFICS:

CSU Fund 534, TF-Campus Union-Operations and Revenue: Used to record all revenues and operating costs related to the program.

CSU Fund 535, TF-Campus Union- Maintenance & Repair: Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

CSU Fund 536, TF-Campus Union-Capital Improvements: Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.

Systemwide Revenue Bond (SRB) financed construction is recorded in SCO fund 0576, CSU fund 224. Union revenues in CSU fund 534 are pledged towards the SRB.

3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Unique FIRMS Object Codes

504008- Campus Union Fee is only used in fund 534.
660045 - Return of Surplus, used for the distribution to auxiliary organization-operated campus unions.

For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

3.2 Return of Surplus

As mentioned in Section 1.0, based on the operational need of the auxiliary organization Student Union Center, the campus CFO authorizes the distribution of the Student Union fee to cover the Center’s operational expenses. The distribution of such funds is known as “return of surplus” (ROS).

(ROS) checks to the auxiliary student unions should be recorded to object code 660045 - Return of Surplus. Scanned copies of check(s) and backup should be emailed to the Chancellor’s Office, to the attention of Terri M. Williams at tmwilliams@calstate.edu. This is a required PBC (prepared by client) for the SRB audit. Before year-end close, campuses should compare the dollar amount recorded in object code 660045 with total checks issued. If the dollar amount doesn’t
match, the books should be adjusted. The dollar amount in the general ledger for ROS should tie to the check copies, plus any other accounts payable disbursements, such as a wire.

4.0 **REPORTING REQUIREMENTS:**

None

5.0 **FUND BALANCE:**

Reserves are required to be developed and reviewed in accordance with Section 7 of EO 994. See link provided in Section 7.0, Resources.

6.0 **GAAP IMPACT:**

See Section 3.2, *Return of Surplus*.

Where a portion of the student union registration fees collected by the campus is transferred to the auxiliary organization student union for its operations (referred to as return of surplus), the Campus Union fee revenue should be reported by the campus and the auxiliary organization so it is counted only once on the financial statements. **Refer to Chapter 4.5.1, Student Tuition and Fees, Net, of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.**

Student Union participates in the Systemwide Revenue Bond program, hence subject to the SRB audit and included in the SRB passdown entries from the Chancellor’s Office.

**Refer to Chapter 4.3.6, Long-term Debt Obligations, Chapter 5, GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor, and Chapter 16, SRB Audit Requirements, of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.**

7.0 **RESOURCES:**

ICSUAM 2001.00 – Campus Reserve Policy

EO 994 – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program

FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the Legal Accounting and Reporting Manual - Updated
Superseded by FS 2016-01 (see above) [FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program]

Financing & Treasury: Student Union

Standards and Rules: Legal Edit Table

**GAAP Manual:**
- Chapter 4.5.1 – Student Tuition and Fees, Net
- Chapter 4.3.6 – Long-term Debt Obligations
- Chapter 5 – GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
- Chapter 16 – SRB Audit Requirements
## REVISION CONTROL

**Document Title:** CHAPTER 9 – CAMPUS UNION, CSU FUNDS 534, 535 and 536  
**Contributor:** Kimberly Perez  
**Reviewer:** Lily Wang  
**CO Owner:** Sherry Pickering  
**Issuance Date:** 1/8/14

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>Added Section 3.2, Return of Surplus</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/14/14</td>
</tr>
<tr>
<td>6.0</td>
<td>Inserted reference to Section 3.2</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/14/14</td>
</tr>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM 2001.00 – Campus Reserves</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>Roberta McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>Throughout</td>
<td>Updated fund titles for 534, 535 and 536 per CM FS 2016-01</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>6/8/2017</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapter 4.3.6 Long-term Debt Obligations and Chapter 5 GAAP Adjustments and Reclassifications that Require Information from The Office of the Chancellor</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/28/2018</td>
</tr>
</tbody>
</table>
CHAPTER 10
AUXILIARY ORGANIZATIONS

CSU FUND:  537 – TF-Auxiliary Organizations – Operations and Revenue
            538 – TF-Auxiliary Organizations Maintenance & Repair
            539 – TF-Auxiliary Organizations – Capital Improvements

FUND TYPE:  Proprietary – Enterprise Trust Fund
            Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY:  Executive Order 1000 - Section IIIA

1.0 OVERVIEW AND DEFINITIONS:

Auxiliary organizations are separate legal entities authorized in the Education Code to provide essential services to students and employees. They operate in association with campuses pursuant to special written agreements, and are authorized to perform specific functions that contribute to the educational mission of the campus. Auxiliary organizations are separate 501(c)(3) corporations established for the benefit of the university they support.

These organizations are subject to applicable state and federal laws and regulations. In addition, they operate within the policies established by the CSU Board of Trustees, the chancellor, and the campuses.

The auxiliary organizations are self-supporting. They do not receive funding from General Fund sources. They derive revenue from various non-state sources such as contractual arrangements (e.g., federal government), general assessments (e.g., student body fees), and commercial operations (e.g., bookstores). Pursuant to existing laws and policies, the materials, facilities, and services provided by the campus to these separate entities are paid for by the auxiliary organization. Revenue in excess of expenditures for a given period is used to establish working capital, reserves, and to pay for capital expenditures or special campus programs.

All auxiliary organization financial activity is reported yearly. Financial reports are audited annually and incorporated in the system-wide CSU audited financial statements.
2.0 **FUND SPECIFICS:**

**CSU Fund 537, TF-Auxiliary Organization-Operations and Revenue:** Used to record financing arrangements (Commercial Paper or Systemwide Revenue Bond) between the campus, the Auxiliary and the Trustees. CSU fund 537 is used for SRB-related activity only. The FNAT key for SRB related activities is: FNAT Key 128893 - FIRMS Project code SRB00.

**CSU Fund 538, TF-Auxiliary Organization Maintenance & Repair:** Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

**CSU Fund 539, TF-Auxiliary Organizations Capital Improvements:** Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.

All auxiliary organization revenue must be expended exclusively for the intended use.

Systemwide Revenue Bond (SRB) financed construction is recorded in SCO fund 0576, CSU fund 228. Auxiliary organization revenues in CSU fund 537 and revenues held at the auxiliary are pledged towards the SRB.

3.0 **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1 **Unique FIRMS Object Codes**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>130537</td>
<td>Due from CSU 537 -TF Aux Org - Oprtns and Rev</td>
</tr>
<tr>
<td>230537</td>
<td>Due to CSU 537 -TF Aux Org-Operations and Rev</td>
</tr>
<tr>
<td>508092</td>
<td>Auxiliary Program Lease Interest Payment (CSU Fund 537 only)</td>
</tr>
<tr>
<td>570537</td>
<td>Tr In from CSU 537 -TF Aux Org-Operation and Revenue</td>
</tr>
<tr>
<td>580098</td>
<td>Auxiliary Program Lease Principal Payment (CSU Fund 537 only)</td>
</tr>
<tr>
<td>670537</td>
<td>Tr Out to CSU 537 -TF Aux Org-Opertns and Rev</td>
</tr>
<tr>
<td>671537</td>
<td>Tr Out to CSU 537 Within State Fund 0948 (Inter-agency)</td>
</tr>
<tr>
<td>130538</td>
<td>Due from CSU 538 -TF Aux Org - Maint and Repair</td>
</tr>
<tr>
<td>230538</td>
<td>Due to CSU 538 -TF Aux Org-Maint and Repair</td>
</tr>
<tr>
<td>570538</td>
<td>Tr In from CSU 538 -TF Aux org-Maintenance and Repair</td>
</tr>
<tr>
<td>670538</td>
<td>Tr Out to CSU 538 -TF Aux Org-Maint and Repair</td>
</tr>
<tr>
<td>671538</td>
<td>Tr Out to CSU Fund 538 Within State Fund 0948 (Inter-agency)</td>
</tr>
</tbody>
</table>
For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

### 3.2 Non-SRB-related Activities

Transactions where a campus is acting on behalf of an auxiliary organization should be recorded in CSU fund 436, Agency Fund - Miscellaneous Financial Aid and Other Agency. Where an agency relationship exists, the campus does not record revenue or expenses. Assets held by the campus for the benefit of an auxiliary are recorded in a depository account.

Non-agency, non-SRB transactions should be reviewed to determine the appropriate CSU fund in which to record them. The Chancellor’s Office, Systemwide Financial Standards & Reporting Department, should be consulted when a campus is uncertain about the specific CSU fund to use.

### 3.3 Capital Leases and Loan Activity

Prior to the passage of Senate Bill 855, which authorized direct financing from the Trustees to the auxiliary organizations, it was necessary to create a financing lease business relationship between the Trustees and the auxiliary organization. Upon receipt of lease payments from the auxiliary organization, the campus makes an entry to record the principal and interest to:

- **580098- Auxiliary Program Lease Principal Payment (CSU Fund 537 only)**
- **508092- Auxiliary Program Lease Interest Payment (CSU Fund 537 only)**

For debt issued after the passage of Senate Bill 855, effective January 1, 2008, the CSU no longer issues a ground and facility lease agreement with the auxiliary organizations, but rather enters into a loan agreement with the participating auxiliary organization for financing debt under the revenue bond or revenue bond anticipation notes program. In this capacity, the campus acts as an agency. Upon receipt of the debt service payments from the auxiliary organization, the campus makes an entry to record the principal and interest to:

- **250002 - Uncleared Collections**

A CPO is issued by the Chancellor’s Office to move the funds from the campuses to the CO using transfer object codes 671000 and 571000, respectively. For auxiliary organizations’ debt service post-SB 855, the campus entry is debit 250002 to clear the uncleared collections on the campus’ books.
4.0 **REPORTING REQUIREMENTS:**

None

5.0 **FUND BALANCE:**

Reserves are required to be developed and reviewed in accordance with Section 7 of Executive Order 994. See link provided in Section 7.0, Resources.

6.0 **GAAP IMPACT:**

Auxiliary organizations participate in the Systemwide Revenue Bond program and are hence subject to the SRB audit and included in the SRB passdown entries from the Chancellor’s Office.

In preparation for the SRB audit, please ensure in CSU fund 537 the following:

- Cash deficits are cleared.
- Centrally paid direct and indirect costs from the Chancellors Office are cleared.
- Accounts receivable is set up if debt service has not been collected from the auxiliary organization by 6/30.

As directed by the trust fund policy, all funds are to have a positive cash balance at 6/30. To clear cash deficits in CSU fund 537 caused by late reimbursements by the auxiliary organization for centrally paid costs or debt service, the campus should record a due to/from (230XXX) with the fund that loaned the monies to cover the deficit.

Centrally paid costs are a direct allocation of cost to the auxiliary organization. Therefore, the Systemwide Cost Recovery Guideline dictates they should be treated as abatements when transferring the expense to the auxiliary organization. This can be accomplished by recording an accounts receivable (AR) to FIRMS object code (FOC) 103001-Abatement AR. Overhead-Chancellors Office, FOC 660025, and State Pro Rata Charges, FOC 612001, should net to zero at 6/30.

If the annual debt service has not been collected prior to the debt service scheduled payments, the campus must establish an accounts receivable (AR) from the auxiliary organization. The AR should be recorded to FIRMS object code 103004, AR- Operating.

Refer to Chapter 4.3.6, *Long-term Debt Obligations*, Chapter 5, *GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor* and, Chapter 8, *Presentation of Component Units: Blended vs. Discretely Presented*, of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.
7.0 **RESOURCES:**

**EO 994** – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program

**FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the Legal Accounting and Reporting Manual - Updated**

Superseded by FS 2016-01 (see above) **FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program**

**Financing & Treasury: Auxiliary Organizations**

**Standards and Rules: Legal Edit Table**

**CSU Auxiliaries 101**

**GAAP Manual:**
- Chapter 4.3.6 - Long-term Debt Obligations
- Chapter 5 - GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
- Chapter 8 - Presentation of Component Units: Blended vs. Discretely Presented
## REVISION CONTROL

### Document Title:
CHAPTER 10 AUXILIARY ORGANIZATIONS – CSU FUND 537, 538 and 539

### Contributor:
Diana Cumming

### Reviewer:
Lily Wang and Terri Williams (SRB)

### CO Owner:
Sherry Pickering

### Issuance Date:
1/15/14

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2 &amp; 3.3</td>
<td>Sections were revised for the discontinued use of CSU fund 537 for auxiliary organization non-SRB activities.</td>
<td>Terri Williams</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>3/19/15</td>
</tr>
<tr>
<td>3.2</td>
<td>Removed example of meal plan fees to eliminate confusion with university run meal plans described in Chapter 8.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>Various</td>
<td>Updated fund titles for 538 and 539 per CM FS 2016-01.</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>6.0</td>
<td>Removed references to Chapter 16, SRB Audit Requirements due to CSU no longer producing stand alone SRB financial statements.</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>4/3/2017</td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>6/8/2017</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapters, 4.3.6, 5 &amp; 8</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
</tbody>
</table>
CHAPTER 11
HEALTH FACILITY FUNDS

CSU FUND: 452 – TF-Facility Revenue Fund – Health Facilities Fees
453 – TF-Facility Capital Improvements
454 – TF-Facility Maintenance & Repair

FUND TYPE: Proprietary – Enterprise Trust Fund
Systemwide Revenue Bonds (SRB) Pledged Funds

AUTHORITY: EC 89702 (b)
EO 1000 - Section IIIA

1.0 OVERVIEW AND DEFINITIONS:

The development and operation of health center facilities on CSU campuses has been authorized as a self-supporting program. Education Code authority permits the trustees to establish a mandatory facility fee for the construction and maintenance of health center facilities. The statutes in the California State University Bond Act of 1947 permit the Board of Trustees to use an established mandatory health center facility fee as a revenue source to repay bonds issued by the Trustees in order to fund the construction of health center facilities on CSU campuses.

2.0 FUND SPECIFICS:

CSU Fund 452, TF-Facility Revenue Fund – Health Facilities Fees: Used to record program allocations to colleges for the purpose of tracking the fund balance and expenditures related to health facilities activities.
CSU Fund 453, TF-Facility Capital Improvements: Used to record expenditures for activities which improve or alter an existing space, or for construction of new buildings or additions to buildings.
**HEALTH FACILITIES FEE**

**CSU Fund 454, TF-Facility Maintenance & Repair:** Used to record all major facilities maintenance and repair costs infrequently incurred or scheduled on a non-routine basis. Includes costs of deferred maintenance, defined as work not completed on building systems or infrastructure on a planned or unplanned basis. Results from not completing material routine maintenance or scheduled maintenance within a system’s life cycle. Includes project expenditures for capital renewal (building systems, equipment and infrastructure that have reached the end of their useful lives due to normal wear and tear).

All health facility revenue must be used exclusively to support campus health center facilities.

Systemwide Revenue Bond (SRB) financed construction is recorded in SCO fund 0576, CSU fund 223. Health facility revenues in CSU fund 452 are pledged towards the SRB.

**3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

**3.1 Operating Revenue Object Codes**

Use object code 504007, Health Facilities Fee, to record fees in CSU fund 452. This is a Category II fee and is required to be paid in order to be enrolled in the university. For trustees’ delegation of authority to the Chancellor for the establishment, oversight and adjustment of Category II fees, see link provided in Section 7.0, Resources.

For a complete list of valid object codes, refer to the Legal Edits Table; the link is provided in Section 7.0, Resources.

**4.0 REPORTING REQUIREMENTS:**

For annual fee reporting requirements, see the link provided in Section 7.0, Resources.

**5.0 FUND BALANCE:**

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.
6.0 **GAAP IMPACT:**

The health facility construction program participates in the Systemwide Revenue Bond (SRB) program, hence subject to the SRB audit and included in the SRB passdown entries from the Chancellor’s Office. Refer to **Chapter 4.3.6, Long-term Debt Obligations, Chapter 5, GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor, and Chapter 16, SRB Audit Requirements**, of the GAAP reporting manual for GAAP treatment and requirements, link provided in Section 7.0, Resources.

7.0 **RESOURCES:**

- [Education Code 89702](#) (Student Health Centers)

- [EO 994](#) – Financing and Debt Management Policy – Project Development and the Systemwide Revenue Bond Program

- [FS 2016-01](#) – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the *Legal Accounting and Reporting Manual* - Updated

Superseded by FS 2016-01 (see above) [FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program](#)

- **Budget Office Fee Policy:**
  - Authority, Process, and Accountability
  - Reporting Requirements

- **Financing & Treasury: Health Center Facility**

- **Standards and Rules: Legal Edit Table**

- **GAAP Manual:**
  - Chapter 4.3.6 – Long-term Debt Obligations
  - Chapter 5 – GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
  - Chapter 16 – SRB Audit Requirements

- **ICSUAM Budget Policy 2001.00 – Campus Reserves**
**REVISION CONTROL**

**Document Title:** HEALTH FACILITY FUNDS – CSU FUNDS 452, 453, 454  
**Contributor:** Sherry Pickering  
**Reviewer:** Lily Wang  
**CO Owner:** Sherry Pickering  
**Issuance Date:** 1/8/14

**Revision and Approval History**

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM 2001.00 – Campus Reserves</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>Roberta McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>2.0</td>
<td>Updated fund description in accordance with the Table of CSU Fund Definitions and Authorities</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>6/8/2017</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapters 4.3.6 &amp; 5</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
</tbody>
</table>
CHAPTER 12
INSTRUCTIONALLY RELATED ACTIVITIES

CSU FUND: 463 – Instructionally Related Activities (IRA)
FUND TYPE: CSU Proprietary – Enterprise Trust Fund
AUTHORITY: Education Code 89230
Education Code 89700
Education Code 89721(h)
Executive Order 1000 - Section IIIA

1.0 OVERVIEW:
The Instructionally Related Activities Trust was established to facilitate the accounting and reporting of instructionally related activities fees, contributions, and other income. Contributions from Associated Student organizations, as well as contributions from other sources, and income derived from gate receipts, exhibition charges, sale of publications, etc. also may be deposited in the Instructionally Related Activities Trust.

2.0 FUND SPECIFICS:

CSU Fund 463, Instructionally Related Activities Trust: Used to record a variety of instructionally-related activities.

2.1 Mandatory Category II Fees:

EC § 89230 states, “Instructionally related activities mean those activities and laboratory experiences that are at least partially sponsored by an academic discipline or department and that are, in the judgment of the president of a particular campus, with the approval of the trustees, integrally related to its formal instructional offerings. Activities that are considered to be essential to a quality educational program and an important instructional experience for any student enrolled in the respective program may be considered instructionally related activities.”
Common examples of these programs are:

a) Intercollegiate athletics: costs that are necessary for a basic competitive program, including equipment and supplies and scheduled travel, not provided by the state. **May not use these Category II fees for Athletic grants per this Ed Code**

b) Radio, television, film: costs related to the provision of basic "hands-on" experience not provided by the state. Purchase or rental of films as instructional aids shall not be included.

c) Music and dance performances: costs to provide experience in individual and group performance, including recitals, before audiences and in settings sufficiently varied to familiarize students with the performance facet of the field.

d) Theatre and musical productions: basic support of theatrical and operatic activities sufficient to permit experience not only in actual performance, but in production, direction, set design, and other elements considered a part of professional training in these fields.

e) Art exhibits: support for student art shows given in connection with degree programs.

f) Publications: the costs to support and operate basic publication programs, including a periodic newspaper and other laboratory experience basic to journalism and literary training. Additional publications designed primarily to inform or entertain shall not be included.

g) Forensics: activities designed to provide experience in debate, public speaking, and related programs, including travel required for a competitive debate program.

h) Other activities: activities associated with other instructional areas that are consistent with purposes included in the above may be added as they are identified.

For trustees’ delegation of authority to the Chancellor for the establishment, oversight and adjustment of Category II fees, see the [CSU Budget Office](https://www.calstate.edu/budget) website. IRA fees are subject to annual fee reporting requirements (Refer to Section 4.0).

Mandatory Category II IRA fees may not be used for Non-Recurring Maintenance and Repair (NRMR) and Capital Improvement Projects (CIMP) projects. Additionally, a campus should not repurpose a fee for other uses without going through the proper fee adjustment process as indicated in the CSU Student Fee Policy (Category II Fees) that can be found with CSU Executive Orders and on the [CSU Budget Office](https://www.calstate.edu/budget) website.
INSTRUCTIONALLY RELATED ACTIVITIES

For additional information regarding the IRA fee, please refer to the IRA BOT Agenda item – January 1978 document included in the Section 7.0 Resources of this Chapter.

2.2 Other Revene (Non Mandatory Category II Fees):

Other instructionally related and intercollegiate athletic revenue collected outside of the mandatory IRA Category II fee must be deposited into CSU Fund 463. Examples include, but not limited to:

- Private Contributions Non Capital (503401)
- Concessions - Athletics (504013)
- Newspaper Advertising Sales (580020)
- Ticket Revenue - Dance, Theatre, Art, non athletic (580020)
- Athletic Attendance Guarantees (580021)
- Athletic Services Revenue (580021)
- NCAA Conference Distribution (580021)
- Ticket Revenue - Athletics (580021)

3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 FIRMS Program Code

No FIRMS program code has been assigned to the FNAT key for this CSU fund since there may be more than one functional category applicable, depending on how campuses use these funds. Therefore, it is recommended that campuses derive the appropriate functional category (FIRMS program code) using Rule 3(b) at the PeopleSoft fund level. Derivation via Rule 4 (department ID) may not produce valid results as a single department could generate expenses requiring classification in more than one functional category.

3.2 Unique IRA FIRMS Object Codes

109009 - Interfund Loans Receivable
501102 - Instructionally Related Activity Fee
501301 - Student Fees and Fines (CSU Funds 461, 463, 464 only)
503401 – Private Contributions-Non-capital
570491 – Tr in from CSU 491-TF Spl Project Fund-Special Prjts
580020 – Sales & Services of Educational Activities-Other
580021 – Sales & Services of Educational Activities-Athletics (Non-Self-Supporting)
619002 – Instructional Equipment
670491 – Tr out to CSU 491 – TF Special Projects – within Fund 0948, within the campus
For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

3.3 Intercollegiate Athletics

Per the CSU Fund 485 or 496 Activity Decision Tree (Box 1) - except for revenue from appropriations or approved CSU Fund 485 fees (including approved Student Success fees and related expense), all Intercollegiate Athletics programs activities are to be recorded in CSU Fund 463.

All CSU Intercollegiate Athletic programs are supported by CSU Fund 485 tuition and fees; therefore, they do not meet the definition of self supporting as defined by GAAP Accounting and Reporting Chapter 8.3 or CSU Fund 496 in this manual.

Revenue sources, other than the Mandatory Catergory II IRA fee revenue, may used for Athletic grants as long as the revenue is free of any stipulations. In fund specifics should we specifically state that the Mandatory Catergory II IRA fee revenue may not be used for Athletic grants per EC 89230(a)

3.4 Capital Projects

Revenue sources, other than the Mandatory Catergory II IRA fee revenue, may be transferred to CSU fund 491 for non-recurring maintenace & repair (NRMR), and capital improvements (CIMP), as long as the revenue is free of any stipulations. Refer to Chapter 15 for a detailed discussion on capital projects.

3.5 Workshops and Conferences

Instructionally related workshops and conferences funded by IRA fees and other revenue are to be recorded in CSU Fund 463.

3.6 IRA Fees Transferred to Auxiliary Organization

There are cases where the campus collects the IRA fee and then a portion of that fee is transferred to an Auxiliary Organization (i.e. Associated Student Body (ASB)) to manage. In this scenario, the campus should record the entire IRA fee and then payment to ASB for the delegated activity. ASB, as a separate entity, should be recording the revenue received from the campus and any expenditures against it. Campuses should review the substance of the transaction to determine if the transaction is an exchange or non-exchange transaction and, if non-exchange, book a GAAP elimination.
4.0 REPORTING REQUIREMENTS:

The campus mandatory IRA fees are subject to the Annual Fee reporting requirements, please see http://www.calstate.edu/budget/student-fees/fee-policy/reporting-requirements.shtml.

Budgets are required for CSU Fund 463. The budgets are submitted to the Chancellor’s Systemwide Budget Office as part of the annual budget process. Please see https://csvou.calstate.edu/Tools/Budget/ReportingInstructions/Pages/Final-Budget-Submission-Instructions.aspx for Annual Budget Submission Instructions.

5.0 FUND BALANCE:

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.

6.0 GAAP IMPACT:

See section 3.6 above for any GAAP financial statement presentation impact.

7.0 RESOURCES:

EC § 89230
Executive Order 1102 - Student Fee Policy
CSU Budget Office
Annual Fee reporting requirements
ICSUAM Budget Policy 2001.00 – Campus Reserves
GAAP Manual

IRA Board of Trustees Agenda Item – January 1978
### REVISION CONTROL

**Document Title:** CHAPTER 12 – Instructionally Related Activities  
**Contributor:** Roberta McNiel  
**Reviewer:** Sedong John  
**CO Owner:** Roberta McNiel  
**Issuance Date:** January 13, 2014

#### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM 2001.00 – Campus Reserves</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td>2.0</td>
<td>Separated Fund Specifics into Mandaotry Category II Fee Revenue (2.1) and Other Revenue (2.2)</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>Added restriction that the mandatory category II fee for IRA cannot be used for NRMR and CIMP.</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>Added information regarding the consultation process for new and existing Category II fees.</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Relocated information regarding Trustee delegation authority for IRA to Section 2.1. Added information regarding FIRMS Program code/FNAT for CSU 463.</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2</td>
<td>Updated to add more FIRMS object codes.</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Added new section for Capital Projects and transfers to CSU Fund 491.</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5</td>
<td>Added section to address Equipment Purchases</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Add section to address workshops and conferences recorded in CSU Fund 463</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Added information for when a portion of IRA fees are transferred to and Auxiliary to manage. (PENDING)</td>
<td>K. Randig</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Lily Wang</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 13
CSU FUND LOTTERY

CSU FUND: 481
FUND TYPE: Proprietary – Enterprise Trust Fund
AUTHORITY: California State Lottery Act of 1984
Education Code (EC) 89721(l) and EC 89722.5
Government Code Section 8880.1, 8880.5

1.0 OVERVIEW:
Lottery funds for the CSU are managed by the Systemwide Budget Office. For details regarding
the Lottery Fund, please refer to the Systemwide Budget Office website, Lottery. See link
provided in Section 7.0, Resources.

2.0 FUND SPECIFICS:

Please refer to the Systemwide Budget Office website, Lottery. See link provided in Section
7.0, Resources.

3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Campus-Based Program Allocations

As described on the Systemwide Budget Office website, campus-based lottery revenue allocated
to the campuses is intended to permit maximum flexibility to meet unique needs, which
ultimately lead to enhancing the quality of students’ campus life and academic environment.
The specific uses of campus-based program funds must be consistent with the policies of the
lottery revenue as expressed in law and CSU guidelines and procedures.
Campus-based program allocations are distributed to the campuses quarterly via an ADNOAT (Accounting Department Notice of Accounting Transaction).

### Planned Annual Allocation Schedule*

<table>
<thead>
<tr>
<th>Month Distributed</th>
<th>Percentage of Annual Allocation</th>
</tr>
</thead>
<tbody>
<tr>
<td>October</td>
<td>20%</td>
</tr>
<tr>
<td>January</td>
<td>30%</td>
</tr>
<tr>
<td>April</td>
<td>35%</td>
</tr>
<tr>
<td>June</td>
<td>15%</td>
</tr>
</tbody>
</table>

* The Planned Annual Allocation Schedule may be adjusted to reflect actual receipt of lottery fund allocations from the State.

The lottery allocation will be administered by the SCO using a transfer request. Campuses will record the transactions with a credit to FIRMS object code 506121, Transfers in From CSU Lottery Education Fund (Interagency) and an offset to Fund Balance Clearing, FIRMS object code 305022. (Note: For the Chancellor’s Office only, the offset is to FIRMS object code 101004, Cash in State Treasury). These entries will result in a credit balance in object code 101100 (SWIFT) because expenses are disbursed using 101100 while revenue is recorded to 305022. To resolve the abnormal balance in 101100, the campus should make the following entries:

In CSU Fund 481

- Debit 101100
- Credit 305022

In CSU Fund 485 (using the campus central sweep fund)

- Debit 305022
- Credit 101100

At the state fund level, 0948 remains correctly stated. See chapter 34, Banking and Investments, for more information.
3.2 Special Allocations

Although Lottery Fund allocations are typically accomplished via a SCO transfer request, there will be events that require the Systemwide Budget Office to distribute lottery revenue via a Cash Posting Order. These occur in instances when lottery carryforward balances, reserve funds or revenues set aside for supplemental purposes, are drawn upon for distribution. For example, funding for the Early Start Waiver Reimbursement Program and the CO system programs (e.g. the CSU Summer Arts Program and CO administrative costs) will continue to be issued through a CPO. In general, COPs for special allocations will be recorded with a debit to FIRMS object code 101100, Short-Term Investment – SWIFT, and a credit to FIRMS object code 571000, Transfer In Within the Same CSU Fund in 0948. However, for the Early Start Waiver Reimbursement Program, the debit will be to FIRMS object code 131481, Due From CSU 481 - TF Lottery Education Within Fund 0948.

The Pre-Doctoral Program is a lottery-funded program. The Pre-Doc Department at the Chancellor’s Office transfers lottery funds to applicable campuses for Sally Casanova Scholars summer internships. The CO department prepares a Cash Posting Order (CPO) request to initiate the transaction. The campus and the Chancellor’s Office subsequently receive a CPO indicating that money has been subtracted from the CO’s SWIFT account and has been added to the campus account. The campus is instructed to debit 101100 and credit 206701, Depository Accounts-Current, in CSU fund 436. Upon issuing the scholarship, campuses are to offset this same liability account. No revenue or expenses are to be recorded in conjunction with these types of transactions by the agent. The CO is instructed to debit 609005, Other Student Scholarships/Grants, and credit 101100, in CSU fund 481. See Chapter 32, Financial Assistance - Campus/Local/Non-governmental, for more detailed accounting instructions for scholarship agency transactions.

Request for Cash Transfer Order (RCTO) is used when a Chancellor’s Office department (e.g., Academic Senate) initiates a transfer in support of a specific campus program. These COPs are issued by the Chancellor’s Office Budget Department. The RCTO may only be recorded in the Lottery Fund (CSU fund 481) and the CSU Operating Fund (CSU fund 485). In 485, the campus will always record the transactions in FIRMS object code 572000, Transfer Out – RMP SWAT and in 481 the transactions will be recorded in the transfer object codes, 571000, Transfer In, and 671000, Transfer Out.

3.3 Unique FIRMS Object Codes

For object code definitions, please see the Tables of Object Code and CSU Fund Definitions at the SFSR website.
105031 - Due From State Lottery Education Fund, SCO Fund 0814 (CO Only)
130000 - Due From the same CSU Fund in 0948
131000 - Due From the same CSU Fund in 0948 (between agencies)
230000 - Due to the same CSU Fund in 0948
231000 - Due to the same CSU Fund in 0948 (between agencies)
506021 - Transfers In From CSU Lottery Education Fund (CO only)
570000 - Transfers In within the same CSU Fund 0948
571000 - Transfers In within the same CSU Fund 0948 (Inter-agency)
670000 - Transfers Out within the same CSU Fund 0948
671000 - Transfers Out within the same CSU Fund 0948 (Inter-agency)

A listing of valid accounts for 481 can be found in the FIRMS Legal Edits Table at the SFSR website. See link provided in Section 7.0, Resources.

3.4 Scholarships

Lottery funds may be used for scholarships on a limited basis. The CO has established project numbers for the various programs funded by lottery monies (see the link in Section 7.0 for Lottery Project Codes) and determines the amount allocable to the campuses for each program. The amount allocated to General Campus-Based Programs can be used at the discretion of the campus, including for scholarships. Scholarships funded by lottery monies must specifically be for an instructional purpose, such as attracting students who enhance the academic community through diversity or other demonstrable measures. Further information pertaining to campus-based programs is located on the Systemwide Budget Office website, Lottery. See link provided in Section 7.0, Resources.

4.0 REPORTING REQUIREMENTS:

For reporting requirements, please reference the Systemwide Budget Office website, Lottery. See link provided in Section 7.0, Resources.

5.0 FUND BALANCE:

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.
For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.

6.0 GAAP IMPACT:

There is no GAAP impact.

7.0 RESOURCES:

California State Lottery Act of 1984

Education Code 89721 and 89722.5

Government Code Section 8880.1 and 8880.5

Executive Order 1000

Systemwide Budget Website

SW Budget Office, SW Lottery Policy, Procedures and Guidance

Campus-Based Programs

Lottery Project Codes

ICSUAM 2001.00 – Campus Reserve Policy

Legal Edits Tables
## Revision Control

**Document Title:** CHAPTER 13 – Lottery  
**Contributor:** Kim Reilly  
**Reviewer:** Kristina Randig/Kelly Cox/Budget Office  
**CO Owner:** May 20, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0 and 2.0</td>
<td>Updates to clarify purpose and use of lottery funds.</td>
<td>Rodney Rideau</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/28/15</td>
</tr>
<tr>
<td>3.1</td>
<td>Added instructions to resolve abnormal cash balance.</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/28/15</td>
</tr>
<tr>
<td>5.1</td>
<td>Added reference to carryforward policy posted on the Budget website.</td>
<td>Rodney Rideau</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/28/15</td>
</tr>
<tr>
<td></td>
<td>Throughout Moved website links from body of chapter to the resource section.</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/28/15</td>
</tr>
<tr>
<td></td>
<td>Throughout Removed detailed lottery information contained within the chapter and inserted a reference directing the reader to the SW Budget Office, Lottery website. The Budget Office website announcement was sent on 1/22/15.</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/28/15</td>
</tr>
<tr>
<td>5.1 and 5.2</td>
<td>Removed section as no longer applicable. Was replaced by ICSUAM 2001.00 – Campus Reserves policy.</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>1/22/16</td>
</tr>
<tr>
<td>7.0</td>
<td>Removed link to old CSU Carryforward Policy and added link to ICSUAM 2001.00 – Campus Reserves policy.</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>1/22/16</td>
</tr>
<tr>
<td>3.2</td>
<td>Updated required CSU Fund for agency transactions. Changed from 481 to 436.</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>12/21/17</td>
</tr>
<tr>
<td>3.2</td>
<td>Update SWAT Object codes</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>12/21/17</td>
</tr>
<tr>
<td>3.3</td>
<td>Update object codes</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>12/21/17</td>
</tr>
<tr>
<td>3.5</td>
<td>Removed reference to SCO 0839 since that fund is no longer used by the CO and is closed.</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>12/21/17</td>
</tr>
</tbody>
</table>
CHAPTER 14

CSU OPERATING FUND

CSU FUND: 485 – CSU Operating Fund

FUND TYPE: CSU Proprietary – Enterprise Trust Fund

AUTHORITY: Executive Order 1000

1.0 OVERVIEW AND DEFINITIONS: ..............................................................2
2.0 FUND SPECIFICS: ..................................................................................2
3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES: ..........4
  3.1 Unique FIRMS Revenue Object Codes ...............................................4
  3.2 Centralized Payroll Adjustments (CPA) ...............................................4
  3.3 General Fund Appropriation Swap with SWIFT Dollars ..................6
  3.4 Use of CSU Operating Fund for Scholarship .................................7
  3.5 Guidelines for Financial Aid Funded from Student Fees ..............7
  3.6 Guidelines for Special Initiative Grants ...........................................9
  3.6.1 CSUPERB, COAST, WR&PI and ARI ..........................................10
  3.6.2 Research, Scholarly and Creative Activity Award (RSCA) Program 12
  3.7 Health Services Operations and Augmented Health Services Activity 13
  3.9 Not used .............................................................................................13
  3.10 Currently not used .........................................................................13
  3.11 Awards for Innovation in Higher Education ...............................14
  3.12 Cost Recovery ..............................................................................14
4.0 REPORTING REQUIREMENTS: ............................................................14
5.0 FUND BALANCE: ...............................................................................14
6.0 GAAP IMPACT: ...............................................................................15
7.0 RESOURCES: ..................................................................................15
OVERVIEW AND DEFINITIONS:

1.0 OVERVIEW AND DEFINITIONS:
Executive Order (EO) 1000 was established outlining the fiscal delegation of authority and responsibility of all funds held by the campus and all funds held in a fiduciary capacity. Per EO 1000, each campus shall establish a CSU Operating Fund (CSU fund 485) in state fund 0948. In Section 2.0, a refined definition and rules have been developed, and in Section 2, a list of common activities is provided, and a decision tree attached to guide campus through the selection of an appropriate CSU fund.

2.0 FUND SPECIFICS:

CSU Fund 485, Operating Fund: The CSU operating fund consists of revenues and expenses of delivering the operations and instruction of the university funded by state appropriations and approved student fees. Cost recovery for services performed or goods rendered by the CSU operating fund are recorded in this fund.

Student tuition and other fees are recorded in this fund, except for certain fees that need to be recorded in different CSU funds based on the CSU policy. Tuition and fees, plus reimbursement from General Fund appropriation, make up the operating budget for the CSU. For a full list of the fee categories that are to be recorded in CSU fund 485, please see the Index of Fees posted on the CSU Budget website. Comments on two specified fees follow.

Health Services Fee: Although this ‘Category II’ fee is treated as a self-support program in practice, it must be recorded in CSU fund 485 because, in order for health center employees to receive compensation increases, their salaries must be reported in CSU Fund 485. As part of the Revenue Management Program (RMP), previous accounting practices were centralized in 485.

Augmented Health Services Fee: This ‘Category IV’ fee is governed by EO 1000 and must be recorded in fund 485. This fee and associated expenses must not be commingled with the mandatory health services fee above charged to all students as part of their registration fees. The use of this fee is also governed by EO 943, which sets forth specific services that are allowed. To comply with both EO 1000 and EO 943, a methodology should be established to enable separate reporting of augmented health services revenue and related expenditures.

See section 3.7 for more discussion on health services fee and augmented health services fee.

Use the attached decision tree to guide you to the appropriate CSU fund.
Based on the definition and rules, activities in this fund include, but are not limited to:

- Cost recovery and exchange services provided by 485 operating fund, include Faculty Release Time (FRT) with Aux Orgs, and Capital Planning Design & Construction management fee (see section 3.12)
- Testing Office (unless operated by enterprise fund or other self-supporting fund or aux orgs)
- Career Center (unless operated by enterprise fund or other self-supporting fund or aux orgs)
- Fingerprinting (unless operated by enterprise fund or other self-supporting fund or aux orgs)
- Passport (unless operated by enterprise fund or other self-supporting fund or aux orgs)
- Academic/instructional/student support activity/equipment for use in 485 only
- Future AB 798 Textbook Affordability program
- Settlement and rebate - record back to source fund. If unknown, then record in 496
- Academic facility/space rental
- Bookstore consignment
- Awards for Innovation (funded by DOF)
- Direct cost residual amounts from fixed-price/fee sponsored awards in accordance with campus policy on closeout of fixed-price projects
- Revenue to supplement, augment, or is incidental to an educational program or activity. EX: Summer arts exhibit gate fee and merchandise fee using FOC 580020.
- Family PACT, using health center FNAT key

**State Fund 0001, General Fund:** Each fiscal year, the state appropriates General Fund monies to the CSU. The annual non-capital appropriation is recorded in state fund 0001, whereas tuition and fees are recorded in CSU fund 485 within the state fund 0948. Campuses are required to set up a separate PeopleSoft fund in CSU fund 001 in the state fund 0001 for each new fiscal year’s General Fund appropriation. The Chancellor’s Office creates a FNAT key for each year’s appropriation to facilitate the campus set-up.

In legal-basis accounting, state appropriations are allocated to the campuses via allocation orders that are recorded by campuses as budget entries only. Budget entries are “memo entries” in legal-basis accounting records and they do not affect a campus’ legal-basis assets, liabilities, revenues, expenses or fund balance (called ‘fund balance clearing’ in this type of fund). In this fund, the appropriation is not recognized as revenue for purposes of reporting financial results to the SCO.
FUND MANAGEMENT AND ACCOUNTING PRACTICES:

(See Chapter 5, SCO Reporting, for further information about the CSU’s reporting responsibilities to the State of California.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Unique FIRMS Revenue Object Codes
CSU campuses use a common chart of accounts known as FIRMS object codes. Further information on FIRMS (Financial Information Reporting Management System) is available in Chapter 3 of this manual. In this chapter, the focus is on those object codes that are used when recording student tuition and fee activity within the Operating Fund.

Other than unique object codes listed in specified sub-sections within this section, valid objects can be found in the legal edits table. For a complete list of valid object codes, refer to the Legal Edits Table. See link provided in Section 7.0, Resources.

3.2 Systemwide Allocation Transfers (SWAT)
A specific type of transfer within the CSU is a Systemwide Allocation Transfer (SWAT), which is used to decrease the CO’s SWIFT account and increase the campus member’s SWIFT account. A SWAT is a non-reciprocal – transfer in that it is an "[interfund] flow of assets without equivalent flows of assets in return and without a requirement of repayment.

An example of a SWAT is when the Chancellor’s Office funds a campus’ project/program. SWATs may only be recorded in the CSU Operating Fund (CSU fund 485). Campuses will always record the transaction in FIRMS object code 572000, SWAT-In, regardless of whether the transfer is a debit or credit.

SWATs will only be used to provide allocations of fund transfers to a campus or reallocations between campuses. A few examples include:

- Special Initiative Grants
- Special Project funding
- Capital Program, from state appropriation
- Faculty & staff development (funding is to the department not an individual)
- Conference sponsorships (funding is for the conference as a whole)

See Chapter 23, Cost Recovery, for further information concerning cost recovery and direct allocation of cost transactions.
See Chapter 34, Banking and Investments, for further information concerning the method of distributing these transactions.
3.3 Centralized Payroll Adjustments (CPA)

The CSU has defined the State University Trust Fund 0948 (which includes CSU fund 485) as its primary operating fund and accordingly most costs, including payroll, are directed to state fund 0948. The SCO currently pays all salary and related benefits for each campus out of state fund 0948. Before payroll is recorded each month, a Plan of Financial Action (PFA) is submitted to the SCO to move payroll expenditures from Trust to General Fund (GF) on behalf of each campus in order to “spend down” the GF current year appropriation. This process is called the Centralized Payroll Adjustments (CPA) and is managed by the Chancellor’s Office (CO). The CPA process allows the CSU General Fund appropriation to be fully expended by fiscal year end because the total GF (i.e., state support) payroll is greater than the GF appropriation for the CSU. As directed by Senate Bill no. 852 Budget Act of 2014, GF expenditures for each month from July through April shall not exceed 1/12th of the amount appropriated each year.

The CO, and Systemwide Provisions have more GF allocation than payroll expenditures, generating the need for the CO to swap those GF balances for an equivalent amount of SWIFT investments from other campuses in CSU fund 485. The swap will ensure the GF appropriation for the CSU as a whole is fully expended before year end (see section 3.5 for further information). A swap will occur quarterly or as needed to accommodate the SWIFT and GF needs of the CO, Systemwide Provisions and the campuses (see section 3.3 for more information on the swap process).

The monthly campus PFA amounts are determined by the CO to smooth out the expenditure of GF from July through April at each campus. Most campus PFA amounts are based on 1/12th of the campuses annual General Fund allocation or their monthly payroll need, whichever is smaller. The monthly GF PFA for campuses where payroll significantly exceeds general fund is adjusted up, to account for future GF and SWIFT swaps. This is done in order to spend the full 1/12th of the GF allocation each month and keep GF PFA amounts, by campus, relatively steady throughout the year. In addition, the Treasury Office transfers cash via wire transfers from CSU’s SWIFT investment pool to the SCO to provide funding for the payroll charges above the GF PFA amount each month. The CO processes the PFA with the SCO and posts an Accounting Department Notice of Accounting Transaction (ADNOAT) for each campus to record. This ADNOAT is recorded in the Actuals ledger in CSU funds 001 and 485. The CO will continue to process monthly PFAs to transfer payroll expenses from CSU fund 485 to CSU fund 001 until campuses have depleted the GF appropriation from the state.

See Section 7.0 – Resources for the approval for the PFA by the SCO. See California State University Systemwide Reimbursement Plan of Financial Adjustment Memo dated 2-2-12.
### Centralized Payroll Adjustments (CPA)

<table>
<thead>
<tr>
<th>Actuals Ledger</th>
<th>Budget Ledger</th>
<th>CSU Fund 485: TF CSU Operating Fund</th>
<th>CSU Fund 485</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>690003: GF Payroll</td>
<td>690003: GF Payroll</td>
</tr>
<tr>
<td></td>
<td></td>
<td>305022: Fund Balance Clearing</td>
<td>Allocations/Expenditure</td>
</tr>
<tr>
<td>1,500,000</td>
<td>(1,500,000)</td>
<td>(14,250,000)</td>
<td>A</td>
</tr>
<tr>
<td>1,750,000</td>
<td>(1,750,000)</td>
<td>(1,750,000)</td>
<td>B</td>
</tr>
<tr>
<td>1,750,000</td>
<td>(1,750,000)</td>
<td>(1,750,000)</td>
<td>B</td>
</tr>
<tr>
<td>1,850,000</td>
<td>(1,850,000)</td>
<td>(1,850,000)</td>
<td>D</td>
</tr>
<tr>
<td>1,850,000</td>
<td>(1,850,000)</td>
<td>(1,850,000)</td>
<td>E</td>
</tr>
<tr>
<td>1,850,000</td>
<td>(1,850,000)</td>
<td>(1,850,000)</td>
<td>F</td>
</tr>
<tr>
<td>1,850,000</td>
<td>(1,850,000)</td>
<td>(1,850,000)</td>
<td>G</td>
</tr>
<tr>
<td>1,850,000</td>
<td>(1,850,000)</td>
<td>(1,850,000)</td>
<td>H</td>
</tr>
</tbody>
</table>

A - Record Appropriation from initial allocation received from Chancellor's Office  
B - Record ADNOAT for Estimated July Payroll  
C - Record ADNOAT for Estimated August Payroll  
D - Record ADNOAT for Estimated September Payroll  
E - Record ADNOAT for Estimated October Payroll  
F - Record ADNOAT for Estimated November Payroll  
G - Record ADNOAT for Estimated December Payroll  
H - Record ADNOAT for Estimated January Payroll  
I - Record ADNOAT for Estimated February Payroll  

### 3.3 General Fund Appropriation Swap with SWIFT Dollars
The swap process is to exchange campus tuition fees for general fund authority. To accomplish the goal to “spend down” GF, any campus or agency with more GF than payroll expenses will need to exchange General Fund appropriations with SWIFT dollars in CSU fund 485. This almost always includes the CO and Systemwide Provisions, but could include a campus. The CO will project the amount of GF above payroll expenditures at the CO, and in Systemwide Provisions at the beginning of the year to determine how much total GF will need to be swapped in each quarter. When a swap is initiated, each general fund appropriation has a matching SWIFT adjustment. To accomplish this, the Chancellor’s Office will issue an Allocation Order (AO) and a CPO to the campuses involved. Campuses are to record the CPO via the actuals ledger in state fund 0948, CSU fund 485, and to FIRMS object codes 690003. The direction of the entries will be identified on the CPO. Conversely, campuses are to record the AO to the budget ledger in state fund 0001, CSU fund 001 to FIRMS object code 690003 GF Payroll Allocation/Expenditure. This will be done quarterly, or as needed throughout the fiscal year to balance the amount of GF and SWIFT dollars applied to the PFA each month, and so that no agency has to spend GF dollars on expenses other than payroll unless specifically required to do so by the state budget act.

**SWAP Process: Cash Transfer in exchange for GF Allocation**

<table>
<thead>
<tr>
<th>CSU Fund 485: TF CSU Operating Fund</th>
<th>Budget Ledger</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Actuals Ledger</strong></td>
<td><strong>Budget Ledger</strong></td>
</tr>
<tr>
<td>CSU Fund 485: TF CSU Operating Fund</td>
<td>CSU Fund 001</td>
</tr>
<tr>
<td>690003: GF Payroll Allocations/Expenditure</td>
<td>690003: GF Payroll Allocations/Expenditure</td>
</tr>
<tr>
<td>DR</td>
<td>Cr</td>
</tr>
<tr>
<td>1,900,000</td>
<td>(1,900,000)</td>
</tr>
</tbody>
</table>

A - gives SWIFT cash in 485 in exchange for getting mor GF appropriation
B - receives more SWIFT cash in 485 in exchange for giving up GF appropriation

3.4 Use of CSU Operating Fund for Scholarship

Campus need-based and merit-based financial aid programs that comply with *ICSUAM 2003.00 – Use of State Funds for Financial Aid* may be funded by the CSU Operating Fund.

3.5 Guidelines for Financial Aid Funded from Student Fees
FUND MANAGEMENT AND ACCOUNTING PRACTICES:

Campuses must record financial aid programs funded from student fees in CSU fund 485 consistently across the CSU. Consistency is needed to facilitate the administration and reporting of these activities. Designated financial aid programs include:

- State University Grant (SUG) tuition discount
- Educational Opportunity Program (EOP)
- The Graduate Business Professional Fee (GBPF)
- Educational Doctoral (Ed.D.)
- Doctor of Physical Therapy (D.P.T.)
- Doctor of Nursing Practice (D.N.P)

Campuses should be cognizant of the following in connection with administering these programs:

- Fee revenues set aside to fund these programs need to remain in the CSU Operating Fund and the related expenditures need to be expensed directly from this fund as disbursed to students. Campuses must monitor the cumulative fund balances in conjunction with the CSU reserve policy, per section 5.0 below.
- Campuses may establish a separate campus (PeopleSoft (PS)) fund for each of the above programs that maps to CSU fund 485 (FNAT 130360, project code FNAID) to further facilitate the tracking of revenues and expenses by program.
- The below unique object codes must be used to record the financial aid disbursements and provide separation from other expenditures in the CSU Operating fund. This will facilitate budgetary reporting to the State, and proper classification of these transactions for GAAP purposes.

  609001 - State Educational Opportunity Program (EOP) Grant Program
  609002 - State University Grant (SUG)
  609004 - State Graduate Fellowship
  609009 - Ed. D. Program
  609010 - Doctor of Physical Therapy (D.P.T.) program
  609011 - Doctor of Nursing Practice (D.N.P) program

- Other campus defined need-based and merit-based financial aid programs must be recorded in object code 609008 – Scholarship/Grants – Institutional. See Section 7.0 – Table of Object Code Definitions/Table of CSU Fund Definitions and Authorities for the definition of this object code.

- The Student Financials module should be used for financial aid disbursements to the student’s account. Campuses should work with their Bursar’s office on the proper setup of the Student Financial module.
FUND MANAGEMENT AND ACCOUNTING PRACTICES:

Please also see Chapter 32, Financial Aid – Campus/Local/Nongovernmental, Section 3.2.2, Financial Aid Set-Aside for Doctoral Programs, for further details related to the administration of doctoral programs.

3.6 Guidelines for Special Initiative Grants

Campuses must record the following Special Initiative Grants consistently across the CSU to facilitate administration and reporting. Special Initiative Grants are defined as “system grants funded from CSU operating budget revenues.” The cash (fee revenue) set aside to fund these programs will remain in the CSU Operating Fund and should be expensed directly from this fund when disbursed to students or for other Special Initiative expenditures (i.e. faculty salaries, travel or supplies and services). These “grant” funds should be treated like external grants although they are sourced out of 485.

At a minimum, campuses shall establish a separate campus (PeopleSoft) fund within CSU fund 485 using a unique FNAT (Fund Attribute, see chapter 3) keys as assigned by the Chancellor’s Office. The separate fund will aid campuses in reporting grant status to the grantors. The use of a project and/or class chartfield in the campus business unit is an option to provide more details to the grantor which can enhance the reporting. As discussed at the June 4, 2012 FSAC meeting, the FNAT keys were established in order for program tracking at the trial balance level and for reporting to the grantor. The Chancellor’s office provides annual reports to the Assistant Vice Chancellor of Research and the host campuses based on the below FNATs.

Each of the FNAT keys is associated with program code 0202, Individual and Project Research, because these grants primarily fund research projects. However, if a scholarship object code (those in the 609XXX and 610XXX series) is used in the PeopleSoft funds established using these FNAT keys, the transaction will derive to program code 0801 via FIRMS Derivation Rule 2. The use of the NACUBO program code is similar to Faculty Release Time as described in Chapter 23, Cost Recovery.
3.6.1 CSUPERB, COAST, WR&PI and ARI

CSUPERB, COAST, WR&PI and ARI receive multiple sources of funding (operating budgets, campus tithing, and grants) to support faculty led student research in the sciences. Unique FNAT keys have been established for each of the programs:

1. **130361** CSU Program for Educational and Research in Biotechnology (CSUPERB), project code CPERB
2. **130357** Council on Ocean Affairs, Science and Technology (COAST), project code COAST
3. **130359** Water Resources and Policy Initiative (WRPI), project code WR&PI
4. **130358** Agricultural Research Initiative (ARI), project code 00ARI

The following reporting and expenditure rules have been developed to assist the campuses in maintaining consistency across the CSU.

1. Special Initiative award periods often cross fiscal years, so monies remaining in these funds shall roll forward into the next fiscal year. Any funds remaining at the end of the grant period are returned to the grantor (host campus: is defined as the campus in charge of the aforementioned Special Initiative grant programs in which they transfer award/grant funds to the campus recipients).

2. Transfers In from the Host Campus to the Grant Recipients (item #3 below) shall be recorded within the unique FNAT to object code 572000, Transfer in – RMP SWAT, to denote de-allocation from base budget and receipt of the grant.

3. Campus may opt to enter each grant into the CFS Sponsor Programs module for tracking and reporting purposes.

4. Campuses shall not charge an administrative fee against funds received as part of an award or grant or as an addition to funds requested of the host campus as part of an expenditure reimbursement.

5. Benefit expenses may be charged against the Special Initiative Funds.

6. The Student Financials module shall be used for disbursements to the student’s account. Campuses should work with their Bursar’s office on the proper setup of the Student Financial module. For all other Special Initiative grant expenditures, campuses should utilize the appropriate object code for the expense. The campus that administers and processes the scholarship on behalf of the student, also prepares the 1098T.

7. The reallocation SWAT from campuses to the host campus (item #2 below) and reimbursement of administrative expenses from the host campus (item #4 below) shall not be recorded to the unique fund created using one of the FNATs listed in this section. If
7. Campuses desire to record the reimbursement of the travel expenses for reporting purposes, they should consider using a campus contra account for tracking purposes.

8. Funds for Special Initiative Grants are transferred from the host campus to the receiving campus via a Cash Posting Order (CPO).

**NOTE:** A Systemwide (SW) Procedure and a Special Initiative Grants – Awards and Grants Matrix are included as two separate embedded documents found below in Section 7.0. These documents contain an overview of each Special Initiative Grant, how they are funded and the type of expenditures incurred by the grants. The matrix includes the awards and grants administered by each program and matches each award or grant with the proper accounting entries as listed in the table below. As a user of this manual, please see these documents for assistance in properly recording applicable transactions in the general ledger.

The following table outlines the steps necessary to transfer funds throughout the CSU for Special Initiative Grants. This table represents approximately 99% of the transactions processed as Special Initiative Grants. In rare instances there will be a transaction that does not fit the scenarios contained within the table. If the journal entry you are processing does not appear to meet one of the below scenarios, please submit a question via the feedback button on the home page of the CSU Legal Accounting and Reporting Manual or email CSUCOcpsorequest@calstate.edu for assistance.
**Special Initiative Grants**

<table>
<thead>
<tr>
<th>Entry</th>
<th>Description</th>
<th>Initial Allocation</th>
<th>Remitting Campus</th>
<th>Receiving Host Campus</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Initial systemwide allocation to host campus</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>672000</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Remitting campus (Systemwide Budget Office)</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>572000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Receiving host campus A, D</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>572000</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Reallocation from campus participants to the host</td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
<td>572000</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Remitting campus C</td>
<td>No</td>
<td>485</td>
<td>101100</td>
<td>572000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Receiving host campus (ex. San Diego) A</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>572000</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Transfer funds to campus for awards/grants (excl. financial aid)</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>572000</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Receiving campus A</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>572000</td>
<td></td>
</tr>
<tr>
<td>3a</td>
<td>Expends campus awards/grants (excluding financial aid)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>6XXXXX</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Receiving campus</td>
<td>Yes</td>
<td>485</td>
<td>6XXXXX</td>
<td>101100</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Reimbursement of administrative expenses</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>6XXXXX</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Remitting host campus (ex. San Diego) A</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>6XXXXX</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Receiving campus C</td>
<td>No</td>
<td>Various</td>
<td>101100</td>
<td>6XXXXX</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Transfer funds to campus financial aid to issue student awards (agency transaction)</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>609008</td>
<td>101100</td>
</tr>
<tr>
<td></td>
<td>Remitting host campus (ex. San Diego) A</td>
<td>Yes</td>
<td>485</td>
<td>101100</td>
<td>206701</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Receiving campus C</td>
<td>No</td>
<td>436</td>
<td>101100</td>
<td>206701</td>
<td></td>
</tr>
<tr>
<td>5a</td>
<td>Receiving campus issues financial aid to students B</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td>206701</td>
<td>101100</td>
</tr>
</tbody>
</table>

**A** This entry does require a unique FNAT, noted above.

**B** Create an item type in the CFS Student Financial system within CSU Fund 436 to issue the financial aid to the recipient.

**C** This entry does not require a unique FNAT, noted above, as it is a reallocation, of the campus’ base budget to the host campus.

**D** This entry does not exist for CSUPERB, funding is included in their base budget allocation.

**Note:** For Host campuses, the salaries and benefits of staff assigned to the Special Initiative Grant should be recorded using the assigned Special Initiative Grant FNAT key. Since the Special Initiative Grant resides in CSU fund 485, there should be no effect on the related compensation pool.

### 3.6.2 Research, Scholarly and Creative Activity Award (RSCA) Program

The purpose of this special initiative grant program is to provide time and seed funds that will help faculty remain current in their disciplines, attract external funding to expand research opportunities, pursue new ways to enrich student learning, and contribute to knowledge that will
strengthen California socially, culturally, and economically. The program is funded partially through an allocation from the Chancellor’s Office (as funding is available), with the balance funded by the individual campuses. Each campus is responsible for establishing application procedures for eligible faculty unit employees to follow in applying for these funds. The awards to the faculty can come in many forms. Examples include mini-grants, summer stipends, release time and small faculty grants.

The Research, Scholarly and Creative Activity (RSCA) Awards Program allocations are restricted in that these funds are only to be used in support of faculty centered research. FNAT 131634, with project code RSCA0, has been created to facilitate the monitoring of program expenditures and to ensure the expenditures derive correctly. Campuses will establish a PeopleSoft fund mapping to CSU fund 485 using FNAT 131634. Both the funding from the Chancellor’s Office (via CPO) and any campus RSCA supplemental funding, and related expenditures, will be recorded in the new fund to allow for both campus and system-wide reporting for the RSCA Awards Program.

3.7 Health Services Operations and Augmented Health Services Activity

Campus funds related to health services operations and augmented health services activity (please see the Index of Fees for definitions) should be mapped to FNAT 127340. As explained in Section 2 above, health services fees and augmented health services fees must be deposited in the CSU Operating Fund, and the appropriate program code for the expenses related to this activity should be 0507, Student Health Services. Along with a unique FIRMS project code that distinguishes these trial balances from other Operating Fund activity on some reports such as the SAM06, program code 0507 is also attached to FNAT 127340 to ensure the correct program code will be generated for the health services expenses through the derivation process.

Note that the CSU has a third health-related fee: the health facilities fee, which is separate from the health services fee. This is charged to support a health center facility (the structure) as opposed to supporting the provision of health services. The health facilities fee is not recorded in the 485 Operating Fund, but instead is recorded in CSU Fund 452, Facility Revenue Fund-Health Facilities Fees (see Chapter 11: Health Facility Funds).

3.9 Not used

3.9 Interfund Loans from CSU Fund 485

Government Code section 16351 allows loans from the General Fund to Special Funds. This was confirmed on August 22, 2014 with the Department of Finance, Fiscal Systems & Consulting Unit
REPORTING REQUIREMENTS:

(FSCU). FSCU provided the Government Code citation to support the authority to make these loans. Since CSU fund 485 has operational rules similar to those of the General Fund, it is possible to have loans from CSU fund 485, if necessary and appropriate, though they should be rare. Campuses should consult the Systemwide Budget Office prior to making any loans from 485.

3.10 Currently not used.

3.11 Awards for Innovation in Higher Education

In the Budget Act of 2014, $50 million was allocated to reward institutions and partnerships that are working towards achieving one or more of the following priorities: 1) significantly increasing the number of bachelor’s degrees awarded; 2) facilitating the completion of bachelor’s degrees within four years; and 3) easing the transfer process from one state education system to another through recognition of the learning that occurs across the state’s education segments and elsewhere. The award revenue should be recorded in object code 503290, State Contracts & Grants – Other.

This award was previously recorded in CSU fund 496. Effective July 1, 2017, awards for innovation funded by the Department of Finance will be recorded in CSU fund 485.

3.12 Cost Recovery

Per ICSUAM 3552.01 on Cost Allocation/Reimbursement, it is the policy of the California State University (CSU) to recover both direct and indirect costs incurred in providing services, products, and facilities to other funds within the university or between the CSU, auxiliary organizations, and external parties. Refer to Chapter 23 for discussion and guidance on cost recovery activities.

4.0 REPORTING REQUIREMENTS:

Budgetary state reporting requires this CSU fund to only record tuition and fees, and related expenditures. The systemwide budget office will make the necessary adjustments for budgetary state reporting and support budget purposes.

5.0 FUND BALANCE:

Campus must comply with ICSUAM 2001.00, Campus Reserve, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.
GAAP IMPACT:

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.

6.0 GAAP IMPACT:

As mentioned in the Fund Specifics section, in legal basis accounting, state appropriations are recorded only as ‘budget entries’. Therefore, for GAAP reporting, adjustments are necessary at June 30 to record current year net Appropriations Revenue and Appropriations Receivable. See GAAP Manual Chapter 4.1.3 Receivables and Chapter 5 GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor.

Cost recovery raises two distinct GAAP issues: reserve build up in relation to internal service providers and elimination of double counting in relation to cost recovery activities. Please see Chapter 23 Cost Recovery section 6 GAAP Impact.

7.0 RESOURCES:

- Executive Order 1000
- Authorized Health Facility Fee Waivers
- Index of Fees
- Legal Edits Table
- ADNOAT
- GAAP Manual
- Systemwide Budget Website
- ICSUAM Budget Policy 2001.00 – Campus Reserves
- California State University System-wide Reimbursement Plan of Financial Adjustment Memo dated 2-2-12
- Special Initiative Grants
  - CSU Program for Education and Research in Biotechnology (CSUPERB)
  - Council on Ocean Affairs, Science and Technology (COAST)
  - Agricultural Research Initiative (00ARI)
  - Water Resources and Policy Initiative (WR&PI)
- Special Initiative Grants – CSU Business Process Procedures
RESOURCES:

- Special Initiative Grants – Awards and Grants Matrix
  - ICSUAM Policy 3552.01 - Cost Allocation/Reimbursement Plans for the CSU Operating Fund

- Table of Object Code Definitions/Table of CSU Fund Definitions and Authorities
## REVOLUTION CONTROL

**Document Title:** CHAPTER 14 CSU FUND 485 – CSU Operating Fund  
**Contributor:** Rodney Rideau  
**Reviewer:** Jean Gill  
**CO Owner:** Sherry Pickering  
**Issuance Date:** April 29, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.6</td>
<td>Provided clarity as to when to use the FNAT keys on SWAT transactions.</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>5/1/2014</td>
</tr>
<tr>
<td>3.6</td>
<td>Change has been made to entry 5 in the table indicating that financial aid disbursements are to be recorded as agency transactions for the receiving campus via CSU fund 436.</td>
<td>Kelly Cox</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>3.9</td>
<td>Added section for interfund loans from CSU Fund 485.</td>
<td>Kristina Randig</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>5.1</td>
<td>Removed details regarding carryforwards and added reference to carryforward policy posted on the Systemwide Budget Office website.</td>
<td>Rodney Rideau</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>Throughout</td>
<td>Moved website links from body of chapter to the Resource section.</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>3/13/15</td>
</tr>
<tr>
<td>3.10</td>
<td>Added information regarding RSCA awards, including use of FNAT and NACUBO Program code in recording these funds.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>1/26/16</td>
</tr>
<tr>
<td>3.11</td>
<td>Added reference to Chapter 16 for information regarding Awards for Innovation in Higher Education.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>1/26/16</td>
</tr>
<tr>
<td>3.6</td>
<td>Updated Special Initiative Grants – Awards &amp; Grants Matrix to replace 609005 with</td>
<td>Kristina Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>2/22/17</td>
</tr>
<tr>
<td>Version</td>
<td>Description</td>
<td>Author(s)</td>
<td>Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>-----------------------------------------------------------------------------</td>
<td>------------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>609008</td>
<td>609008 due to object code updates by SFSR per their review of objects and</td>
<td>Kristina</td>
<td>2/22/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>validity within applicable funds. Final email from RM 7/5/16. Added</td>
<td>Wang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>information regarding proper program code use.</td>
<td>R. McNiel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 and 7.0</td>
<td>Added information regarding the Planned Fee Adjustment. Inserted California State University Systemwide Reimbursement Plan of Financial Adjustment Memo dated 2-2-12.</td>
<td>Kristina</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>R. McNiel</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.0</td>
<td>Updated section to bring over the reporting requirements of CSU fund 485</td>
<td>Lily Wang</td>
<td>2/22/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>from Chapter 23.</td>
<td>Chris</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Canfield</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.2 and 3.3</td>
<td>Updated information regarding the CPO and swap process</td>
<td>Kelly Cox</td>
<td>10/3/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Kara</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Perkins</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Updated object codes in verbiage and table, replaced 506100 with 572000 and</td>
<td>Kristina</td>
<td>10/3/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>680100 with 672000</td>
<td>Wang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>6. Added reference to indicate that the campus who processes the scholarship</td>
<td>Kristina</td>
<td>10/3/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>on behalf of the Special Initiative Grant, also prepares the 1098T.</td>
<td>Randig</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.0</td>
<td>Added Executive Order 1103 – Systemwide Multi-campus Centers, Institutes and</td>
<td>Kristina</td>
<td>10/3/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Affinity Groups as a resource in support of Special Initiative Grants</td>
<td>Randig</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7.0</td>
<td>Updated both the Special Initiative Grants – CSU Business Process Procedures</td>
<td>Kristina</td>
<td>10/20/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>and the Special Initiative Grants – Awards and Grants Matrix.</td>
<td>Randig</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Wang</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coco</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TOC</td>
<td>Added table of contents due to the volume of contents for ease of</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>searchability</td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.0</td>
<td>Added purpose for revision</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Moving history to a new chapter. TBC</td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Deleted section – common definition. Definitions are discussed in relevant</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>sections.</td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.0</td>
<td>Added CSU fund 485 definition</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Added list of activities</td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Embedded decision tree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.0</td>
<td>Removed list of available object codes. Instead, refer to legal edit table.</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Removed unique object codes</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.6</td>
<td>Create two sections within 3.6. 3.6.1 for CSUPERB, COAST, WR&amp;PI and ARI and</td>
<td>Kristina</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>section 3.6.2 for RSCA.</td>
<td>Randig</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.8</td>
<td>Moving Interest Payback to State to new history chapter. TBD.</td>
<td>Lily Wang</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.10</td>
<td>Moved information in this sections (RSCA) to new section 3.6.2 as they are</td>
<td>Kristina</td>
<td>12/12/17</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>also classified as Special Initiative Grants. This section will be</td>
<td>Randig</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>designated as unused</td>
<td>S. Pickering</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### RESOURCES:

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Author</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.11</td>
<td>Added section on Awards for Innovation</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>3.12</td>
<td>Added section on cost recovery from chapter 20 and 23.</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>4.0</td>
<td>Indicated SW budget to make necessary adjustments for state reporting. Deleted allowable object codes under option 1, and removed option 1 and 2 matrix.</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>6.0</td>
<td>Added GAAP impact from cost recovery</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>7.0</td>
<td>Added additional resources Removed FIRMS activity period 7 instruction Moved EO 1103 Centers and Institutes to Chapter 16 Misc. Trust</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Revised Business Process Guideline - Faculty Release Time and Cost Match, previously included as part of Chapter 23 – Cost Recovery.</td>
<td>Kristina Randig</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>3.12</td>
<td>Removed discussion on cost recovery, and referred to Chapter 23.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapter 4.1.3 and Chapter 5</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
</tr>
<tr>
<td>3.4, 3.5 and 7.0</td>
<td>Updated sections with changes stemming from issuance of ICSUAM 2003-00 Use of State Funds for Financial Aid</td>
<td>S. Pickering</td>
<td>Chris Canfield</td>
</tr>
<tr>
<td>3.2</td>
<td>Move the SWAT section from chapter 34.</td>
<td>K Cox</td>
<td>Lan Luong</td>
</tr>
</tbody>
</table>
CHAPTER 15
CAPITAL PROJECTS – FUNDING FOR UNIVERSITY FACILITIES

CSU FUND:

Operating CSU Funds
441 – TF – Extended Education Operations
444 – TF – Extended Education Campus Partners
452 – TF – Facility Revenue Fund-Health Facilities Fees
472 – TF – Parking Revenue Fund-Parking Fees
485 – TF – CSU Operating
531 – TF – Housing-Operations and Revenue
534 – TF – Campus Union-Operations and Revenue
537 - TF - Auxiliary Org-Operations and Revenue

Non-Recurring Maintenance and Repair (NRMR) CSU Funds
017 – General Fund – Academic Capital Outlay
443 – TF – Extended Education-Maintenance & Repair
454 – TF – Facility Revenue Fund-Maintenance & Repair
474 – TF – Parking-Maintenance & Repair
486 – TF – Academic Maintenance & Repair
532 – TF – Housing-Maintenance & Repair
535 – TF – Camp Union-Maintenance & Repair
538 – TF – Auxiliary Org-Maintenance & Repair

Capital Improvement (CIMP) CSU Funds
017 – General Fund Capital Outlay
442 – TF – Extended Education-Capital Improvements
453 – TF – Facility Revenue Fund-Capital Improvements
473 – TF – Parking Revenue Fund-Capital Improvements
487 – TF – Academic Capital Improvements
533 – TF – Housing-Capital Improvements
536 - TF-Campus Union-Capital Improvements
539 – TF – Auxiliary Org-Capital Improvements
SRB-Financed CSU Funds (0576)
221 – DCF – Housing
222 – DCF – Parking
223 – DCF - Auxiliary Facilities (Used for HEALTH Facilities)
224 – DCF – Campus Unions
228 – DCF - Auxiliary Organizations
229 – DCF – Extended Education
230 – DCF – Academic Capital Outlay

FUND TYPE: CSU Proprietary - Enterprise Trust Funds
AUTHORITY: Education Code 89770 -89773, 990083
Senate Bill 860 Trailer Bill
Board of Trustees (BOT) Resolution RFIN/CPBG 11-14-01

1.0 OVERVIEW AND DEFINITIONS

Implementation dates:
6/30/2016 (FY 15/16):
   - The following projects require Project codes and Attributes (CPDC to provide project listing) and must be accounted for in their respective CSU funds:
     o Board-approved Capital Improvement Projects
     o General Fund Projects in CSU fund 017
       - AO 15-031 includes the Project List (Project Attribute = NRMR)
     o Systemwide Allocated Funds (SWATs) within CSU fund 486 or 487
     o Potential short-term financed projects (Commercial Paper)
   - Full implementation of items listed below is optional in fiscal year 15/16. However, implementation of coded memo FS 2016-01 requires review of the GAAP override fund attributes on Capital Improvement funds when the fund is not funded from external resources.

7/1/2016 (FY 16/17):
   - Record PeopleSoft Project Chartfield and Attributes in accordance with section 2.2.1
   - Record all SRB-funded (0576) projects with PeopleSoft Project codes and Attributes
• Record all Non-recurring Maintenance and Repair costs in the NRMR funds, including all self-support funds
  o 017 – General Fund Capital Outlay
  o 443 – TF – Extended Education-Maintenance & Repair
  o 454 – TF – Facility Revenue Fund-Maintenance & Repair
  o 474 – TF – Parking-Maintenance & Repair
  o 486 – TF – Academic Maintenance & Repair
  o 532 – TF – Housing-Maintenance & Repair
  o 535 – TF – Camp Union-Maintenance & Repair
• Record all Capital Improvement Projects in the CIMP funds, including all self-support
  o 442 – TF – Extended Education -Capital Improvements
  o 453 – TF – Facility Revenue Fund-Capital Improvements
  o 473 – TF – Parking Revenue Fund–Capital Improvements
  o 487 – TF – Academic Capital Improvements
  o 533 – TF – Housing- Capital Improvements
As a result of Education Code Sections 89770-89774 and Board of Trustees resolution ________, the definitions in Section 1.1 of this chapter have been modified to comply with state and CSU reporting requirements. This applies to all capital reporting for the campuses, including Enterprise Programs (Parking, Housing, Student Union, Auxiliaries, etc.). One of the main purposes of this new reporting requirement is to report the efforts of campuses to increase annual non-recurring expenditures in order to reduce the deferred maintenance backlog. This chapter is to be read in conjunction with Chapter 3, FIRMS, in this manual (in connection with derivation rules) and Chapter 13, Capital Assets Guide, in the GAAP Manual. Nothing in this chapter is intended to replace the information in these materials.

This chapter will focus on the accounting and reporting requirements necessary to be in compliance with the academic capital spending authorities. In fiscal year 2014-15, the legislature and a CSU Board of Trustees resolution approved the CSU’s use of the General Fund (GF) support appropriation and student tuition fees to fund academic buildings and infrastructure projects, to refund, restructure, or retire State Public Works Board (SPWB) bond debt, and for pledges securing payment of debt obligations issued by the Trustees pursuant to the State University Revenue Bond Act of 1947. The legislation and resolution include the following elements:

1. Authority to pledge CSU’s annual General Fund support budget appropriation and other revenues (tuition fee revenues and interest) to secure CSU debt.
2. Authority to pay for capital improvements on a pay-as-you-go\(^1\) basis:
   a. Limits the use of the General Fund support appropriation (state fund 0001) for pay-as-you-go capital improvements\(^1\) and debt financing to a maximum of 12% system-wide\(^2\). At this time, this will be zero percent because the CSU uses 100% of General Fund monies on salaries and wages.

---

\(^1\) Refer to the definition in Section 1.1(3)(a) of this chapter.
\(^2\) Campuses should stay within the 12%, however, the legislation applies the threshold only on a system-wide basis.
b. At this time, consideration is being given to an internal policy to limit the use of
tuition fees (CSU Fund 485) for pay-as-you-go capital improvements and debt financing.

(3) A prohibition against the State’s restriction or impairment of the CSU’s ability to pledge
its annual General Fund support budget appropriation as long as any debt supported by
the pledge remains outstanding.

(4) The flexibility to utilize the spending authorities through its existing Systemwide
Revenue Bond program.

(5) The ability to finance State Public Works Board debt with debt issued under its own
authority.

(6) A streamlined capital projects submission and review process to the Department of
Finance and the legislature.

1.1 Definitions

Terms used within this chapter are defined as follows and are in accordance with the Education Code:

1. **Capital expenditure** can be any of the following:
   a. The cost to acquire real property; design, construct or equip academic facilities to
      address seismic and life safety needs, enrollment growth, or modernization of out-of-
      date facilities; and renew or expand the infrastructure to serve academic programs.
   b. The cost to design, construct or equip energy conservation projects.
   c. The cost of deferred maintenance of academic facilities and related infrastructure.

These do not define capital expenditures for capitalization purposes as defined by the GAAP
standards. Refer to discussion in section 6.0, *GAAP Impact*.

2. **Public Contract Code** establishes the maximum costs of a project that may be budgeted as a
minor capital outlay project and requires the project cost to be adjusted biennially. Public
Contract Code defines a "project" as the erection, construction, alteration, repair, or
improvement of any structure, building, road or other improvement of any kind. The CSU has adopted this code to include both maintenance/repair and capital improvement projects as follows:

a. **Major Project**: A project costing more than $709,000.
b. **Minor Project**: A project costing less than or equal to $709,000.4

3. **CSU project categories**:

a. **Maintenance/repair project**: There are two categories of maintenance and repair projects5. There is no dollar limit on the use of operating funds for maintenance and repair projects and Board of Trustees’ approval is not required, except if debt financing is needed.
   
   i. **Recurring maintenance/repair**: Activities, typically in cycles less than one year, required for ongoing, routine operations and maintenance of buildings and equipment. Work necessary to keep facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds in good repair, appearance and operating condition.

   ii. **Non-recurring maintenance/repair (NRMR) – deferred maintenance**: Work required to restore facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds to their original condition or to such condition that they can be effectively used for their intended purpose, ensuring ongoing operation of the campus. Typically, this work occurs in cycles greater than one year (and is not funded as part of the new space budget allocation). Some campuses budget non-recurring maintenance separately and, for example, may establish (1) use of one-time funds for such expenditures, or (2) set aside permanent base funds to address non-recurring maintenance and deferred maintenance.

---

3 As defined by Education Code Section 89770(b) 1, 3, 4.
4 EO 672 (Proposed): Campuses will be required to have an approval process whereby the president or his designee approves projects greater than $100,000, but less than or equal to $709,000.
5 Refer to Executive Order (EO) 847, *Facility Maintenance*, for further clarification.
b. **Capital Improvement Project (CIMP):** An activity which improves or alters an existing space or creates new space. New construction of facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds are all capital expenditures, as distinguished from maintenance/repair. See Section 7.0, *Resources*, for link to the *GAAP Manual*, Chapter 13, regarding capitalization of assets.

4. **Funding types:**

   a. **Non-financed funding** (also known as *pay-as-you-go*) includes:
      
      i. **Revenue:** Current year tuition fee.
      
      ii. **Reserves:** An accumulated net carryforward of revenue less expenses, or net income (equity).
      
      iii. **Interest earnings:** Earnings on tuition fees or an accumulated net earnings carryforward recorded in FIRMS project code “INTAC”.
      
      iv. **General Fund:** Appropriated funds from the Budget Act.
      
      v. **Supplemental funding:** Additional money, such as Trust, donor or enterprise program revenue.

   b. **Financed funding:** Includes Systemwide Revenue Bond proceeds, Commercial Paper (CP), equipment lease financing, Public Works Board (lease revenue bond) proceeds, General Obligation Bond proceeds, or any other debt issued by the Trustees.

5. **University Project Types:**

   a. **Academic Projects:** Includes both academic and instructional support campus structures, including administration, library and student administration buildings; classrooms; and infrastructure improvements.

   b. **Self-Support Projects:** Includes parking, housing, extended education, student union, and health facilities projects.

6. **Capital Outlay:** Includes deferred maintenance and capital improvement projects.
2.0 FUND SPECIFICS

CSU fund 017 – GF Academic Capital Outlay (FNAT 131642): Established to record General Fund expenditures for specific projects approved by the Department of Finance that must be tracked, claimed from the state, and reported in the General Fund.

CSU fund 485 – TF-CSU Operating Fund – For purposes of the authority described in this chapter, this fund is used to expend monies for recurring maintenance and repair expenditures, as well as other support costs. Campuses must establish appropriate department identifications (also known as derivation “Rule 4” --- see Chapter 3, FIRMS, of this manual for a further description of this rule) so that recurring maintenance and repair charges derive to one of the following FIRMS program codes: 0702, 0703, 0704. (See program code definitions in the FIRMS Data Element Dictionary for further descriptions of these codes.)

CSU fund 486 – TF-Academic Maintenance & Repair Fund (FNAT 131242): Established to record accumulated reserves and interest earnings transferred from CSU fund 485, CSU Operating Fund, for non-recurring maintenance and repair projects. This type of funding is referred to as pay-as-you-go (see Definitions in Section 1.1 of this chapter). This fund tracks the money spent on deferred maintenance to quantify progress in addressing the deferred maintenance backlog. Interest earned on money in this fund can be recorded in this fund.

CSU fund 487 – TF-Academic Capital Improvement Fund (FNAT 131243): Established to record accumulated reserves and interest earnings transferred from CSU fund 485, CSU Operating Fund, for capital improvement projects that improve or alter a space, or which involve the construction of new buildings or additions to buildings. This type of funding is referred to as pay-as-you-go (see Definitions in Section 1.1 of this chapter). The separate accounting for capital improvement projects funded by CSU fund 485 is consistent with the reporting structure established for the enterprise funds (parking, housing, etc.) and establishes an audit trail for the funding of capital expenditures. Interest earned on money in this fund can be recorded in this fund.
CSU fund 230 (within state fund 0576) - DCF-Academic Capital Outlay Fund (various FNATs): Established to record SRB proceeds for capital improvement projects that improve or alter a space, or that provide funding for the construction of new buildings or additions to buildings, or for non-recurring maintenance and repair projects. This fund provides data necessary for bond financing requirements, arbitrage tracking, etc.

Capital Project CSU Fund Matrix - Capital project CSU funds break down into two program categories; enterprise funds and non-enterprise funds and into two net asset categories, unrestricted and restricted. Enterprise funds include the auxiliary enterprise programs; Housing, Parking, Health Center, Student Union and Extended Education. Non-enterprise funds include CSU fund 001, 463, 485, 496, 537, 542, 543, and 544. The unrestricted category has three (3) types of funds to be used when monies are from internal sources (e.g. student fees): 1) operating, 2) non-recurring maintenance and repairs and 3) capital improvements. The restricted category also has three (3) types of funds: 1) financed activities, 2) non-recurring maintenance and repairs and 3) capital improvements. These funds are to be used when monies are from external sources (i.e. SRB proceeds or donations). Unique to the enterprise programs, the same CSU fund is to be used for unrestricted and restricted activity, however, a fund attribute called a GAAP override must be set up on the PeopleSoft fund to restrict the fund to net asset category 834, Restricted Expendable – Capital Projects, when external monies are used to fund a portion of the project. See Section 7.0, Resources, for the embedded file Chapter 15 Fund Matrix.

See Section 7.0, Resources, for link to the GAAP Manual, Chapter 13, regarding capitalization of assets.

2.1 Critical Spending Requirements and Cash Flows
The CSU is subject to audit by the Internal Revenue Service (IRS) and must demonstrate that its tax-exempt Systemwide Revenue Bonds are in compliance with the Internal Revenue Code of 1986. Non-compliance could lead to the loss of the tax-exempt status of the university’s bonds.
and the imposition of penalties. The CSU has the responsibility to ensure proper use of bond proceeds, proper use of bond-financed facilities (through monitoring of private activity use) and timely spend-down of bond proceeds to minimize arbitrage penalties. Consistent with the CSU debt management policies and IRS spend-down requirements, tax-exempt proceeds must be spent from the date of debt issuance as follows:

- At least 10 percent of expenditures should be paid by 6 months;
- At least 45 percent by 12 months;
- At least 75 percent by 18 months;
- 100 percent by two years.

All claims must be forwarded within 30 days of payment to vendor to the State Controller’s Office (SCO) for processing. Only expenditures that are recorded at the SCO are counted towards the benchmarks (i.e. spending requirements). Allow two weeks for the SCO to process and post claims. Campus expenditures submitted but not yet paid by the State and encumbrances are not considered expenditures.

To comply with IRS and CSU records retention requirements, campuses are to maintain the following prior to bond issuance and throughout the term of the bonds (generally 30 years), plus five years following payoff of the bonds:

a. Records documenting allocation orders and expenditures;
b. Copies of requisitions, draw schedules, draw requests, invoices, and bills and cancelled checks related to bond proceeds;
c. Records of expenditure reimbursements.

For on-line workshops related to tax-exempt bond requirements, refer to Finance and Treasury website in Section 7.0, Resources.

2.2 Requirement for Facility Reserves
Campuses may set aside reserves specifically designated for capital improvement projects, or deferred maintenance (non-recurring maintenance and repair) projects. It is recommended that
campuses incrementally accumulate cash reserves to provide debt service and pay-as-you-go funding for capital projects that are essential to the academic mission of the campus.

In addition, the debt policy (pending revised EO 994) requires campuses to set aside reserves to fund future project costs for university facilities and infrastructure. This approach is consistent with the historical use of campus funds to pay for preliminary plans and working drawings prior to going to the Board of Trustees for approval of the Systemwide Revenue Bonds not-to-exceed financing amount. The reserve can also fund cost overruns or contractor claims, as is current practice with SRB-financed projects. See Section 7.0, Resources, for link to EO 994.

2.2.1  PeopleSoft Project Codes for Capital Projects
Per Section III of EO 672, campuses are required to provide a variety of reports concerning their capital projects to the Chancellor’s Office. To leverage the technology available and increase the timeliness of data, campuses must use the PeopleSoft project chartfield to meet the form and content requirements for the following four types of capital project reports to the Chancellor’s Office:

1. Debt-financed capital outlay projects
2. Board of Trustees-approved capital improvement projects over $656,000
3. Any capital projects receiving system-wide funding from the Chancellor’s Office (CSU funds 017, 486, or 487)
4. Any additional funding source for projects listed above. (If one funding source is subject to CPDC reporting, then all other funding sources must include same project attributes.)

2.2.2  PeopleSoft Project Attribute
For system-wide reporting, campuses need to utilize the PeopleSoft Project Attributes on the PeopleSoft Project Chartfield. This function allows campuses to maintain their existing project naming convention (not restricting their current and continued use of the campus-specific project attribute) and allows Capital Planning, Design and Construction (CPDC) to define the values
needed to report. Therefore, per Section III of EO 672, the Chancellor’s Office requires the campuses to implement and utilize the PeopleSoft Project Attribute for capital projects:

a. Campuses will select from the Project Field Name, Project Attribute: *CPDC_PROJ*:
   
i. Project Attribute
   
   1. Project Attribute Value: *<Project code>* assigned by CPDC. The value should be entered with a hyphen and no space. Example, MA-01378.
   
   2. Project Attribute Description: *<Project title>*
   
b. For campuses with multiple PeopleSoft project IDs, assign the same CPDC_PROJ project attribute value for consistent system-wide reporting.

Example:

![ChartField Attribute Image](chartfield_attribute.png)

   c. Campuses will then select Project Attribute: *CPDC_PROJ_TYPE* and make a determination of type of project and select the corresponding attribute code and description.
   
i. Project Attribute
   
   1. Project Attribute Value: *NRMR or CIMP*
   
   2. Project Attribute Descriptions: *Non-Recurring Maintenance and Repair or Capital Improvement Project*
ii. **51% Rule**: The 51% rule applies to all project types when a project is split between types.

**Example:**

The following table summarizes the project chartfield and attribute requirements for reporting non-recurring maintenance and repair and capital improvement projects across all programs, inclusive of enterprise programs.

<table>
<thead>
<tr>
<th>Funding Source</th>
<th>PS Project Chartfield (campus defined)</th>
<th>PS Project Chartfield &quot;Attribute&quot; Value</th>
<th>Description</th>
<th>CPDC_PROJ_TYPE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Systemwide Allocations (SWAT)</td>
<td>Yes</td>
<td>FIRMS/CPDC Project Number</td>
<td>Project Title</td>
<td>CIMP</td>
</tr>
<tr>
<td>Pay-as-you-go</td>
<td>Yes</td>
<td>FIRMS/CPDC Project Number</td>
<td>Project Title</td>
<td>CIMP</td>
</tr>
<tr>
<td>General Fund Appropriation (Allocation Order)</td>
<td>Yes</td>
<td>FIRMS/CPDC Project Number</td>
<td>Project Title</td>
<td>CIMP</td>
</tr>
<tr>
<td>Systemwide Revenue Bonds (SRB)</td>
<td>Optional</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Pay-as-you-go</td>
<td>Optional</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>General Fund Appropriation (Allocation Order)</td>
<td>Optional</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Campus Operating Funds</td>
<td>Optional</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Pay-as-you-go</td>
<td>Optional</td>
<td>N/A</td>
<td>NRMR</td>
<td>Non-Recurring Maintenance &amp; Repair</td>
</tr>
<tr>
<td>Pay-as-you-go Minor CIMP</td>
<td>Optional</td>
<td>N/A</td>
<td>CIMP</td>
<td>Capital Improvement</td>
</tr>
<tr>
<td>Pay-as-you-go Major CIMP</td>
<td>Yes</td>
<td>FIRMS/CPDC Project Number</td>
<td>Project Title</td>
<td>CIMP</td>
</tr>
</tbody>
</table>

1CIMP = Capital Improvement; NRMR = Non-Recurring Maintenance & Repair; Non-Recurring Maintenance & Repair could be considered CIMP if total project is at least 51% betterment/renovation.
3.0 Fund Management and Accounting Practices

The following flow chart depicts the requirements for reporting recurring and non-recurring maintenance and repair and capital improvement costs across all programs, inclusive of enterprise programs, depending on the funding type.
3.1 Recurring Maintenance/ Repair Projects

Regular, ongoing, scheduled maintenance and repair costs should be recorded only in a CSU operating fund (e.g., CSU fund 485, CSU Operating Fund; CSU Fund 531, Housing). The following criteria must be followed in order to provide the Chancellor’s Office the ability to report recurring maintenance and repair:

1. On-going maintenance and repair projects do not require a PeopleSoft project code or project attribute. However, campuses may choose to utilize this field for consistent project financial management.

2. Capital project FIRMS object codes, 607XXX, are not allowed in operating CSU funds. A legal edit placed on all operating funds, effective with the 16/17 fiscal year, ensures they are not used.

3. To fulfill CPDC’s reporting requirements for recurring maintenance/repair, campuses are instructed to associate facilities departments with one of the following FIRMS program codes, as appropriate, using program code derivation Rule 4:
   - 0702 - Building Maintenance
   - 0703 - Custodial Services
   - 0704 - Utilities
   - 0705 - Landscape and Grounds Maintenance.

Additional mappings to other program code derivations may be necessary to facilitate other reporting requirements, such as 0701– Physical Plant Admin for property insurance premiums.

4. When only a single FIRMS object code is needed to record an expenditure for contractual services arrangements, campuses will select from below in order for the expense to derive to the proper FIRMS program code:
   - 660061, Repairs & Maintenance – Building Maintenance (program code 0702)
   - 660062, Repairs & Maintenance – Custodial Services (program code 0703)
   - 660063, Repairs & Maintenance – Utilities (program code 0704) TO BE USED BY CAMPUSES WITH CO-GENERATION PLANTS ONLY
660064, Repairs & Maintenance – Landscape and Grounds Maintenance (program code 0705)

5. Utilities object codes (605001 – 605090) map to program code 0704 through program derivation Rule 2. This code includes expenses related to heating, cooling, light and power, gas, water, and any other utilities necessary for operation of the physical plant.

6. Cost recovery expenses should utilize the same object codes referred to in this section to facilitate accurate reporting.

3.2 Non-Recurring Maintenance/Repair Projects (NRMR)
The following coding is required so that the Chancellor’s Office can accurately report non-recurring maintenance and repair project costs:

1. Projects funded by the General Fund (Allocation Orders)
   a. Requires campus-defined PeopleSoft project code and Chancellor’s Office-defined project attributes (both project type and project title).
   b. All expenditures are to be recorded to FIRMS program code 0706, Major Repairs and Renovations.
   c. May use FIRMS object codes 607XXX or other appropriate FIRMS object codes to describe the expenditure.
   d. Record in CSU fund 017, General Fund Capital Outlay.

2. Projects funded via a Systemwide allocation (SWAT)
   a. Requires campus-defined PeopleSoft project code and Chancellor’s Office-defined project attributes (both project type and project title).
   b. All expenditures are to be recorded to FIRMS program code 0706, Major Repairs and Renovations for non-enterprise funds and 2001 for auxiliary enterprise funds.
   c. May use FIRMS object codes 607XXX or other appropriate FIRMS object codes to describe the expenditure.
   d. Record in the appropriate maintenance and repair CSU fund.

3. Projects funded by debt (financed funding)
a. A FIRMS project code is required in fiscal year 2015/16 for each project, but thereafter a FNAT key will only be required at the bond series level for bond-funded projects because CSU will rely upon project attribute reporting as the source of project reporting.
b. Requires campus-defined PeopleSoft project code and Chancellor’s Office-defined project attributes (both project type and project title).
c. All expenditures are to be recorded to FIRMS program code 0706, Major Repairs and Renovations for non-enterprise funds and 2001 for auxiliary enterprise funds.
d. Requires Board of Trustees approval.
e. May use FIRMS object codes 607XXX or other appropriate FIRMS object codes to describe the expenditure.
f. SRB-funded projects should be reported in CSU fund 230, Academic Capital Outlay Fund, or an appropriate enterprise program CSU fund within state fund 0576.

4. Projects funded by campus on a pay-as-you-go (non-financed) basis
   a. Does not require approval by the Board of Trustees.
   b. Record in the appropriate maintenance and repair CSU fund.
   c. All expenditures should be recorded to FIRMS program code 0706, Major Repairs and Renovations, for non-enterprise funds and SRB-funded projects.
      However, for state fund 0948 auxiliary enterprise funds expenditures should derive to 2001, Auxiliary Enterprises.
   d. May use FIRMS object codes 607XXX or other appropriate FIRMS object codes to describe the expenditure.

3.3 Capital Improvement Projects

1. Major capital projects
   a. Require approval by the Board of Trustees.
   b. The following CSU funds are required depending on the funding source:
      i. SRB funding should be reported in state fund 0576.
ii. Campus pay-as-you-go should be reported in the capital improvement fund.

iii. Systemwide Operating Fund Allocations (SWAT) should be recorded in CSU fund 487.

c. All expenditures should be recorded to FIRMS program code, 0706, Major Repairs and Renovations, for non-enterprise funds and SRB-funded projects. However, for state fund 0948 auxiliary enterprise funds expenditures should derive to 2001, Auxiliary Enterprises.

d. FIRMS project code is required in fiscal year 2015/16 for each project, but thereafter FNAT key will only be required at the bond series level for bond-funded projects because CSU will rely upon project attribute reporting as the source of project reporting.

e. Requires campus-defined PeopleSoft project code and Chancellor’s Office-defined project attributes (both project type and project title).

2. Minor capital projects

a. Non-financed funding

i. Does not require approval by the Board of Trustees.

ii. The following types of activity should be recorded in the appropriate capital improvement CSU fund:

1. Campus pay-as-you-go funding;
2. Systemwide Allocations (SWAT).

iii. All expenditures should be recorded to FIRMS program code, 0706, Major Repairs and Renovations, for non-enterprise funds and 2001 for auxiliary enterprise funds.

iv. Does not require a campus-defined project code

b. Financed funding

i. Requires approval by the Board of Trustees.

ii. SRB funding should be reported in CSU Fund 230 or appropriate enterprise program CSU fund within SCO fund 0576.
iii. A FIRMS FNAT will be set up based on the bond series.
iv. All expenditures should be recorded to FIRMS program code 0706, Major Repairs and Renovations.
v. Requires campus-defined PeopleSoft project code and Chancellor’s Office-defined project attributes (both project type and project title).

3.4 Spending Hierarchy and Reporting Requirements for Multi–Funded Projects

In order to meet the reporting requirements outlined in this document, campuses should consider the following when structuring their multi-funded projects:

1. On a quarterly basis, expenditures must be recorded in the source fund at the voucher level. For example, if Extended Education (EE) paid $200,000 in cash towards a capital improvement project during the 1st quarter, then $200,000 of project expenditures shall be recorded in CSU Fund 442-EE Capital Improvement Fund by 9/30/CY.

2. Regardless of where an expense was recorded initially, all claim schedules must be forwarded to the State Controller’s Office (SCO) for processing within 30 days for both academic and enterprise bond-funded expenditures.

3. Campuses should spend based on availability of money and utilize a spending hierarchy to meet spending benchmarks. Below is an illustration of a recommended spending hierarchy:
   a. Optional #1a, planning and design costs: Pay-as-you-go funding for up-front project costs until proceeds are available, if included in the original budget proposal.
   b. Required #1b, bond funding: Once commercial paper or bond financing proceeds are available for a project, these funds should be spent first to meet the IRS spending requirements. See Section 2.1 of this chapter for further information.
   c. Required #2, General Fund (SCO fund 0001) funding: Campuses need to evaluate if a project has General Fund appropriation(s) with earlier available to or

---

6 EO 672 (Proposed) policy: Requirement to record expenditures in the source fund at the vendor level on a quarterly basis.
reversion dates than bond funds. If so, the timing in the spending of these funds needs to be coordinated with the timing in the spending of the bond funds.

d. Optional #3, supplemental funding (donor, reserve, interest and enterprise)

e. Optional #4, pay-as-you-go funding

f. Optional #5, auxiliary funding

4. All multi-funded projects must be captured at the PeopleSoft project chartfield level. In addition, projects with at least one funding source that meets criteria outlined in Section 2.2.1 of this chapter must have the CPDC attributes assigned to all funding sources within that project.

For appropriate uses of transfers to CSU fund 491, see Chapter 19, Capital Projects – Special Projects Fund, in this manual.

3.5 General Accounting Guidelines for University Projects

This section discusses how to handle various activities related to university projects.

1. Transfer accounts in auxiliary enterprise (Housing, Parking, Extended Education, etc.) and academic/non-enterprise funds shall not be used as a vehicle to pool resources of fund groups for multi-funded projects. The account used to record an expenditure should reflect the precise nature of that expenditure. Also see Section 3.4 in this chapter.

2. Expenditures and commitments recorded in a fund should not exceed the resources available in that fund.

3. Bond proceeds recorded in state fund 0576 may only be augmented by additional bond proceeds. Other campus funds allowed to be used for a project must be spent in the source fund.

4. The campus is to post in PeopleSoft budget ledger for approved projects specified in Section 2.2.1.

---

7 Fund groups are the suite of funds for each enterprise activity and academic/non-enterprise activity. They consist of a fund for operations, a fund for repair and maintenance and a fund for capital Improvements. For example, transfers are allowed between the Housing Operations and the Housing Capital Improvements funds (Housing fund group, but transfers are not allowed between the Housing fund group and the Parking fund group.
3.6 Investment Earnings Used to Fund Capital Projects

Investment earnings recorded in CSU fund 485 (includes either SMIF or SWIFT earnings) may fund capital projects and can be transferred to CSU funds 486 and 487 for capital expenditures.

4.0 REPORTING REQUIREMENTS

4.1 Campus Reporting

4.1.1 CPDC Capital Expenditure Reporting Requirement

Pursuant to Education Code Section 89771, campuses shall supply to the Chancellor’s Office, on or before September 1, 10 months before the commencement of any given fiscal year, a report that details the scope of all capital expenditures and how those capital projects will be funded, along with the capital projects’ budget proposals. The details with regard to the procedures for complying with this requirement can be found in the Call Letters link available in Section 7.0, Resources.

4.1.2 Capital Project Reporting Reconciliation Requirement

Per Executive Order 672, Delegation of Capital Outlay Management Authority and Responsibility, Campus shall provide a quarterly status report on capital outlay progress, including financial expenditures. As outlined in this chapter, campuses are to utilize the CFS PeopleSoft Project Attribute for capital projects and are to reconcile on a quarterly basis that expenditures are recorded in the appropriate funding source and CPDC project attribute. To facilitate this reconciliation, campuses should utilize the campus’ Previous Five-Year Capital Improvement Program (CIP) document found in the annual Five-year Capital Outlay program to determine the current approved and funded projects, as well as Resources on the CPDC Executive CSYou page for projects amended to the capital outlay program that have yet to be documented in the Five-Year CIP and CPDC allocation schedules for the type of funding provided against the Finance Data Warehouse (FDW) financial reporting dashboard. The following elements should be validated.

---

8 As defined by Education Code Section 89770(b).
9 Current at the time the book was published. Amendments may occur throughout the year.
1. Spending Authority has been granted in the funding source and it is recorded in the appropriate SCO and CSU fund. “Spending Authority” is defined as either an allocation order, systemwide transfer, or campus transfer.

2. SW and campus funding should be recorded as a “transfer in” of cash from one fund to another. Preferably, the transfer in (not out) should carry the project attribute.

3. Facility management expenses charged to the project are to be recorded in the project fund (not the cost recovery fund).

4. Ensure that expenses recorded to CIMP or NRMR CSU funds that are not part of Major Capital Outlay project (carry a CPDC Project Attribute) are appropriately reportable as minor projects (currently under $709,000).

5. Expenditures to not exceed spending authority or that additional funding has been recorded to augment this project.

6. Ensure that all expenditures are recorded based on their natural classification and that “Transfer out” FIRMS object codes are only used as a reduction of spending authority in SCO fund 0948. Reductions in spending authority in SCO fund 0576 are as a result of a de-allocation and are not recorded in the actuals ledger.

4.2 Chancellor’s Office Reporting Requirements

The following reporting requirements can be accomplished by the Chancellor’s Office through reference to information in the system-wide data warehouse and FIRMS.

4.2.1 Capital Project Reporting Requirement

CDPC will report quarterly on all Board of Trustees-approved capital improvement projects and deferred maintenance projects that are financed or which receive system-wide funding. The report will include budget amounts, capital expenditures and budget balance available. The capital program information will identify the use of the bond proceeds and how the projects address the board’s priorities relating to critical capital expenditure needs.
The purpose of this report is to provide information concerning the campuses’ efforts to increase annual non-recurring expenditures and reduce the deferred maintenance backlog.

4.2.2 Annual Deferred Maintenance Reporting
Per Executive Order 847, Facility Maintenance is tasked with ensuring that appropriate resources are applied to the proper operation and maintenance of the campus physical plant. The long-term objective is to eliminate deferred maintenance. Tracking systems should be capable of reasonably accounting for the resources allocated to routine and scheduled maintenance work. Based on the campus’ reconciliation of project data in NRMR funds, CPDC will report total spend in CSU fund 486, excluding transfers, as the annual resources used to manage the CSU’s deferred maintenance backlog.

4.2.3 12% Limit on General Fund and Financing
The California State University (CSU) shall manage its debt programs in a manner so that not more than 12 percent of its General Fund support appropriation, less the amount of that appropriation required to fund general obligation bond payments and State Public Works Board rental payments, is used for the total of the following:
   a. debt service for capital expenditures;
   b. pay-as-you-go capital outlay projects.

The costs of deferred maintenance of academic facilities and related infrastructure are not included in the 12% general fund limitation. Based on the campus’ reconciliation of project data in the academic capital improvement fund, CPDC will report the total spend in CSU fund 487, excluding transfers, plus all debt service payments recorded in CSU fund 489.

4.2.4 California Air Resources Board (CARB) Reporting Requirement
Project reporting is required to identify energy efficiency project costs and energy savings. As the CARB program is still under development, additional program details will be forthcoming.
4.2.5 Audited Systemwide Revenue Bond (SRB) Supplemental Schedule

Campuses must record maintenance/repair and capital improvement costs in the appropriate CSU fund as outlined in this chapter to facilitate the Systemwide Revenue Bond audit and preparation of the related supplemental schedules.

5.0 FUND BALANCE

Reserves should be recorded in accordance with ICSUAM 2001.00 – Campus Reserves, effective October 1, 2015. A link to this policy is available in Section 7.0, Resources. For further instructions concerning recording the reserves in the ledger, see Chapter 4, Section 5.0, Year-End.

6.0 GAAP IMPACT

To determine when an asset should be capitalized on the financial statements, refer to GAAP Manual, Chapter 13 Capital Assets Guide.

To determine the proper classification of investment balances on the financial statements, refer to GAAP Manual, Chapter 4.1.1 Cash, Cash Equivalents, and Investments, Section 4.4 Reclassification of Other Long-term Investments from Short-term Investments.

7.0 RESOURCES

- Major Capital Outlay Program
- Capital Projects Cash Management SharePoint site
- CPDC Resources
- EO 1000
- FIRMS Activity Period 07 Adjustment Submission Instructions
- GAAP Manual

10 As defined by Education Code Section 89773.
- Systemwide Budget Website
- FS 2016-01 – Definition of Major (Non-recurring) Maintenance & Repair Costs as Used in Executive Order 994 and Chapter 15 of the Legal Accounting and Reporting Manual - Updated
- Superseded by FS 2016-01 (see above) FS 2011-05 Definition of Major Maintenance & Repair Costs as Used in Executive Order 994 for Auxiliary Enterprise Funds in the SRB Program
- ICSUAM 2001.00 Campus Reserves
- Legal Edits Table
- ADNOAT
- EO 994
- CSU Policy for Financing Activities
- Finance & Treasury Website
- Call Letters
- 2018 Annual Training - SW Update Presentation for CPDC project attribute reconciliation (TBA)
- Chapter 15 - Fund Matrix and Project Scenarios

![Chapter 15 Fund Matrix.xlsx](#)

- Chapter 15 – Coding Summary

![Chapter 15 Coding Summary.xlsx](#)

- Funding Matrix – Resource from East Bay
Capital Project Funding (CPF) Form – Resource from San Diego State University
## REVISION CONTROL

**Document Title:** Capital Projects Funding for University Projects  
**Contributor:** Kelly Cox  
**Reviewer:** Nancy Freelander – Paice/ Vi San Juan  
**CO Owner:** Sherry Pickering  
**Issuance Date:** Enter date of final review by CO Owner

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Intro</td>
<td>Clarification on Implementation Timeline</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>1.1.2</td>
<td>Definitions were clarified that major and minor applies to both NRMR and CIMP related to the Public Contract Code.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>2.0</td>
<td>Capital Project CSU Fund Matrix was added</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>2.2.1</td>
<td>Any additional fund source for a major capital improvement project was added to be in sync with the year-end presentation.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>2.2.2</td>
<td>PS Project Attribute format clarification was provided that the value should be entered with a hyphen and no space (MA-01378)</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>3.0</td>
<td>Flow chart and text were updated to remove program code 0706 as a required attribute from all projects. Since Auxiliary Enterprise program are to derive to 2001.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>3.1</td>
<td>Program Code 0701 may also be used by facility departments as necessary to meet other reporting requirements.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>3.1</td>
<td>Labor related to the cost of delivery of utility programs were removed as an allowable costs in program code 0704</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>5/31/2016</td>
</tr>
<tr>
<td>Section(s) Revised</td>
<td>Summary of Revisions</td>
<td>Revised By</td>
<td>Reviewed by</td>
<td>Approved by</td>
<td>Revision Date</td>
</tr>
<tr>
<td>-------------------</td>
<td>---------------------------------------------------------------------------------------</td>
<td>---------------------</td>
<td>-------------</td>
<td>----------------</td>
<td>---------------</td>
</tr>
<tr>
<td>3.2 &amp; 3.3</td>
<td>Modified program derivation requirements for the Auxiliary Enterprise funds.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>7/5/2016</td>
</tr>
<tr>
<td>2.0</td>
<td>Capital Project CSU Fund Matrix was added</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>Roberta McNiel</td>
<td>8/23/2016</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Funding Matrix from East Bay</td>
<td>Kristina Randig</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Capital Project Funding (CPF) form from SDSU</td>
<td>Kristina Randig</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>Throughout</td>
<td>Updated CSU FUND 486 name to TF – Academic Maintenance &amp; Repair Fund to match new name on App. 19.</td>
<td>Kristina Randig</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>3.1</td>
<td>Added new repair and maintenance FIRMS object codes</td>
<td>Kelly Cox</td>
<td>N. Freelander - Paice</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>1.1</td>
<td>Updated definitions</td>
<td>Kelly Cox</td>
<td>N. Freelander - Paice</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Coding Summary</td>
<td>Kelly Cox</td>
<td>N. Freelander - Paice</td>
<td>S. Pickering</td>
<td>11/1/2017</td>
</tr>
<tr>
<td>2.0</td>
<td>Added information regarding interest earnings in 486/487</td>
<td>N. Bryant</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/9/2017</td>
</tr>
<tr>
<td>6.0</td>
<td>Updated chapter reference to 4.1.1</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
<tr>
<td>4.1.2</td>
<td>Added campus reconciliation requirements</td>
<td>Kelly Cox</td>
<td>N. Freelander - Paice</td>
<td>S. Pickering</td>
<td>3/20/2018</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Capital Outlay Program Book, Cash management SharePoint sites and annual training link for reconciliation guidelines</td>
<td>Kelly Cox</td>
<td>N. Freelander - Paice</td>
<td>S. Pickering</td>
<td>3/20/2018</td>
</tr>
<tr>
<td>1.1</td>
<td>Increased Public Code reference from</td>
<td>Kelly Cox</td>
<td>N.</td>
<td>S.</td>
<td>3/20/2018</td>
</tr>
<tr>
<td>Section(s)</td>
<td>Summary of Revisions</td>
<td>Revised By</td>
<td>Reviewed by</td>
<td>Approved by</td>
<td>Revision Date</td>
</tr>
<tr>
<td>------------</td>
<td>-----------------------------------------------------------</td>
<td>---------------------------</td>
<td>-----------------------</td>
<td>--------------</td>
<td>---------------</td>
</tr>
<tr>
<td>7.0</td>
<td>Update Coding Summary format and Fund Summary</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>3/29/2018</td>
</tr>
<tr>
<td></td>
<td>$656,000 to $709,000 for minor capital outlay</td>
<td></td>
<td>Freelander Paice</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 16
MISCELLANEOUS TRUST

CSU FUND: 496 – Miscellaneous Trust
FUND TYPE: CSU Proprietary Enterprise Fund
AUTHORITY: Local Trust Agreement
Education Code 89721 (g) (k)

1.0 OVERVIEW:

Prior to the Revenue Management Program, approximately half of the unrestricted net assets in the CSU were reported from the Miscellaneous Trust Fund, CSU fund 496. In addition, the same kinds of activities were often recorded in different CSU funds across the system, making comparison among the campuses difficult. In an effort to address the problem, new CSU funds were added and definitions of some existing CSU funds were changed for additional clarification. As a result of creating new funds and redefining others, most of the net assets residing in CSU fund 496 were reclassified to other funds prior to June 30, 2008.

However, a committee recently charged (October 2016 FSAC meeting) to analyze this data found similar activities continue to be recorded in different CSU funds. Contributing factors to this ongoing issue include unclear definitions and inconsistent guidance. In Section 2.0, a refined definition and rules have been developed, along with a list of commonly misreported miscellaneous trust activities, and a decision tree to guide campus through the selection of an appropriate CSU fund.

2.0 FUND SPECIFICS:

CSU Fund 496 Miscellaneous Trust: Revenue source is NOT appropriated or from approved student fees. Activity has no direct relationship to the definition of CSU fund 485 operation; or revenue source has no connection to 485 operating expenses. Refer to Chapter 14 - CSU Operating Fund for CSU fund 485 definition.
MISCELLANEOUS TRUST

Use the attached decision tree to guide you to the appropriate CSU fund.

Based on the definition and rules, activities in this fund include, but are not limited to:

- Workshops/Conferences/Events, regardless whether it's for internal or external audiences (unless operated by IRA, enterprise funds or auxiliary organizations).
- Centers & Institutes (unless operated by enterprise funds or auxiliary organizations)
- Student Organizations. Refer to ICSUAM 3141.01, including FAQ resource document.
- Settlement and rebate, if source fund is unknown
- Cell Tower Sites (aside from enterprise or auxiliary organization constructed buildings)
- ATMs
- Gift, Restricted - Noncapital
- Gift, Unrestricted - Noncapital
- Spend down from RMP (Revenue Management Program)
- Royalty
- Self-supported operations - where payroll is supported by revenue generated from e.g. print shop, not funded by 485
- CSSA (activities in CO only)

3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Unique FIRMS Object Codes

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>109009</td>
<td>Interfund Loans Receivable</td>
</tr>
<tr>
<td>501120²</td>
<td>SIRF Revenue</td>
</tr>
<tr>
<td>503401</td>
<td>Private Contributions-Non-capital</td>
</tr>
<tr>
<td>504009</td>
<td>Space Rental Revenue</td>
</tr>
<tr>
<td>570491</td>
<td>Tr in from CSU 491-TF Spl Project Fund-Special Prjts</td>
</tr>
<tr>
<td>580001</td>
<td>Rental of State Property</td>
</tr>
<tr>
<td>580005</td>
<td>Project Revenue</td>
</tr>
<tr>
<td>580015</td>
<td>Royalty</td>
</tr>
</tbody>
</table>

¹ Gifts specified for scholarships will be recorded in the appropriate scholarship fund. Partial funding of gifts for scholarships via designation by management or as allowed in the trust agreement will be spent in the source fund.
MISCELLANEOUS TRUST

580090  Other Operating Revenues (excluding student fees)
580093  Other Non-operating Revenues
609005²  Other Student Scholarships/Grants
670491  Tr Out to CSU 491-TF Spl Pjt Fd-Special Project

For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

Refer to Chapter 32 on campus recording of SIRF fees.

3.2 Local Trust Agreement (LTA)
A Local Trust Agreement (LTA) must be completed to establish a local trust fund. A LTA is a trust specification document that defines the purpose of the trust fund and the project's ability to be self-supporting. LTAs must be established in accordance with campus-approved procedures. Lack of complete trust fund documentation increases the risk of improper fund management and inappropriate expenditures. The following information must be included on the LTA:

- CSU fund (and/or campus fund)
- Effective and expiration dates
- Purpose
- Source of funds, authority to collect and method of collecting
- Types of and allowable expenditures and/or restrictions
- Reporting requirements
- Disposition of funds at termination
- Administration fee
- Approving authority, which may be based on the campus’ CFS delegation of authority

CSU funds established via a LTA that have no activity within the last 24 months as of the fiscal year end must be reviewed and analyzed to determine if the purpose of the fund, as stated in the LTA, is still valid. Active funds must be reviewed every five years. Per the Records Retention and Disposition Schedules, trust fund documentation will be retained for four years after the fund is dissolved. Link to Records Retention and Disposition Schedules is provided in Section 7.0, Resources.

² Object code reserved for Chancellor’s Office use only to record SIRF revenue, and scholarship expenses associated with the California State Student Association (CSSA).
3.3 Capital Projects
Revenue sources may be transferred to CSU fund 491 for non-recurring maintenance & repair (NRMR), and capital improvements (CIMP), as long as the revenue is free of any stipulations. Refer to Chapter 15 for a detailed discussion on capital projects.

3.4 Interfund Loans
Monies in CSU Fund 496 can be lent to other funds. In general the CO’s approval is not required for interfund loans, however the procedures relating to the financing of construction related activity involving academic and administrative buildings are outlined in Chapter 15 of the CSU Legal and Accounting Manual.

Interfund loans require a loan agreement that contain the signatures of the VP of finance and administration and the staff members who are responsible for the funds which will be used to repay the loan and the staff member who is responsible for the monies being lent.

See Chapter 29 section 3.3 for a more detailed explanation of the accounting treatment of interfund loans.

4.0 REPORTING REQUIREMENTS:
None, unless specified by the LTA.

5.0 FUND BALANCE:
Fund balances shall be carried forward from one year to the next and should never have a deficit balance without proper justification.

6.0 GAAP IMPACT:
The due to and due from (intra-agency) balances in the GAAP ledger are not reported in the GAAP Reporting Package in TM1. On the other hand, due to and due from other campuses and Chancellor’s Office (inter-agency) are mapped to accounts payable and accounts receivable, respectively. These inter-agency receivables and payables are eliminated at Systemwide level. See GAAP Manual, Chapter 4.6.1, GAAP Adjustments and Reclassification Entries Others: Elimination.
Interagency transfers object codes derives to GAAP account 724005, *Other Nonoperating Revenues/Expenses – interagency transfers*. Campus no longer has to do a manual GAAP adjustment to reclassify interagency transfers. Further, the GAAP account will self-eliminate upon consolidation at the Systemwide level. See GAAP Manual, Chapter 4.5.4, *GAAP Adjustments and Reclassification Entries – Revenues and Expenses: Nonoperating Revenues and (Expenses)*.

Non-exchange revenues and expenses between the campuses and its discreetly presented component units must be eliminated and presented as such in a separate column in the Statement of Revenues, Expenses and Changes in Net Position in the GAAP Reporting Package in TM1. See GAAP Manual, Chapter 4.6.1, *GAAP Adjustments and Reclassification Entries Others: Elimination*.

7.0 **RESOURCES:**

- EO 1090 - Educational Broadband Service Contracts
- Legal Edits Table
- Records Retention and Disposition Schedules
- Executive Order 1103 – Systemwide Multi-campus Centers, Institutes and Affinity Groups
- GAAP Manual
## MISCELLANEOUS TRUST

### REVISION CONTROL

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>Miscellaneous Trust – CSU Fund 496</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributor:</td>
<td>Kendal Chaney-Buttleman</td>
</tr>
<tr>
<td>Reviewer:</td>
<td>Kelly Cox</td>
</tr>
<tr>
<td>CO Owner:</td>
<td>Sherry Pickering</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>January 9, 2013</td>
</tr>
</tbody>
</table>

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Added information regarding the removal of FIRMS object codes 609XXX as valid in CSU fund 496 (reference email from Su Chen dated 6/2/14).</td>
<td>K. Randig</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>11/19/14</td>
</tr>
<tr>
<td>3.3</td>
<td>Added information regarding the Awards for Innovation in Higher Ed per Budget Act 2014.</td>
<td>K. Randig</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>1/28/16</td>
</tr>
<tr>
<td>1.0</td>
<td>Updated to include new guidance. Deleted examples</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>K. Randig</td>
<td>12/12/17</td>
</tr>
<tr>
<td>2.0</td>
<td>Refined definition</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>K. Randig</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td>Added list of activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Embedded decision tree</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Updated unique object codes</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>K. Randig</td>
<td>12/12/17</td>
</tr>
<tr>
<td>3.3</td>
<td>Deleted Awards for Innovation. It will be recorded in CSU fund 485</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>K. Randig</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td>Replaced with capital projects</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.0</td>
<td>Added guidance on non-exchange transactions</td>
<td>Lily Wang</td>
<td>Sheralin Klinthong</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td>7.0</td>
<td>Added Records Retention and Disposition Schedules link</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>K. Randig</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td>Added EO 1103 – Centers and Institutes</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.4</td>
<td>Added section regarding interfund loans</td>
<td>N. Bryant</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/24/18</td>
</tr>
</tbody>
</table>
CHAPTER 17
CAPITAL PROJECTS – SYSTEMWIDE REVENUE BOND (SRB)

1.0 OVERVIEW AND DEFINITIONS:

The State University Revenue Bond Act of 1947 (Education Code Section 90010) gives CSU the authority to issue revenue bonds to fund specific self-supporting programs. The statute has enabled CSU to finance student housing, student unions, parking facilities, health facilities, extended education facilities and certain auxiliary organization facilities. In 2003, CSU initiated its Systemwide Revenue Bond program under the authority granted in Ed Code 90010. In 2015, the Senate Trailer Bill 860 and Education Code Section 89770 allowed the CSU to include academic facilities as part of the SRB program.

In this chapter, we will focus on the capital projects funded by the Systemwide Revenue Bonds (SRB) Program. For discussion regarding accounting for the debt arising from issue of the bonds, see Chapter 22.

The SRB program is designed to provide lower cost debt and greater flexibility in financing revenue bond projects. Additionally, the SRB program pools several sources of revenue as the pledge for the revenue-producing projects rather than relying on specific pledged revenues to support specific debt obligations. The Revenue Bond Indenture requires that an audit of the bonds be conducted each year. The audit must be completed by late October to satisfy the many deadlines imposed by interested parties. Given the bond indenture requirements, the SRB audit is run concurrently with the CSU system-wide audit.

Bonds are issued to provide funding for board-approved construction projects. Depending on the timing of bond issuance, temporary financing is obtained via Bond Anticipation Notes (BANs) through the issuance of commercial paper (CP)\(^1\). When the market rate is favorable, the projects are bundled into a bond issuance that is used to pay off the temporary funding and may include additional funds for new projects. Similar to the BANs, revenue bond proceeds are held in the Dormitory Construction Fund, state fund 0576, at the State Controller’s Office (SCO). The State Treasurer is the trustee of the SRB proceeds. The Chancellor’s Office (CO) records the cash and investment activities in state fund 0576. A participating campus is given authority via an allocation order (AO)\(^2\) and Cash Transfer Letter (CTL)\(^2\) to spend against the proceeds. The

---

\(^1\) For more information on BANs and CP, refer to Chapter 22, Capital Projects-Debt.
\(^2\) For definition, see Glossary in Appendix 12.
allocation order process begins with Finance & Treasury (F&T). F&T initiates the process by submitting a Request for Allocation Order (RAO) to the Systemwide Budget Office. The AO is issued by the Systemwide Budget Office to the campus, and the CTL is issued by CO Accounting to the SCO through a Transaction Request form. CO Accounting submits a separate Transaction Request form to the SCO to set up a budget spending authority based on the AO. This amount adds to the budget balance available (BBA) on the campus SCO Agency Reconciliation Report (also known as the Tab Run).

Terms to be used within this chapter are defined as follows:

1. **Capital expenditure** can be any of the following:
   a. The cost to acquire real property; design, construct or equip academic facilities to address seismic and life safety needs, enrollment growth, or modernization of out-of-date facilities; and renew or expand the infrastructure to serve academic programs.
   b. The cost to design, construct or equip energy conservation projects.
   c. The cost of deferred maintenance of academic facilities and related infrastructure.

   These do not define capital expenditures for capitalization purposes as defined by the GAAP standards. Refer to discussion in section 6.0, *GAAP Impact*.

2. **Public Contract Code** establishes the maximum costs of a project that may be budgeted as a minor capital outlay project and requires the project cost to be adjusted biennially. Public Contract Code defines a "project" as the erection, construction, alteration, repair, or improvement of any structure, building, road or other improvement of any kind. The CSU has adopted this code to include both maintenance/repair and capital improvement projects as follows:
   a. **Major Project**: A project costing more than $656,000.
   b. **Minor Project**: A project costing less than or equal to $656,000.

3. **CSU project categories**:
   a. **Maintenance/repair project**: There are two categories of maintenance and repair projects. There is no dollar limit on the use of operating funds for

---

2 As defined by Education Code Section 89770(b) 1, 3, 4.
3 EO 672 (Proposed): Campuses will be required to have an approval process whereby the president or his designee approves projects greater than $100,000, but less than or equal to $656,000.
maintenance and repair projects and Board of Trustees’ approval is not required, except if debt financing is needed.

i. **Recurring maintenance/repair:** Activities, typically in cycles less than one year, required for ongoing, routine operations and maintenance of buildings and equipment. Work necessary to keep facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds in good repair, appearance and operating condition.

ii. **Non-recurring maintenance/repair (NRMR) – deferred maintenance:** Work required to restore facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds to their original condition or to such condition that they can be effectively used for their intended purpose, ensuring ongoing operation of the campus. Typically, this work occurs on cycles greater than one year (and is not funded as part of the new space budget allocation). Some campuses budget non-recurring maintenance separately and, for example, may establish (1) use one-time funds for such expenditures, or (2) set aside permanent base funds to address non-recurring maintenance and deferred maintenance.

b. **Capital Improvement Project (CIMP):** An activity which improves or alters an existing space or creates new space. New construction of facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds are all capital expenditures, as distinguished from Maintenance/repair.

2.0 **FUND SPECIFICS:**

The Dormitory Construction Fund (state fund 0576) and the related CSU funds (based on program), as listed below, receive the allocation order and record the construction expenses.

**CSU fund 221 DCF-Housing:** To expend SRB Bond Proceeds which financed or refinanced new or existing buildings for campus student or faculty housing.

---

4 Refer to Executive Order (EO) 847, *Facility Maintenance*, for further clarification.
CSU fund 222 DCF-Parking: To expend SRB Bond Proceeds which financed or refinanced new or existing campus parking structures.

CSU fund 223 DCF-Auxiliary Facilities: To expend SRB Bond Proceeds which financed or refinanced new or existing Auxiliary Facilities.

CSU fund 224 DCF-Campus Unions: To expend SRB Bond Proceeds which financed or refinanced new or existing campus Student union buildings or facilities.

CSU fund 225 DCF-Outside Sources: used to identify third party funding where there is no revenue bond assigned. A third party could be another agency or a private party donating funds to a project. This fund is no longer used for new money.

CSU fund 227 DCF-Bond Anticipation Note (BAN): To expend BAN proceeds on short term financing, usually waiting for long term bond financing.

CSU fund 228 DCF-Auxiliary Organizations: used to record bond proceeds related to an auxiliary organization that are not transferred out of the state fund.

CSU fund 229 DCF-Extended Education: To expend SRB Bond Proceeds which financed or refinanced new or existing campus Student union buildings or facilities.

CSU Fund 230: DCF-Academic Deferred Maintenance and Capital Renewal/Capital Improvement: To expend SRB proceeds for either major or minor maintenance and repair activity that is not part of the regular on-going and scheduled maintenance of the university. This will include deferred maintenance and renewal of major systems. Necessary for reporting how much money is spent on deferred maintenance to quantify progress in addressing the deferred maintenance backlog.

3.0 **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1 CFS Project Chartfield and Project Attribute

Refer to chapter 15 for the CFS Project chartfield and project attribute reporting requirements.
3.2 Campus Accounting Entries

For the purpose of this chapter, we will focus on the campus entries. To see both the campus and the CO entries, please refer to the recorded training presentation on revenue bonds accounting; the link is provided in Section 7.0, Resources.

When BAN proceeds are obtained to begin a construction project, the campus will receive an allocation order giving them spending authority in a project expense account that has been set up at the SCO for the campus. As the campus incurs project expenses, it will file a Claim Schedule with the SCO. Campuses will record the project expenses by debiting a construction expense object code (607xxx) and crediting FIRMS object code 305022, Fund Balance Clearing. Fund Balance Clearing is used to reflect the receipts and disbursements that flow through the SCO. Below is an example of the entry:

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>6070xx</td>
<td>Construction Expense</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>305022</td>
<td>Fund Balance Clearing</td>
<td></td>
<td>XXXX</td>
</tr>
</tbody>
</table>

To record vendor payment

Once a bond is issued, the campus will receive a de-allocation order to remove the budget or spending authority from the BAN project expense account. This is done to make sure expenses for the project are no longer incurred by the campus’ BAN account. The campus will also receive an allocation order for the new bond to give them spending authority for the bond. The campus must then move all activities previously in the BAN account to the bond account. The entries would be:

**BAN Account**

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>305022</td>
<td>Fund Balance Clearing</td>
<td>1,395,866</td>
<td></td>
</tr>
<tr>
<td>607xxx</td>
<td>Construction Expense</td>
<td>1,395,866</td>
<td></td>
</tr>
</tbody>
</table>

To clear out expenses in BAN account

**Bond Account**

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>0576.XXX.222</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The campus will use the bond account for the remainder of the project expenditures; as with a BAN, they will file a Claim Schedule with the SCO and record the construction expenditure activity.

Once the capital project is completed, the campus needs to send a copy of the “Notice of Completion” to the Finance & Treasury Department at the Chancellor’s Office. Once claims and encumbrances have been satisfied, a de-allocation order is issued for the remaining balances on the campus’ tab run. The remaining bond funds will be transferred to the Dormitory Interest & Redemption Fund (DIRF), state fund 0578, to be used for interest and principal payments. Any remaining balances in fee revenue accounts or donor funds that were used to fund the project will be returned to campus revenue funds.

3.2 FIRMS Object Codes

Object codes for construction expenditures begin with 607XXX.

For a complete list of valid object codes in capital outlay funds, refer to the Legal Edits Table. See link provided in Section 7.0, Resources.

4.0 REPORTING REQUIREMENTS:

Annual audited SRB financial information is provided as supplementary schedules of the CSU system financial statements each October.

4.1 Critical Spending Requirements and Cash Flows

The CSU is subject to audit by the Internal Revenue Service (IRS) and must demonstrate that its tax-exempt Systemwide Revenue Bonds are in compliance with the Internal Revenue Code of 1986. Non-compliance could lead to the loss of the tax-exempt status of the university’s bonds and the imposition of penalties. The CSU has the responsibility to ensure proper use of bond proceeds, proper use of bond-financed facilities (through monitoring of private activity use) and
timely spend-down of bond proceeds to minimize arbitrage penalties. Consistent with the CSU debt management policies and IRS spend-down requirements, tax-exempt proceeds must be spent from the date of debt issuance as follows:

- At least 10 percent of expenditures should be paid by 6 months;
- At least 45 percent by 12 months;
- At least 75 percent by 18 months;
- 100 percent by two years.

All claims must be forwarded within 30 days of payment to vendor to the State Controller’s Office (SCO) for processing. Only expenditures that are recorded at the SCO are counted towards the benchmarks (i.e. spending requirements). Allow two weeks for the SCO to process and post claims. Campus expenditures submitted but not yet paid by the State and encumbrances are not considered expenditures.

To comply with IRS and CSU records retention requirements, campuses are to maintain the following prior to bond issuance and throughout the term of the bonds (generally 30 years), plus five years following payoff of the bonds:

a. Records documenting allocation orders and expenditures;
b. Copies of requisitions, draw schedules, draw requests, invoices, and bills and cancelled checks related to bond proceeds;
c. Records of expenditure reimbursements.

For on-line workshops related to tax-exempt bond requirements, refer to Finance and Treasury website in Section 7.0, Resources.

5.0 **FUND BALANCE:**

No special instructions.
6.0 **GAAP IMPACT:**

Refer to GAAP Manual, Chapters 5, GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor, Chapter 16, SRB Audit Requirements, and recorded training. See link provided in Section 7.0, Resources.

7.0 **RESOURCES:**

- Recorded Training – Revenue Bonds – Legal Basis Accounting
- Recorded Training – Revenue Bonds – GAAP Passdown Schedules and Entries
- Standards and Rules: Legal Edit Table
- Finance &Treasury Website
- **GAAP Manual:**
  
  Chapter 5 - GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
  Chapter 16 - SRB Audit Requirements
## REVISION CONTROL

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>CHAPTER 17 - CAPITAL PROJECTS – SYSTEMWIDE REVENUE BOND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributor:</td>
<td>Terri Williams, Lily Wang, Sheralin Klinthong</td>
</tr>
<tr>
<td>Reviewer:</td>
<td>Terri Williams, Lily Wang, Sheralin Klinthong</td>
</tr>
<tr>
<td>CO Owner:</td>
<td>Sherry Pickering</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>May 16, 2014</td>
</tr>
</tbody>
</table>

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sections 1 and 3</td>
<td>Clarified the definition and usage of CTL and added definition to Appendix 12.</td>
<td>Terri Williams</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>1/23/15</td>
</tr>
<tr>
<td>2</td>
<td>Added new CSU Funds 230</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>3.1</td>
<td>Added new Project attribute reporting</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>4.1</td>
<td>Added Critical Spending Requirements and Cash Flows</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>1.0</td>
<td>Add NRMR and CIMP definitions per CPDC</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>3/1/17</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapter 5 &amp; 16</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
</tbody>
</table>
CHAPTER 18
APPROPRIATED CAPITAL OUTLAY FUNDS

1.0 OVERVIEW AND DEFINITIONS:

In this chapter, we will cover appropriated capital outlay funds, which include the General Obligation (GO) Bond Program (otherwise known as the Higher Education Capital Outlay Bond Fund) and the Lease Revenue Bond Program. The state’s General Obligation Bond Program provides capital outlay funds to California’s institutions of higher education through voter-approved bonds. The Lease Revenue Bond Program is administered by the Public Works Board for legislatively-approved construction projects. For information on the debt related to the Lease Revenue Bond Program, see Chapter 22. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis to the CSU, the University of California and the community colleges.

Allocation to the CSU is done via a capital outlay appropriation in a state-assigned fund. See Section 2.0 for a list of the state capital outlay funds. Campuses are allowed to spend up to the appropriation limit in a specified time frame based on the Budget Act. Once the appropriation reaches its expiration date for expenditure, the unspent portion, if not encumbered (i.e. obligated via issue of a purchase order), reverts to the state. The monies appropriated are to be used for construction, renovation or replacement of higher education facilities.

Period of Appropriation Availability

The Governor's Budget includes only those projects or project phases for which funds can be encumbered within the appropriation period. Section 2.00 of the Budget Act states that, in general, appropriations and reappropriations for capital outlay pursuant to that act are available for expenditure for three years (with an additional two years for liquidation), with the exception of appropriations for studies, preliminary plans, working drawings, or minor capital outlay, which are available for encumbrance for a single year only. However, a construction appropriation reverts to its source fund at the end of the first year of appropriation availability if the Department of Finance has not allocated the funding through a fund transfer or an approval to proceed to bid.

A capital outlay appropriation provided through special legislation is also available for expenditure for three years (followed by a two-year liquidation period), unless otherwise specified or unless the chapter makes the appropriation continuous.
Expanding Funds

Funds expire at the end of the period of availability and enter the liquidation period. This means that vendor contracts must be in place before the expiration date. No new agreements can be encumbered after the expiration date. Contracts and agreements made prior to the expiration date may be augmented during the liquidation period. Change orders and extra service agreements with existing contracts are authorized during the liquidation period as long as there are unencumbered funds remaining to cover the expenditure.

Reverting Funds

The budget remaining in an appropriation (the budget balance available or BBA) on the reversion date is reverted (liquidated) automatically and returned to the source appropriation. Unless the remaining funds are re-appropriated with the new budget they are no longer available for expenditure or reimbursement. All claims against the appropriation must be filed and cleared before the reversion date or the reimbursement may not be honored. If a campus encounters a situation where the claim is not being processed by the state due to reversion of the funds, it will need to contact SRB and Capital Projects Accounting immediately so that they may intervene to attempt to resolve the issue. Refer to Contact List at the SFSR website for specific department contacts.

Important Note: Reverting funds need careful monitoring six months prior to the date of reversion to insure the funds are encumbered and claimed before the reversion date. It may also become necessary to re-appropriate the funds in order to complete the project (discussed in the next section). A sample query has been provided in Section 7.0, Resources.

Reappropriation of Reverting Funds

In the event that the reverting fund is reappropriated it will still be necessary at year end to record the State Controller’s reversion entry. Once the new budget is signed into law, the State Controller will reappropriate the budget that was reverted and the campus can restore the BBA. Any encumbrances remaining at year end in the reverting funds must also be liquidated or moved to another funding source.

Allocation Orders (AO)

An allocation order is a document issued by the Systemwide Budget Office to grant spending authority to a campus for a designated project.
**Cash Transfer Letters (CTLs)**

A CTL is a state form required to be used when moving funds held at the State from one state fund/subfund to another to pay a Claim Schedule, abate funds (a Remittance Advice is also needed for abatements), or request a Plan of Financial Adjustment (PFA). It is also used to authorize spending for specific projects from these funds.

For General Obligation Bond Funds/Higher Education Capital Outlay Bond Funds, CTL forms are available on the CO website [https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/accounting/Pages/default.aspx](https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/accounting/Pages/default.aspx). CPDC administers the appropriated funds and assigns them to each project. CPDC issues a certification letter which directs the campus to the CTL applicable to the project.

The allocation order process begins with Finance & Treasury (F&T). F&T initiates the process by submitting a “Request for Allocation Order” (RAO) to the Systemwide Budget Office. The AO is issued by the Systemwide Budget Office and the CTL is issued by CO Accounting and forwarded to the campus. CO Accounting will submit a Transaction Request to the SCO to set up a budget (spending authority) on the SCO Agency Reconciliation Report (also known as the Tab Run).

### 2.0 FUND SPECIFICS:

State capital outlay funds include the following (the last three digits specify the CSU fund assigned to that state fund):

- Fund 0574.318 - 1998 Higher Education Capital Outlay Bond Fund
- Fund 0658.317 - 1996 Higher Education Capital Outlay Bond Fund
- Fund 0785.338 - 1988 Higher Education Capital Outlay Bond Fund
- Fund 6028.319 - 2002 Higher Education Capital Outlay Bond Fund
- Fund 6041.320 - 2004 Higher Education Capital Outlay Bond Fund
- Fund 6048.321 - 2006 University Capital Outlay Bond
- Fund 0660.310 - Public Building Construction Fund (Lease Revenue Bond Fund)
- Fund 0668.322 - Public Building Construction Fund Subaccount (Lease Revenue Bond Fund)
3.0  **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1  **Recording Project Expenses**

Campuses will record the project expenses by debiting a construction expense object code (in the 607xxx series of object codes) and crediting object code 305022, Fund Balance Clearing. Fund Balance Clearing is used to reflect the disbursements that flow through the State Controller’s Office.

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>607xxx</td>
<td>Construction Expense</td>
<td>XXXX</td>
<td></td>
</tr>
<tr>
<td>305022</td>
<td>Fund Balance Clearing</td>
<td></td>
<td>XXXX</td>
</tr>
</tbody>
</table>

To record vendor payment

3.2  **FIRMS Object Codes**

Object codes for construction expenditures begin with 607xxx.

For a complete list of valid object codes, refer to the *Table of Object Code and CSU Fund Definitions* at the SFSR website.

4.0  **REPORTING REQUIREMENTS:**

No special instructions.

5.0  **FUND BALANCE:**

No special instructions.

6.0  **GAAP IMPACT:**

Refer to GAAP Manual, Chapters 4 and 5. See link provided in Section 7.0, Resources.
7.0 **RESOURCES:**

PSoft query to find reverting funds:

![Query to find Reverting Funds.docx](https://example.com/)

**GAAP Manual:**

- Chapter 4.1.3 Receivables
- Chapter 4.1.2 – Fund Balance Clearing Accounts
- Chapter 5 – GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
### REVISION CONTROL

**Document Title:** CHAPTER 18 – APPROPRIATED CAPITAL OUTLAY SCO FUNDS  
**Contributor:** Terri Williams, Lily Wang, Sheralin Klinthong  
**Reviewer:** Terri Williams, Lily Wang, Sheralin Klinthong  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 19, 2014

**Revision and Approval History**

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Updated references to Chapters: 4.1.3, 4.1.2 &amp; 5</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>3/1/18</td>
</tr>
</tbody>
</table>
CHAPTER 19
CAPITAL PROJECTS – MISC NRMR & CIMP

CSU FUND: 491 - Miscellaneous NRMR & CIMP
FUND TYPE: CSU Proprietary – Enterprise Trust Fund
AUTHORITY: Education Code Sections 89721
EO 1000

1.0 OVERVIEW:
CSU fund 491 was created in state fund 0948 to move the activities previously recorded in state fund 0947 (CSU Special Projects Fund) to state fund 0948 as part of the implementation of the Revenue Management Program (RMP) and deactivate 0947. However, a committee recently charged (October 2016 FSAC meeting) to analyze this data found similar activities are being recorded in different CSU funds. Contributing factors to this ongoing issue include unclear definitions and inconsistent guidance. As such, this fund is limited to unrestricted NRMR & CIMP activities.

1.1 Definitions
1.2 Maintenance/Repair Project: There are two categories of maintenance and repair projects.\(^1\)

\begin{enumerate}
\item \textbf{Recurring Maintenance/Repair:} Activities, typically in cycles less than one year, required for ongoing, routine operations and maintenance of buildings and equipment. Work necessary to keep facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds in good repair, appearance and operating condition.
\item \textbf{Non-Recurring Maintenance/Repair (NRMR) – deferred maintenance:} Work required to restore facilities, buildings, equipment, roads, sidewalks,
\end{enumerate}

\(^1\) Refer to Executive Order (EO) 847, \textit{Facility Maintenance}, for further clarification.
sewer and water systems, utility infrastructure, and grounds to their original condition or to such condition that they can be effectively used for their intended purpose, ensuring ongoing operation of the campus. Typically, this work occurs in cycles greater than one year (and is not funded as part of the new space budget allocation). Some campuses budget non-recurring maintenance separately and, for example, may establish (1) use of one-time funds for such expenditures, or (2) set aside permanent base funds to address non-recurring maintenance and deferred maintenance.

1.3 **Capital Improvement Project (CIMP):** An activity which improves or alters an existing space or creates new space. New construction of facilities, buildings, equipment, roads, sidewalks, sewer and water systems, utility infrastructure, and grounds are all capital expenditures, as distinguished from maintenance/repair.

See Section 7.0, Resources, for link to the GAAP Manual, Chapter 13, regarding capitalization of assets.

2.0 **FUND SPECIFICS:**

**CSU Fund 491 – Misc NRMR & CIMP:** Used to record the costs of non-recurring maintenance/repair (NRMR) and Capital Improvement Project (CIMP) projects funded with unrestricted monies according to the Capital project CSU fund matrix. See Section 7.0, Resources, for link to the GAAP Manual, Chapter 13, fund matrix.

Funding sources may include:

- Transfers from 463 (EXCEPT mandatory IRA fee), and 496
- Private contributions – non-capital
- Private contributions – capital

Since CSU fund 491 is treated as Unrestricted net position category in the GAAP financial statements, projects funded by externally restricted sources should not be recorded in this fund, but should be recorded in CSU fund 550 (see Chapter 21) or other appropriate CSU funds.
3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 FIRMS Object Codes Related to CSU Fund 491

570463    Tr In from CSU 463 -TF Instructly. Reltd Activities Trust
570496    Tr In from CSU 496 -TF Miscellaneous Trust
670463    Tr Out to CSU 463 -TF Instructly Reltd Activities Trust
670496    Tr Out to CSU 496 -TF Miscellaneous Trust

4.0 REPORTING REQUIREMENTS:

Campuses must use the PeopleSoft project chartfield to report all NRMR and CIMP projects to meet the reporting requirement of Executive Order 672 section III. In addition for system-wide reporting, campuses need to utilize the PeopleSoft Project Attributes on the PeopleSoft Project Chartfield as described in Chapter 15- Capital Projects – Funding for University Facilities.

5.0 FUND BALANCE:

Not applicable

6.0 GAAP IMPACT:

Expenditures that meet the capitalization criteria should be reversed and transferred to CSU Fund 501 as capital assets which is under Net Investment in Capital Assets net position category. Unexpended fund balance in CSU Fund 491 should be under the Unrestricted net position category. Refer to GAAP Manual Chapter 4.1.5 Capital Assets, Depreciation and Amortization.

7.0 RESOURCES:

GAAP Manual:
- Chapter 4.1.5 – Capital Assets, Depreciation and Amortization
- Chapter 13 – Capital Assets Guide

Legal Manual
- Chapter 15 - Capital Projects – Funding for University Facilities
- Chapter 15 - Fund Matrix and Project Scenarios
## Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.0, 2.0 &amp; 3.2</td>
<td>Updated chapter to remove 485 interest requirement to be recorded to 491.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K. Randig</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ALL</td>
<td>Update title and definitions to include NRMR and CIMP as only purpose of the fund.</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K. Randig</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.0</td>
<td>Updated project reporting requirements to reference Chapter 15</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K. Randig</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.1</td>
<td>Updated FIRMS object codes related to CSU fund 491</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>12/12/17</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>K. Randig</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated references to chapter 4.1.5</td>
<td>Cinthia</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/18</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Santamaria</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 21
CAPITAL PROJECTS – RESTRICTED EXPENDABLE

CSU FUND: 550 –Restricted Expendable
FUND TYPE: CSU Fudiciary Trust Fund
AUTHORITY: Education Code Section 89721(a)
Local Trust Agreement (LTA)

1.0 OVERVIEW:
CSU Fund 550 was established to record revenues and expenses for capital projects funded by outside sources other than General Obligations (GO) Bond Funds or Systemwide Revenue Bonds (SRBs).

2.0 FUND SPECIFICS:
CSU Fund 550 Restricted Expendable: Restricted Expendable-Capital Improvements/NRMR: Used for capital improvements or non-recurring maintenance and repairs funded by restricted sources, such as donated funds. Projects funded by internally designated sources are considered unrestricted and should be recorded in CSU fund 491 (see Chapter 19).

Each campus must have a Local Trust Agreement on file that support the use of funds within CSU Fund 550.

3.0 FUND MANAGEMENT AND ACCOUNTING:
3.1. FIRMS Object Codes Related to CSU Fund 550
130550 - Due from CSU 550 - TF Capital Projects, Restricted
131550 - Due from CSU 550 -TF Capital Projects, Restricted (Inter-agency)
230550 - Due to CSU 550 - TF Capital Projects, Restricted
503293 – State Contract and Grants (Capital)
503303 – Local Government Contracts and Grants (Capital)
3.2. Donor Funds

Donor funds received from outside parties for construction projects not related to Systemwide Revenue Bonds (SRB) projects may be deposited in local Trust Fund (state fund 0948). SRB projects should be recorded in State Fund 0576. For campus projects funded from restricted donor construction funds, CSU Fund 550 should be used. All capital project expenditures should be recorded in the object code series 607xxx if they are to be capitalized and donor revenues should be recorded in object code 503412, which is used for revenue from non-financial aid and capital grants from private donors.

4.0 REPORTING REQUIREMENTS:

Not applicable

5.0 FUND BALANCE:

Not applicable

6.0 GAAP IMPACT:

Expenditures that meet the capitalization criteria should be reversed and transferred to CSU Fund 501 as capital assets which is under Net Investment in Capital Assets net position category. Unexpended fund balance in CSU Fund 550 should be under the Restricted Expendable-Capital Projects net position category. Refer to GAAP Manual Chapter 4.1.5 Capital Assets, Depreciation and Amortization.

7.0 RESOURCES:

GAAP Manual:
- Chapter 4.1.5 – Capital Assets, Depreciation and Amortization
## REVISION CONTROL

**Document Title:** CAPITAL PROJECTS – CSU FUND 550 RESTRICTED EXENDABLE  
**Contributor:** Sedong John  
**Reviewer:** Roberta McNiel  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 2, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>Updated fund Description</td>
<td>N. Bryant</td>
<td>Kristina Randig</td>
<td>Kristina Randig</td>
<td>06/08/17</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated references to Chapter 4.1.5 Capital Assets, Depreciation and Amortization</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/18</td>
</tr>
</tbody>
</table>
CHAPTER 22
CAPITAL LEASE OBLIGATIONS AND DEBT

1.0 OVERVIEW AND DEFINITIONS:

This chapter addresses capital lease obligations owed by the campuses and paid through loans from commercial lenders and issue of Bond Anticipation Notes (BANs) and Systemwide Revenue Bonds (SRB).

Capital Project Related Financing Activities

Capital project related financing activities normally include (a) the acquisition and disposal of capital assets used in providing services or producing goods, (b) borrowing money for acquiring, constructing, or improving capital assets and repaying the amounts borrowed, including interest, and (c) paying for capital assets purchased from vendors on credit (governed by GASB Statement No. 9, paragraph 23). For the CSU, capital leases are frequently used as a financing mechanism.

Types of Financing

For each funding source related to a construction project, a separate and distinct state subfund must be established. Examples of funding sources are:

- **Bond Anticipation Notes (BANs).** An obligation issued by the CSU to provide short-term financing to the CSU campuses for construction projects. The BANs are purchased by the California State University Institute with proceeds from the Institute’s issuance of short-term commercial paper (CP) notes. The BANs act as collateral for the Institute’s commercial paper and contain terms consistent with the commercial paper.

- **Systemwide Revenue Bonds (SRB).** Long-term debt issued by the Board of Trustees to fund construction projects.

- **Commercial Paper Equipment Financing (CPEF).** The CSU tax-exempt commercial paper program, administered through Finance & Treasury and financed via the Institute, provides a lease-financing mechanism to fund campus purchases of eligible equipment items, including IT equipment, CMS-related projects, consisting of hardware and software program costs and

---

1The California State University Institute (Institute) is a nonprofit California corporation that is a discretely presented auxiliary organization of the CSU. The Institute's purpose is to further the mission of the California State University by facilitating centralized financing and investment programs on behalf of the California State University system, principally the commercial paper program of the California State University.
service costs, vehicles, pre-fabricated modular buildings, as well as Group II equipment for nonstate capital projects. This program, however, is not designed for financing the acquisition of real property.

- **Outside Financing for Personal Property.** Campuses may obtain financing through private lending institutions. This usually happens when the rates are lower than those offered through CPEF, when campuses prefer fixed-rate financing rather than the variable-rate financing offered through CPEF, or when campuses have insufficient reserves to pay for the equipment in advance of seeking reimbursement through CP proceeds, as required by CPEF.

- **Donor Funds.** Contributions made by external parties to fund construction projects.

- **CSU Vendor Equipment Financing** - This program offers campuses another external source of financing through participating third-party financial service providers. This program operates under a Master Enabling Agreement with pre-established contract terms and conditions fully agreed upon by all financial service providers to fulfill tax-exempt lease-financing needs of California State University (CSU) campuses and auxiliary organizations. The program is designed for financing equipment as well as capital projects relating to energy conservation or infrastructure improvements.

**Commercial paper** (CP) is issued through the Institute for two purposes:

1. Short-term funding of costs of capital outlay projects during the construction period, with the intent of retiring CP outstanding with bond proceeds upon successful completion of long-term bond issuance.

2. Personal property financing, which originally focused only on the financing of costs associated with Common Management System (CMS) software implementation. Later, the Institute began issuing commercial paper for financing of costs for equipment, as well as CMS. Eventually, CP may be issued to refinance existing equipment.

The Board utilizes the CP Program for capital financing activities through the Institute. To minimize bond issuance costs during varying construction periods, the Board may initially finance capital expenses with proceeds of commercial paper issued by the Institute and secured by BANs. The Board also utilizes commercial paper issued by the Institute to finance certain equipment and software needs of the CSU.

CP secured by BANs are generally refinanced with long-term fixed rate SRB when capacity in the CP program reaches its limit and CP capacity is needed for interim financing of other new projects, or when lower interest rate provide an environment conducive to less costly issuance of new-money bonds. When this occurs, a portion of the proceeds from the bonds will be used to redeem both outstanding CP and BANs.
2.0 FUND SPECIFICS:

The Dormitory Interest and Redemption Fund, state fund 0578, is used by the CO only to record and pay the principal and interest on SRB to the State Controller’s Office where the proceeds are held, as the State Treasurer is the trustee of the SRB proceeds. See Chapter 17 for further discussion of SRB.

Although the CO makes the semi-annual SRB debt service payments, each campus is responsible for maintaining adequate program fee revenue funding, including the collection of debt service from its auxiliary organizations, to finance these payments. One month prior to the scheduled payment due date, the CO will issue a CPO to transfer funds for the payments from the campus programs benefiting from the financing.

Similarly, for the personal property financing through CPEF, each participating campus is responsible for maintaining adequate program fee revenue to fund the debt payments. The money required for these payments is transferred to the Institute quarterly via CPO.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 CP Equipment Financing and the CSU Vendor Equipment Programs

3.1.1 CP Equipment Financing (CPEF) Program

Funding of CPEF is initiated through a CPO by the CSU Institute to the participating campus. The expenses and the reimbursement of expenses through CP equipment financing are recorded in the CSU fund that incurred the expenses and which benefits from the use of the equipment.

CPEF can be used in an operating fund or a non-recurring maintenance and repair fund. For example, a campus incurs expenses for its Common Management System (CMS) implementation costs. The CMS implementation is considered a part of campus operations. Therefore, the initial funding and expenses are recorded in CSU fund 485, Operating Fund. Subsequently, the financing of the CMS cost through the commercial paper issuance is also recorded in CSU fund 485 as a capital lease obligation.

Another example are the deferred costs of a boiler replacement. This is considered part of the campus non-recurring maintenance and repair program and therefore the initial funding and expenses are recorded in CSU Fund 486, Academic Maintenance & Repair, using object code 619001 (607XXX object codes are not allowed for CPEF). Subsequently, the financing of the boiler cost through the commercial paper issuance is also recorded in CSU fund 486 as a capital lease obligation.
3.1.2 CSU Vendor Equipment Program

The expenses and the reimbursement of expenses through the CSU vendor equipment financing program are recorded in the CSU fund that incurred the expenses and benefits from the use of the equipment. Transactions related to this program can be recorded in any of the following types of CSU funds: operating, non-recurring maintenance and repair or capital improvement. 607XXX object codes are allowed for capital financing expenditures.

3.1.3 Recording CPEF and the CSU Vendor Equipment Program Transactions

A capital lease between the campus as lessee and the Institute or outside vendor as lessor acts as security for the debt, with campus lease payments applied toward repayment. Title for equipment will transfer immediately to the campus upon execution of the lease. Therefore, the transaction does not violate the California Constitution, Article 16, Section 6, where the CSU operating fund is not permitted to be pledged against debt. Although EO 669 and EO 775 delegated authority to campus presidents to enter into lease agreements for purposes of acquiring personal property and services, auxiliary organizations do not have such authority and thus need the assistance of the campus to facilitate lease-financing.

Below is an illustration of the legal-basis accounting transactions:

<table>
<thead>
<tr>
<th>Transaction</th>
<th>FIRMS Object</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
<th>FIRMS Object</th>
<th>Description</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior to Equipment Lease</td>
<td>6xxxxx</td>
<td>Expense</td>
<td>(1)</td>
<td></td>
<td>110xxx</td>
<td>Fixed Asset</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>101100</td>
<td>Cash / Investments</td>
<td></td>
<td></td>
<td>302xxx</td>
<td>Inv in Fixed Asset</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Receipt of CP Finance Funding</td>
<td>101100</td>
<td>Cash / Investments</td>
<td>(2)</td>
<td></td>
<td>190090</td>
<td>Other Assets</td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>260002</td>
<td>Lease/Purchase Contracts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(2)</td>
</tr>
<tr>
<td>Reclassify &quot;annual&quot; capitalized interest to capital assets*</td>
<td>660006</td>
<td>Interest on Bonds &amp; Notes</td>
<td>(3)</td>
<td></td>
<td>110xxx</td>
<td>Fixed Asset</td>
<td>(3)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>190090</td>
<td>Other Assets</td>
<td></td>
<td>(3)</td>
<td>302xxx</td>
<td>Inv in Fixed Asset</td>
<td></td>
<td>(3)</td>
</tr>
<tr>
<td>Record Quarterly Payments</td>
<td>260002</td>
<td>Lease/Purchase Contracts</td>
<td>(4)</td>
<td></td>
<td>660006</td>
<td>Interest on Bonds &amp; Notes</td>
<td>(4)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>101100</td>
<td>Cash / Investments</td>
<td>(4)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(4)</td>
</tr>
<tr>
<td>Year-End Accrual of Interest Expense Payable</td>
<td>660006</td>
<td>Interest on Bonds &amp; Notes</td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>(5)</td>
</tr>
<tr>
<td></td>
<td>204001</td>
<td>Accrued Interest Payable</td>
<td></td>
<td>(5)</td>
<td></td>
<td></td>
<td></td>
<td>(5)</td>
</tr>
</tbody>
</table>

*Campus that has capitalized interest in its payment schedule should capitalize the "annual" capitalized interest to capital assets (e.g. CWIP) as part of the CMS cost during the application development phase. Once the CMS project is ready for its intended use, any remaining capitalized interest balance should be classified annually to interest expense.

Note: The numbers in parentheses under the Debit and Credit columns represent each entry number. These numbers correspond to the entries derived into the GAAP Business Unit or ledger.
With regard to accounting transaction #2 in the table above, the charge to Other Assets is for capitalized interest. For discussion on capitalized interest, refer to Chapter 5-7 of the GAAP Manual. See the link provided in Section 7.0, Resources.

With regard to accounting transaction #4, for the CPEF program, the lease payments are due quarterly, on February 1st, May 1st, August 1st, and November 1st. Campuses are required to pay the CSUI one month prior to these dates. For the CSU Vendor Equipment Program, refer to the lease agreement for payment terms.

For further information on the equipment program financing options, see link Financing & Treasury Tax-Exempt Commercial Paper / Equipment Financing Program provided in Section 7.0, Resources.

3.2 Donor Funds
Donor funds received from outside parties for construction projects may be deposited in state fund 0948. For externally restricted capital projects specific to Auxiliary Enterprise Funds (also referred to as SRB programs), the following CSU funds should be used: Fund 442 (Extended Education); Fund 453 (Health); Fund 473 (Parking); Fund 533 (Housing) and Fund 536 (Union). For other campus projects funded from restricted donor construction funds, CSU fund 550, Restricted Expendable-Capital Projects, should be used. All capital project expenditures should be recorded in the object code series 607xxx if they are to be capitalized and donor revenues should be recorded in object code 503412, Nongovernmental Contracts and Grants Capital, which is used for non-financial aid and capital grants from private donors.

4.0 REPORTING REQUIREMENTS:
Issuance of annual audited financial statements for both SRB and the Institute. These audited financial statements are issued by the CSU each October.

5.0 FUND BALANCE:
No special instruction.

6.0 GAAP IMPACT:
Refer to GAAP Manual, Chapter 4.3.5 Capital Lease Obligations, Chapter 5 GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor and Chapter 16 SRB Audit Requirements, and the recorded training. See links provided in Section 7.0, Resources.

7.0 RESOURCES:

Executive Order 669 – Lease Agreements

Executive Order 775 – Acquisition of Personal Property

Executive Order 994 – Financing and Debt Management

Financing & Treasury Tax-Exempt Commercial Paper / Equipment Financing Program

Recorded Training – Revenue Bonds – Legal Basis Accounting

Recorded Training – Revenue Bonds – GAAP Passdown Schedules and Entries

GAAP Manual:

Chapter 4.3.5 - Capital Lease Obligations
Chapter 5 - GAAP Adjustments or Reclassifications that Require Information from The Office of the Chancellor
Chapter 16 - SRB Audit Requirements
## REVISION CONTROL

**Document Title:** CHAPTER 22 – CAPITAL LEASE OBLIGATIONS AND DEBT  
**Contributor:** Sheralin Klinthong, Lily Wang, Terri Williams  
**Reviewer:** Sheralin Klinthong, Lily Wang, Terri Williams  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 20, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Added details on the CSU Vendor Equipment Financing program</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>R. McNiell</td>
<td>9/28/16</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Syrus En</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter references to Chapters 4.3.5, 5 &amp; 16</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/18</td>
</tr>
</tbody>
</table>
CHAPTER 23
COST RECOVERY ACTIVITIES

AUTHORITY:  
ICSUAM 3552.01 - Cost Allocation / Reimbursement Plans for the CSU Operating Fund  
Executive Order (EO) 1000 - Delegation of Fiscal Authority and Responsibility

1.0 OVERVIEW
Per the Integrated CSU Administrative Manual (ICSUAM) on Cost Allocation/Reimbursement, it is the policy of the California State University (CSU) to recover both direct and indirect costs incurred in providing services, products, and facilities to other funds within the university or between the CSU, auxiliary organizations, and external parties. Recovery of direct costs must be based on actual costs incurred. Recovery of indirect costs must be based on an allocation plan. The campus cost recovery plan addressing direct and indirect costs is approved annually by the campus Chief Financial Officer (CFO). Each campus must prepare procedures that implement this policy. See ICSUAM 3552.01 – Cost Allocation/Reimbursement Plans for the CSU Operating Fund, link provided in Section 7.0, Resources.

2.0 FUND SPECIFICS:
Cost recovery can be recouped by any CSU fund that performs services or provides goods for another CSU fund. However, emphasis is placed on the CSU operating fund 485 as evident in ICSUAM 3552.01 and EO 1000.
3.0 FUND MANAGEMENT AND ACCOUNTING:

3.1 Cost Recovery (also known as reciprocal activities or exchange transactions)

Cost recovery activities, also known for GAAP purposes as reciprocal activities if within CSU, or exchange transactions if with auxiliary organizations or 3rd parties.

The term “cost recovery” largely replaced the old term “reimbursed activities”, with the exceptions of two reimbursement object codes; 505110-Reimbursements State, and 505201-Reimbursements External.

Unique Cost Recovery FIRMS Object Codes

Provider revenue object codes
- 580094 Cost Recovery from Other CSU Funds within 0948
- 580095 Cost Recovery from Auxiliary Organizations
- 580096 Cost Recovery from Other State Funds
- 580194 Cost Recovery from Other CSU Funds within 0948 (between campuses or CO)
- 580196 Cost Recovery from Other State Funds (between campuses or CO)
- 580090 Other Operating Revenues (excluding student fees)

Receiver expense object codes
- 617001 Services from Other Funds/Agencies
- 617101 Service from Between Campuses and the CO (interagency)
- 607032 Capital-Construction Management

For a complete listing of definitions, refer to Appendix 19 in the Legal Manual. See link provided in Section 7.0, Resources.

Inter-agency cost recovery between campuses or between campuses and the CO will use object codes 580194-Cost Recovery from Other CSU Funds within State Fund 0948 Between Campuses or CO, or 580196-Cost Recovery from Other State Funds Between Campuses or CO. Campuses and the CO need to be mindful of when it’s appropriate to eliminate the double counting of revenue as shown in the matrix below.
3.2 Shared Services

Often times campus contract with another campus or the CO to provide services. For example, CO contracts with Northridge to assist with and provide support for eTravel. All costs related to the contract, including payroll, are to be recorded as a cost to the service provider campus and then the remitting campus will reimburse.

The following is the process for providing services between campuses and/or the Chancellor’s Office:

1. Remitting campus (campus that will “remit” payment for the service) reaches out to the service provider (campus “receiving” reimbursement) to negotiate the service.
2. An MOU is initiated by remitting campus, including the chartfields to record the transaction.
3. The service provider campus’ accepts the scope of work and provides approval signature on MOU.
4. Once the MOU is completed, services are performed by the service provider.
5. At the appropriate time, the service provider will request a CPO and include the approved MOU. No additional approval by the remitting campus is needed.
6. Financial services accounting processes and distributes the CPO to move cash from the remitting campus to the receiving campus. Services for the remitting campus will be recorded to 617101, Services between campuses, and the receiving campus will record cost recovery revenue 580194.

3.3 Direct Reimbursement (Direct Allocation of Costs)

A direct reimbursement is when the provider acts as a conduit or pass-through, and abates the reimbursement against the original expense. A common example would be systemwide contracts purchased on the behalf of the campuses. The product or service is provided by a third party, not the campus or CO. The campus or the CO receives and pays the bill and allocates the expense across various campuses and reduces the expense of the centrally paid department.

Note for payroll-related reimbursements, these are paid by the home campus through the payroll system and any allocation of costs must be accounted for as an exchange of services. Therefore,
the use of object code 580194, Cost Recovery from Other CSU Funds within State Fund 0948, and 617101 Interagency Services are required.

3.4 Extended Education

Extended Education program cost recovery activities for special sessions and Open University will follow the systemwide cost recovery guidelines set forth in this document. Cost recovery revenue will be recorded using object code 580094; cost recovery expense will be recorded in CSU fund 441-TF CERF Extended Education using object code 617001 Services from Other Funds, or 617101, if interagency, for indirect cost, and object codes corresponding to the initial posting (e.g. 601xxx and 603xxx) for direct cost.

Accounting treatment to record campus partnership and open university allocations can be found in the CE/EE Program Reinvestment Allocation Guideline (see link provided in Section 7.0, Resources).

3.5 Sponsored Programs

Sponsored Programs Administration developed a series of FIRMS object codes for the sales and purchases of services between campuses, or between campuses and the CO, for a price approximating their external exchange value. The “seller” party who performs the service will report interagency cost recovery revenue (object code 580194) The "purchaser" party who receives the service should report the expense to a FIRMS object code in the series 62010X-, SP Interagency Sub-recipient, or in the series 62310X, SP Interagency Services.

The interagency and interfund services provided and used must be eliminated per the matrix in section 3.1.

3.5.1 Faculty Release Time

At times, a faculty member is awarded a grant or other type of agreement that requires a certain level of effort that may be met by being released from teaching units to perform other work. This can be either reimbursed time charged to a grant or agreement or may be assigned time proposed as cost match/share. When this happens, a replacement is hired to fill the resulting vacancy. Below are different scenarios to recognize the grant, and record the expenses and/or cost recovery for the released and replacement faculty.
• For auxiliary organizations (e.g. Foundation), record released faculty salaries and benefits expenses in CSU operating fund 485.

• For campuses (state side), record released faculty salaries and benefits expenses in CSU fund 465 TF-Contracts and Grant Trust. The CO recommends campuses use LCD to post the salaries and benefits directly 465 for twelve-month appointments (i.e. staff or department chair). LCD may not work well for academic year appointments because the timing of the payroll may not match the grant time worked.

• For Extended Education, record externally funded and campus-operated sponsored programs (grants & contracts) to CSU fund 465 TF-Contracts and Grant Trust, as well as the related release time faculty salaries and benefit expenses. Record the award and related expenses for an internally funded (within CSU fund 441) award or contract training in CSU fund 441-TF Extended Education.

• The replacement faculty must be recorded in CSU fund 485.

• The NACUBO program code for the released faculty expenses related to the grant must follow the program code for the grant. This requirement became effective as of July 1, 2010 for legal- and GAAP-basis reporting. This requirement also applies to cost match/share where the campus is required to contribute a specified share of the funding as part of the grant agreement.
Illustration:

<table>
<thead>
<tr>
<th>Faculty Release Time</th>
<th>485</th>
<th>465</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost recovery (if with Aux Org)</td>
<td>580095</td>
<td>$ (100)</td>
</tr>
<tr>
<td>OR</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Grant revenue (if on State side)</td>
<td>503107</td>
<td>$ (100)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Faculty Release Time (with cost match)</th>
<th>485</th>
<th>465</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full-time faculty for released month (if with Aux Org)</td>
<td>Sal &amp; Ben</td>
<td>02xx, 03xx, etc.</td>
</tr>
<tr>
<td>Full-time faculty for released month (if on State side)</td>
<td>Sal &amp; Ben</td>
<td>02xx, 03xx, etc.</td>
</tr>
<tr>
<td>Part-time faculty replacement month</td>
<td>Sal &amp; Ben</td>
<td>0101</td>
</tr>
</tbody>
</table>

CSU Business Process Guideline – Faculty Release Time and Cost Match provides recommended methods, based upon sound business judgment, for recording Faculty Release Time (FRT) and grant-related cost match. **This guideline can be found as an embedded document in Section 7.0, Resources.**

It is recommended that object code 580097-*Federal Financial Aid Admin Allowance* be recorded in CSU fund 485 for the following reasons:

- It enables administrative allowances related to financial aid CSU funds to be recorded in one CSU fund to simplify the expense allocation, and if staff resources to administer the financial aid are equivalent to one FTE to stay intact.
• Using 580097 in CSU fund 485 will not require any GAAP reclassification as it will map to the correct GAAP natural classification and net position category (unrestricted).

3.6 Capital Project Management Fee

Campus (i.e., the department responsible for planning and overseeing construction of campus facilities) may charge a project administrative fee, within the limits approved in the project budget, for administering capital projects.

The capital project fund that used the service recognizes an expense as part of the capital project costs. Normally, project management costs are recorded as expenses in object code 607032-Capital-Construction Management in capital outlay funds, and the project management fee received is recorded in the service fund as cost recovery revenue.
Illustration:

<table>
<thead>
<tr>
<th>SCO</th>
<th>CSU</th>
<th>Account</th>
<th>Program</th>
<th>Debit</th>
<th>Credit</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Construction Fund</td>
<td>xxxx</td>
<td>xxx</td>
<td>607032</td>
<td>Project Mgmt Fees</td>
<td>0706</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>xxxx</td>
<td>xxx</td>
<td>607037</td>
<td>Insurance</td>
<td>0706</td>
<td>25</td>
<td>25</td>
</tr>
<tr>
<td></td>
<td>xxxx</td>
<td>xxx</td>
<td>305022</td>
<td>FBC</td>
<td>9002</td>
<td>125</td>
<td>125</td>
</tr>
<tr>
<td></td>
<td>xxxx</td>
<td>xxx</td>
<td>724004</td>
<td>Transfers</td>
<td>1301</td>
<td>1301</td>
<td></td>
</tr>
<tr>
<td>Capital Project Management</td>
<td>0948</td>
<td>485</td>
<td>101100</td>
<td>SWIFT Cash</td>
<td>9002</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>580094</td>
<td>Cost Recovery Revenue</td>
<td>5000</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>601xxx / 603xxx</td>
<td>Salaries &amp; Benefits</td>
<td>xxxx</td>
<td>80</td>
<td>80</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>724004</td>
<td>Transfers</td>
<td>1301</td>
<td>1301</td>
<td>1301</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aux. Org. Project (A)</td>
<td>0948</td>
<td>485</td>
<td>601xxx / 603xxx</td>
<td>Salaries &amp; Benefits</td>
<td>xxxx</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>101100</td>
<td>SWIFT Cash</td>
<td>9002</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>101100</td>
<td>SWIFT Cash</td>
<td>9002</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td>0948</td>
<td>485</td>
<td>580095</td>
<td>Cost Recovery Revenue</td>
<td>5000</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td>General Fixed Asset Group</td>
<td>0997</td>
<td>501</td>
<td>110008</td>
<td>CWIP</td>
<td>9002</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>0997</td>
<td>501</td>
<td>302xxx</td>
<td>Investment GFA</td>
<td>9002</td>
<td>105</td>
<td>105</td>
</tr>
<tr>
<td></td>
<td>0997</td>
<td>501</td>
<td>724004</td>
<td>Transfer</td>
<td>1301</td>
<td>1301</td>
<td>1301</td>
</tr>
<tr>
<td>Auxiliary Organization's Books (A)</td>
<td></td>
<td></td>
<td></td>
<td>CWIP</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Cash</td>
<td>500</td>
<td>500</td>
<td>500</td>
</tr>
</tbody>
</table>

(A) Auxiliary organization construction project managed by the campus. In this example, the auxiliary does not have the resource to manage and administer the project.

* Project management revenue for the entire project
** Project management expense for the year. This example assumes expenses incurred all relate to salaries & benefits

### 3.6.1 CPDC Capital Project Management Fee and Insurance Programs

Capital Planning, Design and Construction (CPDC) bills campuses for capital project administrative fees and construction insurance premiums. The administrative fee expense should be recorded against FIRMS object code 607032 - Capital-Construction Management in capital funds and the Chancellor’s office will perform the elimination entries.

Insurance premiums should be expensed against the capital project using FIRMS object code 607037-Capital-Insurance Premium Expense (see illustration above). The insurance programs
include Builder’s Risk Insurance (BRIP), Seismic Self-Insurance and Owner Controlled Insurance (OCIP). BRIP provides insurance coverage for material and project costs during the construction phase. In the event of an earthquake during construction the CSU is responsible for up to five percent of the contract amount in excess of the deductible. The seismic self-insurance program covers this gap in coverage. Participation in BRIP and the seismic self-insurance program is required for all major capital projects (currently where project cost exceeds $709,000). OCIP provides protection of some (but not all) of the insurable risks that exist on a construction project. The insurance purchased will be endorsed to extend coverage of the policy to any enrolled prime contractors, subcontractors, or sub-subcontractors. OCIP is required for projects having a construction estimate greater than $10 million.

Service charges from the State Fire Marshal (SFM) are invoiced directly to the campuses. Both capital project and non-capital SFM costs should be recorded against FIRMS object code 617101 as well as services provided by CPDC LUPER (Land Use Planning & Environmental Review).

3.7 Capital Project Services Other than Project Management by Campus Employees

Capital project funds will record services performed by campus employees as a cost recovery expense in FIRMS object code 617001. The fund that incurred the labor costs posted in 601xxx and 60xxx object codes from the processing of payroll will record a cost recovery revenue for those charges using object code 580094.

3.8 Critical Response Unit (CRU) Reimbursements

Campus’ University Police Department (UPD) submits charges for reimbursement to the CO for Critical Response Unit (CRU) Call Outs, Board of Trustee Security (BOT) activities and training.

CRU consists of approximately 60 officers deployed from various CSU campus police departments. The team is specially trained in various aspects of law enforcement response such as urban search and rescue, dignitary protection, crowd control, warrant service, firefighting, vehicle extraction and other specialized activities. CRU can only be activated at the Chancellor’s request. The BOT Team consists of approximately 25 officers employed by the various CSU campus police departments. The team is specially trained in matters concerning the protection of individual dignitaries, protection of public meetings, issues associated with the disruption of public meetings and/or the governance process. The BOT Team is activated for each BOT meeting.

CRU and BOT charges typically include labor and travel (transportation, hotel, food [if not paid separately by CO], and incidentals.) Additional charges in certain instances might include equipment. Labor charges include regular straight time, overtime, and backfill salaries (not
benefits) approved by the campus’ Police Chief (or designee.) Travel charges accepted include those submitted and approved in accordance with local campus policies. Equipment and other charges require pre-approval by a CRU Chief or the BOT Chief as authorized by the CO. All reimbursements are subject to periodic review by a CRU Chief (or Commander) or the BOT Incident Commander. All reimbursements are to be submitted via CPO within 90 days of the event. Effective 7/1/2017, Labor costs are no longer to be charge directly to the Chancellor’s office through the payroll system.

Costs and allowable reimbursements are outlined below:

1. CRU Call outs:
   a. Campuses will seek reimbursement from the CO for:
      i. Travel, if not paid centrally.
      ii. Labor costs except benefits
   b. Benefits are to be covered by the home campus for their assigned personnel.
   c. Host campus will be charged a flat amount per call out.

2. BOT:
   a. Campuses will seek reimbursement from the CO for:
      i. Travel, if not paid centrally.
      ii. Labor costs except benefits
   b. Benefits will be covered by the home campus for their assigned personnel.

3. Trainings:
   a. The campuses will cover labor costs for their assigned personnel.
   b. Campuses will seek reimbursement from the CO for Travel only, if not paid centrally.

All charges must be compiled by event in a spreadsheet (see sample in the Resource section) which includes a separate line per employee/per day for labor. Straight, Overtime, and Backfill salary costs must be noted as such. Other charges must be listed by employee/by day; and include the type of expense (e.g. travel). The CPO also needs to include an authorizing campus signature. Support (travel claims, etc.) must be maintained by each campus and available for periodic review, if requested. This support does not have to be submitted with the CPO.

4.0 Reporting Requirements:

For system-wide reporting to the SCO by state fund, object code 580094 is eliminated.

5.0 Fund Balance:

None
6.0 GAAP IMPACT:

For GAAP, object codes 580094-Cost Recovery from Other CSU Funds within state fund 0948, 580096-Cost Recovery from Other State Funds are eliminated.

When cost recovery revenues and expenses don’t net to zero (internal customers only) due to reserve build-up\(^1\), the treatment of the difference shall be reported for GAAP. Excess revenues should be reclassified in GAAP as transfers in in the service-provider fund and transfers out in the customer fund. This usually happens when there is a reserve built into the goods or services provided. Since there is no corresponding expense to offset the revenue, it becomes a transfer between funds. When reclassifying the expenses in the customer fund(s) to transfers under this scenario, an allocation across multiple NACUBO program codes may be necessary. Campuses may execute this allocation using various methods at their discretion so long as the net amount remaining in the various NACUBO program group codes are reasonably stated.

Eliminate double-counting of cost recovery activities. Additionally, if the project administration expense is capitalizable as part of the capital asset costs, then the expense that is capitalized must also be eliminated. Conceptually the project management fee is only capitalizable to the extent of the actual expenses incurred during the year.

For subscriptions or any other contracts where the contract period extends into the next fiscal year, the portion of the expense pertaining to a future period should either be recorded on the legal books as prepaid expense FIRMS object code 107090 or as a GAAP adjustment to 711107 at year-end. The campus will determine the business practice to follow.

7.0 RESOURCES:

ICSUAM Policy 3552.01 - Cost Allocation/Reimbursement Plans for the CSU Operating Fund

Executive Order 1000

Legal Edits Table

RMP Document #5 - Campus Service Providers

---

\(^1\) Reserve build-up is when an added charge is built into the cost in order to generate net income that may be used as a reserve for repair and maintenance or capital purchases.
COST RECOVERY ACTIVITIES

Reciprocal/Nonreciprocal and Exchange/Nonexchange Matrix

Legal and GAAP Manuals

CE/EE Program Reinvestment Allocation Guideline

FIRMS Data Element Dictionary

CSU Business Process Guideline – Faculty Release Time and Cost Match
REVISION CONTROL

Document Title: CHAPTER 23 - COST RECOVERY
Contributor: Shirleen Noonan/Kelly Cox
Reviewer: Lily Wang
CO Owner: Roberta McNiel
Issuance Date: January 27, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Removed reference to allowability of transfer out of investment earnings to CSU fund 550. Investment earnings can only be transferred from 485 to 491.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/14/14</td>
</tr>
<tr>
<td>3.3</td>
<td>Removed discussion regarding cost match GAAP reclassification as it no longer applies.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/14/14</td>
</tr>
<tr>
<td>6.0</td>
<td>Included GAAP Manual reference relating to GAAP cost match reclassification.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/14/14</td>
</tr>
<tr>
<td>3.3</td>
<td>#9 - Updated definition of faculty release time.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/2/15</td>
</tr>
<tr>
<td>Title</td>
<td>Updated to accurately reflect contents.</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>Chris Canfield</td>
<td>2/22/17</td>
</tr>
<tr>
<td>3.1</td>
<td>Included additional transfers due to the implementation of CH 15.</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>Chris Canfield</td>
<td>2/22/17</td>
</tr>
<tr>
<td>3.2</td>
<td>Removed Options 1 and 2</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>Chris Canfield</td>
<td>2/22/17</td>
</tr>
<tr>
<td>3.1</td>
<td>Added FIRMS object codes</td>
<td>Lily Wang</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>7/6/17</td>
</tr>
<tr>
<td>Overall</td>
<td>Revised chapter to make it topic specific rather than fund specific. Removed discussion on reciprocal vs. non-reciprocal (non-exchange) transactions.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>S. Pickering</td>
<td>1/8/18</td>
</tr>
<tr>
<td>3.2</td>
<td>Added section shared service</td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>6/12/18</td>
</tr>
</tbody>
</table>
### COST RECOVERY ACTIVITIES

<table>
<thead>
<tr>
<th></th>
<th>Added section on direct reimbursement</th>
<th>Kelly Cox</th>
<th>Lily Wang</th>
<th>S. Pickering</th>
<th>6/12/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3</td>
<td><strong>Added section Capital Project Services Other than Project Management by Campus Employees</strong></td>
<td>S. Pickering</td>
<td>S. John</td>
<td>S. Pickering</td>
<td>6/12/18</td>
</tr>
<tr>
<td>3.8</td>
<td><strong>Added section critical response unit</strong></td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>6/12/18</td>
</tr>
<tr>
<td>6.0</td>
<td><strong>Added language about accounting treatment for subscriptions or contracts that extend beyond one fiscal year</strong></td>
<td>Kelly Cox</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>6/12/18</td>
</tr>
</tbody>
</table>
CHAPTER 24
INTERNATIONAL PROGRAMS

CSU FUND: 464 – International Programs
FUND TYPE: CSU Proprietary – Enterprise Trust Fund
AUTHORITY: EO 1000 – Section IIIA

1.0 OVERVIEW AND DEFINITIONS:

Developing intercultural communication skills and international understanding among its students is a vital mission of the California State University (CSU). Since its inception in 1963, CSU International Programs (IP) has contributed to this effort by providing qualified students an affordable opportunity to continue their studies abroad for a full academic year. More than 15,000 CSU students have taken advantage of this unique study option.

International Programs participants earn resident academic credit at their CSU campuses while they pursue full-time study at a host university or special study center abroad. International Programs serves the needs of students in over 100 designated academic majors. Affiliated with more than 70 recognized universities and institutions of higher education in 18 countries, International Programs also offers a wide selection of study locales and learning environments.

International Programs is operated centrally at the Chancellor’s Office. When students participate in the program, they pay tuition fees and other program costs directly to the Office of International Programs at the Chancellor’s Office instead of paying to their home campuses.

It should be noted that this chapter focuses on the centrally operated international program. Campuses also offer other study abroad programs, such as the University Study Abroad Consortium (USAC). These programs offer semester or summer study, rather than for the full academic year.
For additional information about International Programs, please see the CO website, link provided in Section 7.0, Resources.

2.0 FUND SPECIFICS:

CSU Fund 464, International Programs Trust: Used to record all activities related to student study abroad programs. International Program student fees and fines cannot be used for scholarships if the fees were not approved to include scholarships as an allowable expense. The Chancellor’s Office records all activities related to CSU student study abroad programs including, but not limited to, mandatory health insurance, group activities, pre-departure & arrival costs, temporary housing and meals, airport transfers, residency permits and other overseas university student fees. Tuition, Non-Resident Tuition and Study Abroad fees are recorded in CSU fund 485.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

IP is a full academic year program. Students pay their tuition and program expenses in advance. The prepayment is first recorded in a Collected in Advance account in CSU fund 464. Tuition revenue is recognized and reclassified to the Operating Fund, CSU fund 485, during the year to offset operating expenses. Program revenue, as described in Section 2.0 of this chapter, is recognized in CSU fund 464 as program expenses are incurred.

At the end of the fiscal year, unused program funds are returned to the students, and program deficits are collected from the students based on a reconciliation performed by each country’s program director of the estimated program cost collected from students in advance and the actual cost incurred by these students.

For a complete list of valid object codes, refer to the Legal Edits Table, link provided in Section 7.0, Resources.

4.0 REPORTING REQUIREMENTS:

None
5.0 FUND BALANCE:

The campus reserve policy is recorded in ICSUAM 2001.00, which is located on the ICSUAM website. See link provided in Section 7.0, Resources.

For further instructions for recording the reserves in the ledger, please see Chapter 4, Section 5.0, Year End.

6.0 GAAP IMPACT:

Examine whether the international program revenue and program expenses in CSU fund 464 should be reclassified to unearned revenues, student receivables and/or prepaid expenses. See Chapter 4 of the GAAP Manual for further discussion.

7.0 RESOURCES:

International and Summer Programs

Standards and Rules: Legal Edit Table

ICSUAM Budget Policy 2001.00 – Campus Reserves
## REVISION CONTROL

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>CHAPTER 24 - CSU FUND 464 – International Programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributor:</td>
<td>Lilian Audet</td>
</tr>
<tr>
<td>Reviewer:</td>
<td>Lily Wang</td>
</tr>
<tr>
<td>CO Owner:</td>
<td>Roberta McNiel</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>January 14, 2014</td>
</tr>
</tbody>
</table>

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.0 and 7.0</td>
<td>Added information regarding ICSUAM</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>Roberta McNiel</td>
<td>4/11/2016</td>
</tr>
<tr>
<td></td>
<td>2001.00 – Campus Reserves</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 25
ENDOWMENT TRUST

CSU FUND: 466 – Endowment Trust
FUND TYPE: CSU Fiduciary Private Purpose Trust
AUTHORITY: Executive Order 1000 – Section IIIA

1.0 OVERVIEW AND DEFINITIONS:

It is the policy of the California State University (CSU) that, in accordance with Education Code 89721, the Chief Fiscal Officer of each campus of the CSU shall deposit into and maintain in local trust accounts or in trust accounts in accordance with Sections 16305 to 16305.7, inclusive, of the Government Code, or in the California State University Trust Fund, moneys received in connection with endowments.

The University’s endowment is comprised of many individual funds. Each was created by an agreement between the University and a donor(s) for a particular purpose. The donor is allowed to impose restrictions on how the funds are to be spent; these are called restricted funds. If the donor does not specify a restriction, the University may use the funds for purposes the University President deems most pressing; these funds are called unrestricted.

The University has an investment policy that seeks to maximize long-term real returns with minimum risk. Consideration is given to the rate of inflation and investment fees in investment decisions so that the overall purchasing power of the endowment can be maintained. Each donor-created endowed fund receives investment earnings as a percentage of the overall endowment, much like an owner of a mutual fund owns “units.”

Once spendable portions of the endowment funds are transferred to the endowment’s associated scholarship or trust expenditure account, the faculty member (or administrator) responsible for those funds (Project Director or Principal Investigator) may utilize the funds in accordance with the terms and conditions of the endowment. Funds should be spent directly from that associated operating account to facilitate easy reporting back to the donor as to how their funds were
spent. This report is done annually in the form of an endowment report following the close of the fiscal year.

Land and other real estate held as investments by endowments should be reported at fair value at the reporting date. Changes in the fair value during the period should be reported as endowment investment income.

2.0 FUND SPECIFICS:

CSU Fund 466 TF-Endowment Trust: Used to record activity related to endowments received by the University.

Only the actual endowment balance, including the original endowment principal and retained investment earnings, stays in this fund. Investment earnings and amounts designated for projects or financial aid should be transferred to the appropriate trust fund before expenditure.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Unique IRA FIRMS Object Codes

For object code definitions, please see Appendix 19.

130466 Due from CSU 466 -TF Endowment Trust
510090 Endowment Investment Income-Other (includes gain or loss)
510100 Additions to Permanent Endowment (to record initial contributions to principal)
570466 Tr In from CSU 466 -TF Endowment Trust
670431 Tr Out to CSU 431 -TF Restricted Scholarships and Grants

4.0 REPORTING REQUIREMENTS:

None

5.0 FUND BALANCE:

None
6.0 **GAAP IMPACT:**

See GAAP Manual Chapters 4.1.1 and 8 for the proper recording and footnote disclosure related to endowments, investment income for endowments and underwater endowments. As the majority of CSU’s endowment funds are held by auxiliary organizations, required accounting and disclosures for endowments of both FASB and GASB reporting entities are discussed in more detail in Chapter 8 of the manual.

7.0 **RESOURCES:**

**GAAP Manual:**
Chapter 4-13 Other Accounting Issues
Chapter 8 Auxiliary Organizations
## REVISION CONTROL

**Document Title:** CHAPTER 25 - CSU FUND 466 – ENDOWMENT TRUST  
**Contributor:** Sheralin Klinthong  
**Reviewer:** Sedong John  
**CO Owner:** Sherry Pickering  
**Issuance Date:** February 10, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Click here to enter Section(s) Revised.</td>
<td>Click here to enter Summary of Revisions</td>
<td>Click here to enter name of Person Revising.</td>
<td>Click here to enter name of Reviewer</td>
<td>Click here to enter name of Approver</td>
<td>Click here to enter Revision Date</td>
</tr>
</tbody>
</table>
CHAPTER 26
REVOLVING FUND AND ACCOUNTS PAYABLE

CSU FUND: 499 – Revolving Fund
FUND TYPE: Proprietary – Internal Service Fund
AUTHORITY: EO 1000 – Section IIIA

1.0 OVERVIEW:
The intent is not to provide a full discourse on the Accounts Payable Cycle but instead to point out selected aspects of managing accounts payable which are unique to CSU.

CSU Fund 499 is referred to as the Revolving Fund. It may be used to issue advances, and pay invoices charged to claimable funds. This fund will typically have a negative cash balance throughout the fiscal year due to the timing differences between cash paid and reimbursement received.

Topics discussed in this chapter include:
- Types of Advances
- The CSU Claim Process
- Year End Obligations
- Online Payments to the IRS via Electronic Federal Tax Payment System (EFTPS)

Many of the Accounts Payable policies and procedures are documented via CFS User Guides, ICSUAM policies, and other miscellaneous documents. Please see Section 7.0 Resources for hyperlinks to these documents.

2.0 FUND SPECIFICS:
CSU Fund 499 Revolving Fund: Used to record expenditures made on behalf of other funds as a means to simplify reconciliation and tracking. It then receives reimbursements from the ultimate
payer funds. Due to its nature, this fund should not have revenues, expenses, or fund balance, but only assets and liabilities.

3.0 **FUND MANAGEMENT AND ACCOUNTING:**

3.1 **Unique FIRMS Object Codes**

The FIRMS Object Codes listed below are used specifically with the Revolving Fund. Refer to the *Tables of Object Code and CSU Fund Definitions* on the Systemwide Financial Standards & Reporting, [SFSR website](#) for object code definitions.

- 130499 Due from CSU 499 - TF Revolving Fund
- 131499 Due from CSU 499 - TF CSU Revolving Fund - Fund 0948 (Inter-agency)
- 230499 Due to CSU 499 - TF Revolving Fund
- 231499 Due to CSU 499 - TF CSU Revolving Fund within Fund 0948 between agencies

A complete listing of valid accounts for CSU Fund 499 can be found in the *Legal Edits Table* at the [SFSR website](#).

3.2 **Types of Advances**

Campuses may use the Revolving Fund to issue advances that are not recorded in the fund where the expense will ultimately be charged. Consolidating advances in one fund simplifies the reconciliation, tracking, and follow up processes.

Advances must be issued in accordance with established campus procedures and may include, but are not limited to:

a) Travel advances may be issued to assist employees with estimated out of pocket travel expenses when other corporate or personal resources are not available.

b) Salary advance payments may be issued to employees for salary earned when the SCO payroll warrant is incorrect or upon separating from the CSU.

3.3 **The CSU Claims Process**

The State Controller’s Office (SCO) has given CSU the authority to process payments through a CSU local bank (i.e. Wells Fargo Bank). Payments made by the CSU using funds classified as
Claimable funds must be reimbursed by the SCO from the appropriate state expenditure fund. Reimbursement requests are submitted using claim schedules.

The CSU claims process within PeopleSoft gives campuses the ability to identify reimbursable payments and to submit a claim schedule with the required information to the SCO for reimbursement. It is recommended that campuses submit claim schedules at mid-month and month end. Claimable funds include, but are not limited to the SCO Funds 0576, 6028, 6041 and 6048. Refer to Section 7.0 for the CFS Business Process Guide: CSU Claims Process.

A claims clearing account (FIRMS object code 103xxx, where “xxx” represents campus specific coding) within the Revolving Fund (CSU fund 499) is used to track claim schedules that have been submitted, but not yet reimbursed by the SCO. In other words, the balance in this account represents all claims that have not yet been paid by the State Controller’s Office.

During the claims process, vouchers that have been charged to a claimable fund are identified and the related voucher distribution lines are extracted to a CSU Claims Staging Table. The Claims Post process creates accounting entries that result in a debit to the claims clearing account (103xxx) and a credit to cash (101xxx) within the Revolving Fund.

Following is an example of a claims clearing account balance per the PeopleSoft Trial Balance Report for SCO Fund = 0948; CSU Fund = 499; and PeopleSoft Fund = DVP01. Please note that the PeopleSoft Fund is campus specific and each campus should use their appropriate value when running this report.
The claims clearing account is reconciled on a monthly basis. The SCO should be contacted for a status on items outstanding for more than 30 days. A request for stop payment and reissue should be submitted to the SCO for warrants lost or not received.

Unpaid items in the claims clearing account (103xxx) as of June 30 will need to be evaluated in order to determine which unpaid claims to reclassify to Due To/Due From accounts at year end. Claim warrants issued by the State in June that were not deposited by the campus on or before June 30 will be considered in transit and the related outstanding claim should not be reclassified. Refer to Chapter 4, Section 3.2 Reclassifying Claims Due from SCO of this manual for detailed instructions.

**State Pay Vendor (SPV) Claims**

The State Pay Vendor (SPV) process is used to create a claim that is sent to the SCO requesting they pay the supplier directly. This may be used for payment of large invoices related to capital projects. The SPV form of payment will be assigned to the voucher allowing it to be selected in the Claims Extract process if the Fund Reimb flag is set up at the fund level.

Refer to the CFS 9.2 Business Process Guide: CSU Claims Process for detailed information on this process.

Any outstanding SPV claims at June 30 must be reclassed in accordance with Chapter 4, Section 3.2 Reclassifying Claims Due from SCO of this manual. REMINDER: Unpaid SPV claims may cause Recon Factors on campus SAM99 reports due to timing differences.

**3.4 Year End Obligations**

Goods and services received by the campus as of June 30 but not yet invoiced, must be obligated, or accrued, for financial reporting. Throughout the year, legal reporting combines posted vouchers not yet paid and encumbrances in State GL account 3010 – Accounts Payable.

Obligations with an encumbrance require journal entries at year end to reclassify the amount from an encumbrance balance to an Actual ledger balance. Refer to Chapter 4, Section 3.3 CSU Year End Obligations Process (CSUGL015) for further details regarding this process.

**3.5 Online Payments to the IRS via Electronic Federal Tax Payment System (EFTPS)**

Effective January 1, 2011, all campuses were required to implement the EFTPS process when depositing federal taxes to the IRS. When deposits/payments are made using EFTPS, the campus
Wells Fargo electronic account is directly debited instead of the campus issuing a check to the IRS for payment of the federal taxes.

Following are the implementation documents for EFTPS and Wells Fargo Bank. These should be used in the indicated order.

1. **EFTPS Account Setup Instructions**
   
   [EFTPS Account Setup Instructions.pdf](#)

2. **EFTPS Wells Fargo Account Setup**
   
   [EFTPS Wells Fargo Account Setup.pdf](#)

3. **EFTPS Making a Payment Instructions**
   
   [EFTPS Making a Payment Instructions.pdf](#)

To record payments made via EFTPS the campuses may do one of the following:
1. Recommended: The payment will be entered through AP as a regular voucher with Wire as the form payment. Payment will be manually recorded after the voucher has been budget checked and posted. ‘Wire Transfer’ is available in CFS in connection to the campus Wells Fargo account as an additional bank setup.
2. The payment will be entered in PeopleSoft as a manual journal entry.

See the last page of the document provided in Step 3 above for a sample of how to manually record the payment in PeopleSoft.

**3.6 Payments to out of state vendors**

Payments made to non-resident vendors (those from outside California)

A withholding agent is required to withhold from all payments or distributions of California source income made to a nonresident payee unless the withholding agent receives a certified FTB Form 590, Withholding Exemption Certificate, or authorization for a waiver, or an
approved reduced withholding amount. Withholding is optional, at the discretion of the withholding agent, on the first $1,500 in payments made during the calendar year.

California source income includes:

- Payments made for personal services performed in California. The location where the personal services are performed determines the source of income.
- Payments made to nonresident entertainers for services rendered in California.

The current withholding rate is 7% on gross payments made to nonresident contractors.

See the attached FTB 1017 for further information.

4.0 REPORTING REQUIREMENTS:

IRS Form 1099-Misc
Mailed to recipients annually by January 31 with IRS filing deadline of February 28 (paper) or April 1 (electronic)

State of California 592B
Mailed to both recipients and the Franchise Tax board by January 31

5.0 FUND BALANCE:

Not Applicable.

6.0 GAAP IMPACT:

There will be manual adjustments required to the GAAP financial statements for invoices, retention for construction projects, and other obligations not recorded or accrued for on legal basis as of June 30th due to timing differences between legal basis close and completion of the reporting package. Refer to Chapter 4.3.1, Accounts Payable Obligation, of the CSU GAAP Manual for further discussion.

7.0 RESOURCES:

FTB 1017

CFS 9.2 - Accounts Payable
Business Process Guide: CSU Claims Process
Business Process Guide: Travel Advance and Expense Reporting

**GAAP Manual:**
Chapter 4.3.1 – Accounts Payable

**ICSUAM**
3103.01 Disbursements General
3103.02 Outgoing Payments – Electronic and Paper
5250.00 Procurement Cards (University Liability Credit Cards) - Superseded 3103.03
5251.00 Corporate Cards (Employee Personal Liability Credit Cards) - Superseded 3103.04
3103.05 Payroll Payments Issued by Accounts Payable
3601.01 Travel Policy
REVISION CONTROL

Document Title: CHAPTER 26 - CSU FUND 499 REVOLVING FUND AND ACCOUNTS PAYABLE
Contributor: Lauri Reilly
Reviewer: Jean Gill
CO Owner: S. Pickering
Issuance Date: April 15, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Updated ICSUAM references in Resources section.</td>
<td>Michelle Baker</td>
<td>Kristina Randig</td>
<td>R. McNeil</td>
<td>3/23/15</td>
</tr>
<tr>
<td>3.6</td>
<td>Added section relating to nonresident payees</td>
<td>Bryn Siegel</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/23/2018</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated reference to chapter 4.3.1</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/2018</td>
</tr>
</tbody>
</table>
CHAPTER 27
ESCHEAT

1.0 OVERVIEW AND DEFINITIONS:

Readers of this chapter should utilize both the information contained in this chapter and information contained in the CSU Business Process Guidelines: Stale-Dated Check/Warrant Claim Administration (to be referred to in this chapter as the Guideline, see Section 7.0, Resources, for link to document) to ensure a complete understanding of the processes surrounding stale-dated checks. Additionally, the information contained in this chapter is in accordance with ICSUAM 3250.02, Disposition of Unclaimed Negotiable Instruments.

Escheat is the reversion of property to a governmental entity in the absence of legal claimants or heirs. It is the policy of the CSU that unclaimed negotiable instruments remain the property of the payee, with the CSU as custodian for the funds.

ICSUAM 3250.02 defines an unclaimed negotiable instrument as a check that was delivered to the payee that has not been cashed or one that was returned to the university because the payee could not be located. These items may appear on the bank reconciliation as outstanding or uncashed checks. Campuses must make a diligent effort to locate the owner of uncashed checks. If the campus is unable to do so, the stale-dated checks must be escheated and recorded as a liability. It is recommended that campuses maintain a list of amounts owed to payees to aid in the processing of replacement checks should a valid claim be presented. Also see Section 4.2 of the Guideline.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

If you have an unclaimed negotiable instruction should you escheat or not escheat? In general, every effort should be made to resolve outstanding checks so that the funds can be issued to the rightful owner.
Financial Aid Payments to Students

Under no circumstances are funds related to a disbursement of Financial Aid should be escheated. All attempts should be made to contact that student and deliver the funds. If no contact can be made, the payment shall be cancelled and the funds returned to the grantor. A notation must be made on the Stale Dated Check Master List that the funds were returned to the granting agency. See Chapter 30 section 5.1 for additional information regarding specific programs and timeframes.

Please also refer to the Federal Student Aid Handbook for the timeframes for returning an unclaimed Title IV credit balances to the students.

Sponsor Program Administration Related Payments

Unclaimed negotiable instruments originating as payments from all externally funded awards (i.e. Federal, State, Local or Privately Funded grants and contracts) may be an exception to the escheatment process and shall be either escheated or returned to their funding source as required by the federal government or other sponsor guidelines. If the sponsor guidelines do not provide direction, refer to Section 100 General of ICSUAM 3250.02.

Payroll Warrants

For the handling of payroll warrants, please see the Guideline for the details to handle uncashed payroll warrants located in Section 7.0 – Resources.

Accounts Payable Checks

Accounts Payable checks (i.e., Supplier Payments) should be escheated when the cost benefit to continue to pursue the distribution of funds to the owner, outweighs the cost to escheat and track the funds for future distribution. Please see the Guideline for the details to handle uncashed payroll warrants located in Section 7.0 – Resources.

3.1 Methods to Reduce Number of Stale-Dated Checks

To help campuses minimize the number of stale-dated checks, electronic disbursement methods, such as Automated Clearing House (ACH), Electronic Funds Transfer (EFT) and procurement cards (in accordance with campus policy), should be used when appropriate. Utilizing these alternative payment options reduces the number of checks issued and ultimately the number of stale-dated items. Other suggestions include:

- Encouraging employees to sign-up for direct deposit in both payroll and accounts payable (setup is different)
- Implement an aging system to address uncashed checks prior to transfer to escheat revenue.
If recipient has indicated they are refusing the money, steps can be taken to have the payee donate the amount to the University and follow the University gift process.

See section 4.1 of the Guideline for recommend tools to help track status of stale dated checks and claims.

3.2 Payment Escheatment Process in Common Financial System Accounts Payable

The escheatment process in the Common Financial System (CFS) should be used to remove stale-dated checks from the unreconciled (outstanding) checks payment table. This allows CFS to be used as the tracking of the escheated items. As recommended in the Guideline, the use of the payment table can be used as a starting point for tracking stale-dated checks on your Stale Dated Check Master List. The list facilitates research at the time a claim is presented.

The escheat template should be set up to record the automated entry to a campus liability account mapped to FIRMS object code 250009, Other Current Liabilities - Escheat. When users use payment escheatment, the CFS “payment post” creates accounting entries that reverse the cash entries and reclassifies it to the appropriate escheat liability account, which users pre-define on the Accounting Entry Template.
When escheating a stale-dated check, navigate to the Payment Escheatment page and change the radio button from *Stale Dated Payment* to *Escheated*. When users escheat payments, an escheatment date is entered into CFS. The system uses this date to control the accounting date for the escheatment entry. Payment post treats an escheated payment similar to a voided payment, except that there is no option to close or re-instate the voucher liability.

While the CFS Account Payable Payment Escheatment process uses a default account to record the accounting entry, the fund is always inherited from the original voucher. This means that the auto generated entries will use the same account but with several different funds based on the voucher. Campuses may choose to create manual journal entries to move these entries to a central campus escheatment fund. See example below:

Below is a list of checks that were processed using the payment escheatment process. The original campus fund on the voucher was used to generate payment:

<table>
<thead>
<tr>
<th>Escheated Check #</th>
<th>PS Fund</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>23456</td>
<td>FUND1</td>
<td>100</td>
</tr>
<tr>
<td>24567</td>
<td>FUND2</td>
<td>50</td>
</tr>
<tr>
<td>25678</td>
<td>FUND1</td>
<td>75</td>
</tr>
<tr>
<td>26789</td>
<td>FUND3</td>
<td>200</td>
</tr>
</tbody>
</table>

The table below shows the payment journal entry (step1) and the manual journal entry (step 2) to move the cash and liability to a centralized escheat fund, FUND ESCH.

<table>
<thead>
<tr>
<th>Step 1: Peoplesoft Escheat Payment Process Journal Entry</th>
<th>Step 2: Manual Journal Entry Necessary to Centralize Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>FIRMS Object Code</td>
<td>Fund</td>
</tr>
<tr>
<td>-------------------</td>
<td>------</td>
</tr>
<tr>
<td>101100</td>
<td>FUND1</td>
</tr>
<tr>
<td>250009</td>
<td>FUND1</td>
</tr>
<tr>
<td>101100</td>
<td>FUND2</td>
</tr>
<tr>
<td>250009</td>
<td>FUND2</td>
</tr>
<tr>
<td>101100</td>
<td>FUND3</td>
</tr>
<tr>
<td>250009</td>
<td>FUND3</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Utilizing a central escheatment fund, as shown above, can make it easier for the campus to manage the escheat process, including simplifying the year-end adjustment to the liability, and managing
check reissuance when a claim is presented. The above allows for one fund and one balance sheet account to reconcile rather than having multiple funds. The use of a central escheatment fund is at the discretion of the campus.

As with all canceled checks, campuses must notify Wells Fargo bank avoid the check being cashed by the bank. Refer to CFS 9.2 User Guide – Wells Fargo Positive Payment File which addresses how campuses will perform the Positive Pay File Transmission in CFS.

### 3.3 Escheat Liability Evaluation

Per the standards set forth in GASB Statement No. 21, only the amounts that are expected to be paid out to claimants are to be shown as an escheat liability for financial statement reporting purposes. Campuses need to review the liability balance annually to determine whether it continues to properly reflect the CSU’s obligation to potential claimants. An entry to adjust the liability may be necessary as a result of this review. This adjusting entry is to be recorded on a legal basis prior to year-end close. The offset for the adjustment is recorded in FIRMS object code 580004, Escheat Revenue.

Often times the volume of the data may be so large that there may be no way to know exactly which payments will be claimed. Therefore, the adjustment to the liability account can be an estimate made by the campus. Campus historical records should be used to establish a campus methodology for this adjustment.

The methodology used to determine the balance of the escheat liability at year-end may be based on individual checks (Option 1 demonstrated below) or on a simple percentage of the total escheated check pool (Option 2 demonstrated below). The type of payment or the original funding source outlined above may be considerations in the methodology selected to calculate the adjustment. The complexity and level of detail contained in the methodology is controlled by the campus. When using the methodology based on individual checks (option 1), campuses would identify certain checks that meet the criteria to reduce the liability. Example, age of the check in the liability account shouldn’t exceed 12 months. When using percentage of the total escheated check pool (option 2), campus may have determined that 30% of all payments are escheated annually (based on a review of payee claims over a five–year period).

The journal entry to adjust the escheat liability would be as follows:

Debit **250009** – Escheat Liability
Credit **580004** – Escheat of Unclaimed Checks, Warrants, Etc.
The **fund** for the journal entry will be based upon one of the following practices:

**Option 1:** Escheat revenue is returned to the original funding source, FUND 1 in the example below.
**Option 2:** Escheat revenue is recorded in a centralized fund, FUND ESCH in the example below (mapping to CSU fund 485).

The sample journal entries below assume the campus recorded all the escheated checks in one fund (FUND ESCH) uses Option 1 as described above and returns the funds to the original funding source.

### Option 1: Individual Check

**Manual Journal Entry to Adjust the Escheat Liability to Original funding source**

<table>
<thead>
<tr>
<th>FIRMS Object Code</th>
<th>Fund</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>250009</td>
<td>FUND ESCH</td>
<td>175</td>
<td></td>
</tr>
<tr>
<td>101100</td>
<td>FUND ESCH</td>
<td></td>
<td>175</td>
</tr>
<tr>
<td>101100</td>
<td>FUND1</td>
<td></td>
<td>175</td>
</tr>
<tr>
<td>580004</td>
<td>FUND1</td>
<td></td>
<td>175</td>
</tr>
</tbody>
</table>

This below sample journal entry assumes the campus recorded all the escheated checks in one fund (FUND ESCH), uses Option 2 as described above and retains the funds centrally.

### Option 2: Percentage

**Manual Journal Entry to Adjust the Escheat Liability to the Operating Fund**

<table>
<thead>
<tr>
<th>FIRMS Object Code</th>
<th>Fund</th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>250009</td>
<td>FUND ESCH</td>
<td>127.5</td>
<td></td>
</tr>
<tr>
<td>101100</td>
<td>FUND ESCH</td>
<td></td>
<td>127.5</td>
</tr>
<tr>
<td>101100</td>
<td>CENTRAL FUND</td>
<td>127.5</td>
<td></td>
</tr>
<tr>
<td>580004</td>
<td>CENTRAL FUND</td>
<td></td>
<td>127.5</td>
</tr>
</tbody>
</table>

The centralized escheat fund (FUND ESCH) and centralized revenue escheat fund (CENTRAL FUND) could be the same campus fund number or different campus fund numbers, depending on individual campus procedures.
Optional Use of an Allowance Account

A campus may choose to open a second PeopleSoft account that will act as a contra account to the primary escheat liability account. This second account would map to FIRMS object code 250009, Other Current Liabilities - Escheat. When performing the periodic valuation of the overall escheat liability, the campus would use this allowance account and 580004, Escheat of Unclaimed Checks, Warrants, Etc., to record its adjustments. The signs would alternate, of course, depending on whether the overall liability needed to be increased or decreased. One benefit of utilizing a contra account is that the gross liability account would always tie to the permanent log (the master list of uncashed checks), which is mentioned in Section 3.2 and is further detailed in the Guideline in the Resources section of this chapter. Also see the Illustration of Contra Liability Accounting in the Resources section.

3.4 Reissuance of an Escheated Check

In general, when it is determined that a claimant has a valid claim and a check should be reissued, the campus should reissue the check from the escheat liability account. Then at year end, re-adjust the escheat liability per Section 3.3 above. However, each campus needs to evaluate their own process in how and when they recognized escheat revenue to determine the appropriate chartfields to use when reissuing a check for a valid claim.

3.5 Escheat Payroll Warrants

The State Controller’s Office (SCO) issues payroll warrants to CSU employees. Charges for salary and benefits expenses are transmitted to the campuses via a payroll tape, which is usually processed by human resources or the budget office at the campus. The accounting entry resulting from the monthly payroll tape processing, debits the salary and benefit expenses and credits FIRMS object code 305022, Fund Balance Clearing.

Entries recorded via the monthly payroll tape processing are:

<table>
<thead>
<tr>
<th>Description</th>
<th>Account Code</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>State issues pay warrant and charges the campus</td>
<td>601xxx Salaries</td>
<td>Dr</td>
</tr>
<tr>
<td></td>
<td>603xxx Benefits</td>
<td>Dr</td>
</tr>
<tr>
<td></td>
<td>305022 Fund Balancing Clearing</td>
<td>Cr</td>
</tr>
</tbody>
</table>

In some cases, employees fail to cash their warrant (Scenario 1 below) or the warrant cannot be delivered to the employee (Scenario 2 below).
Scenario # 1: Delivered But Uncashed Payroll Warrants
Occasionally, employees fail to cash their payroll warrant. As the issuer of the payroll warrants, the SCO tracks outstanding warrants and escheats them upon expiration (currently 1 year after issue date) by processing a “cancelled warrant” transaction on the campus’ state-held account. The campus will receive notice of the entry from the SCO via the “Cancel Stale-Dated Warrant by Agency Fund” report. This report lists the checks that have been canceled by the state.

The campus must book an entry in the legal-basis records (or actuals ledger to match the state’s action:

<table>
<thead>
<tr>
<th>State escheats stale dated pay warrant and credits the campus</th>
</tr>
</thead>
<tbody>
<tr>
<td>305022* Fund Balance Clearing Dr</td>
</tr>
<tr>
<td>250009 Other Current Liabilities-Escheat Cr</td>
</tr>
<tr>
<td>*CO should record this entry to 101004 – Cash in State Treasury</td>
</tr>
</tbody>
</table>

Scenario # 2 Undelivered Payroll Warrants Deposited to Wells Fargo Bank (WFB)
Some payroll warrants are returned to the university when the payee cannot be located. Campuses are to endorse and deposit into their Wells Fargo depository bank account no sooner than 90 days after the issue date, but before the expiration date, any undeliverable warrants still in their possession. The deposit is recorded by the campus with a credit to FIRMS object code 250009, Other Current Liability Escheat, as shown in the table below. It is recommended a local account be created to separate payroll escheat from non-payroll escheat items. This will facilitate the reconciliation process and possibly make it easier to research future claims related to payroll.

<table>
<thead>
<tr>
<th>Deposit Undeliverable Payroll Warrant</th>
</tr>
</thead>
<tbody>
<tr>
<td>101100 Short Term Investments -SWIFT Dr</td>
</tr>
<tr>
<td>250009 Other Current Liabilities-Escheat Cr</td>
</tr>
</tbody>
</table>

If the campus does not deposit a warrant prior to its expiration, the SCO will escheat the warrant as per the Delivered But Uncashed Payroll Warrant section above.

3.6 Reissuance of Escheat Payroll Warrants

Sections 5.0 and 6.0 of the Guideline provide instructions on how to manage a claim that is submitted for an escheated payroll warrant. Below you will find the accounting entries to be recorded when a valid claim is presented and a check is reissued.

Payroll Warrants Issued Before Fiscal Year 2007
Claims for payroll warrants issued before fiscal year 2007 are to be processed through the Department of General Services (DGS), which directs the claimant to the Systemwide Risk
Management (SRM) office. At the website, the claimant will find procedures for submitting a claim. Campuses should work with SRM for any claim for pre-fiscal-year 2007 payroll warrants.

Payroll Warrant Issued On or After Fiscal Year 2007
If a warrant was delivered and expired (**Scenario #1 in the preceding section**) or the warrant was not delivered but was endorsed and deposited by the campus into its WFB bank account (**Scenario #2 in the preceding section**), the campus issues a replacement check from their payroll escheat account, debiting FIRMS object code 250009, Other Current Liabilities - Escheat. Refer to the **Guideline** for further information.

Campus issues replacement check:

<table>
<thead>
<tr>
<th>Reissue escheat payroll warrant</th>
<th>Other Current Liabilities-Dr</th>
</tr>
</thead>
<tbody>
<tr>
<td>250009 Escheat</td>
<td></td>
</tr>
<tr>
<td>101100 Short Term Investments-SWIFT Cr</td>
<td></td>
</tr>
</tbody>
</table>

### 3.7 Escheat FNAT Key

The state accounting system tracks revenues separately from expenditures and tracks revenues received by budget year. Specifically with payroll warrants, the state handles the escheat process and returns the monies to the CSU in SCO fund 0948 in a revenue account. The escheat revenue transactions cross post to the expenditure account so the funds become available for use for other transactions processed by the State, including future payroll needs.

To simplify the process and gain efficiencies, the campus should use FNAT 126464 that maps to the expenditure account in SCO fund 0948 CSU fund 485 for the central escheat liability fund and the fund should not be set to claim (reimbursable) regardless of type of check reissued.

### 4.0 REPORTING REQUIREMENTS:

Not applicable.

### 5.0 FUND BALANCE:

Not applicable.

### 6.0 GAAP IMPACT:
See Section 3.2 above and GAAP Manual Chapter 4.13, *Other Accounting Issues*.

**7.0 RESOURCES:**

**CFS 9.2 - Accounts Payable User Guides**

**GAAP Manual** - Chapter 4 – GAAP Adjustments and Reclassifications, Section – Other Accounting Issues

**ICSUAM 3250.02 - Disposition of Unclaimed Negotiable Instruments**

CSU Business Process Guideline: Stale Dated Check/Warrant Claim Administration

**CFS 9.2 User Guide: Wells Fargo Positive Payment File**

Illustration of Contra Liability Accounting
## REVISION CONTROL

**Document Title:** CHAPTER 27 - ESCHEAT  
**Contributor:** Kristina Randig  
**Reviewer:** Kelly Cox  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 29, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3 Escheat Liability</td>
<td>Added an option to utilize a contra liability account in conjunction with FIRMS 250009, for valuation purposes</td>
<td>Jean Gill</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/19/15</td>
</tr>
<tr>
<td>7.0 Resources</td>
<td>Added <em>Illustration of Contra Liability Accounting.</em></td>
<td>Jean Gill</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/19/15</td>
</tr>
<tr>
<td>7.0 Resources</td>
<td>Updated SW BPG Stale Dated Check/Warrant Claim Administration</td>
<td>Kristina Randig</td>
<td>L. Wang</td>
<td>R. McNiel</td>
<td>4/19/16</td>
</tr>
<tr>
<td>3.7</td>
<td>Escheat FNAT key information</td>
<td>N. Bryant</td>
<td>K. Cox</td>
<td>S. Pickering</td>
<td>6/8/18</td>
</tr>
<tr>
<td></td>
<td>Various</td>
<td>K. Randig</td>
<td>K. Cox</td>
<td>S. Pickering</td>
<td>6/8/18</td>
</tr>
<tr>
<td>1.0</td>
<td>Added information to indicate that under no circumstances should a check issued for financial aid be escheated.</td>
<td>K. Randig</td>
<td>K Cox</td>
<td>S. Pickering</td>
<td>6/8/18</td>
</tr>
<tr>
<td>3.7</td>
<td>FNAT Key recommendations and process for reissuing payroll warrants</td>
<td>K Randig</td>
<td>K Cox</td>
<td>S. Pickering</td>
<td>6/8/18</td>
</tr>
<tr>
<td>All</td>
<td>Clarifying language throughout</td>
<td>K Randig</td>
<td>K Cox</td>
<td>S. Pickering</td>
<td>6/8/18</td>
</tr>
</tbody>
</table>
CHAPTER 28
ACCOUNTS RECEIVABLE

1.0 OVERVIEW:

The Integrated CSU Administrative Manual (ICSUAM) 3130.01, Accounts Receivable Management, states that it is the policy of the CSU that each campus maintain policies and procedures for the management of their accounts receivable in order to ensure the following:

- Funds are safeguarded to prevent loss of revenue.
- There is a proper segregation of duties.
- Balances are converted to cash in a timely manner.
- Amounts due to the university are accounted for and properly recorded as receivables in the general ledger.
- Proper collection procedures are followed and that collection efforts are pursued on debts and accounts receivable balances that are valid and past due.
- Periodic analysis is performed to ensure the proper recording of a provision for uncollectible accounts.
- Debts and accounts receivable balances determined to be uncollectible are written off in a timely manner and with the proper approval.

This chapter will focus on recording keeping requirements to be in compliance with the ICSUAM objectives.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Recording Receivables in the General Ledger Using Unique FIRMS Object Codes

The chapter overview above recapped CSU’s objectives for receivables management. One objective is to properly record receivables in the general ledger. To achieve that objective, CSU utilizes a unique suite of accounts which are outlined in this section.
CSU campuses use a common chart of accounts known as FIRMS object codes. Further information on FIRMS (Financial Information Reporting Management System) is available in Chapter 3, *FIRMS*. In this chapter, the focus is on those object codes that are used when recording receivables activity.

The chart below summarizes the FIRMS object codes that are available:

<table>
<thead>
<tr>
<th>Object Code Category</th>
<th>Numbering Convention</th>
<th>Use When Recording</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable</td>
<td>103XXX</td>
<td>Amounts billed to students; reimbursements; abatements</td>
<td>103004 Accounts Receivable – Operating Revenue 103007 Accounts Receivable - Other</td>
</tr>
<tr>
<td>Due From</td>
<td>105XXX</td>
<td>Amounts due from other governmental entities and other funds (facilitates eliminations)</td>
<td>105032 Due from Federal Government 105010 Due from Dormitory Construction Fund</td>
</tr>
<tr>
<td>Loans Receivable</td>
<td>109XXX</td>
<td>Student loans, Advances, Lease and Note Receivables (see also note 3 in the Object Code Matrix in Section 3.6 below)</td>
<td>109001 Student Loans Receivable 109004 Loans Receivable-Other</td>
</tr>
<tr>
<td>Due From Within Trust</td>
<td>130XXX; 131XXX</td>
<td>Amounts due from CSU funds within state fund 0948, both within a campus and between campuses (facilitates eliminations)</td>
<td>130481 Due from CSU 481 Lottery 131481 Due from CSU 481 Lottery, between campuses</td>
</tr>
<tr>
<td>Allowances (contra receivable)</td>
<td>104XXX</td>
<td>Estimated uncollectible amounts</td>
<td>104015 Allowance Uncollectible Accounts – Student Loans</td>
</tr>
<tr>
<td>Revenues</td>
<td>5XXXXX</td>
<td>Instruction, services or goods provided</td>
<td>501001 Tuition Fee 504003 Parking Permits</td>
</tr>
<tr>
<td>Allowance for Doubtful Revenue (contra revenue)</td>
<td>5XXXXX</td>
<td>Estimated uncollectible amounts</td>
<td>501400 Allowance for Doubtful Tuition and Fees</td>
</tr>
</tbody>
</table>

Per ICSUAM 3130.01, campuses must centralize their accounts receivable to ensure that monies owed to the university are accurately accounted for in the campus general ledger. Therefore, all accounts receivable due to the university must be recorded in the general ledger and reflected on
the Statement of Net Position at year end. If a campus creates invoices manually outside of Oracle, journal entries are needed to incorporate the receivables into the campus ledger. Debit the appropriate receivable account and credit the appropriate offset based on the nature of the invoices.

3.2 Contra Receivables: Allowances (104XXX’s) versus Provisions for Deferred Receivables (106XXX’s)

As noted in the table on the previous page, CSU has two sets of contra receivable accounts, the 104XXX series and the 106XXX series. These FIRMS object codes correspond to accounts in the state’s accounting system. The accounts are not interchangeable; the state has specific purposes and rules for their use and their requirements flow down to the CSU.

A provision for a deferred receivable is established when the receivable is not collectible within an operating cycle (one year). Generally, CSU receivables are collectible within a one-year period and, therefore, provisions are established for very specific accounts receivable and for very specific reasons. Provisions (106XXX’s) are to be used when establishing an offset for the following receivables and for the indicated reasons:

- 103005 A/R Dishonored Checks – The state takes the position that collection efforts should continue for dishonored checks until it is determined they cannot be collected, at which time they are simply written off.
- 103006 A/R Cash Shortages – Similar to dishonored checks, collection efforts are to continue in connection with cash shortages until they are determined to be a true loss, at which point they are written off.
- 103003 A/R Revenue (Governmental Funds Only) – Because this category of accounts receivable pertain only to governmental funds, they are deemed collectible. Any portion that will not be collected within one year is deferred.

Provisions are established for these receivables to the extent the balance includes a portion not expected to be collected within one year.

Allowances (104XXX’s) are used for all other receivables object codes and should be used as an estimate of the portion that may be uncollectible.

Thus, if a campus has receivables in object code 103005, Dishonored Checks, and determines there is a portion that cannot be collected within one year, the contra account used for the deferred portion is object code 106005, Provision for Deferred Receivables – Dishonored Checks. If a campus has receivables in object code 103004, A/R Operating Revenue, and
estimates there is a portion that will not be collectible, the estimate should be recorded in object code 104004, Allowance Uncollectible Accounts-Operating Revenue.

It is not appropriate to use one allowance or provision account for all accounts receivable object codes; each receivables object code is paired with a provision or allowance object code. Generally the pairs are identifiable by their similar account titles.

### 3.3 Procedures and Efforts for Accounts Receivable Collections

This section provides guidelines and certain requirements regarding the collection of receivables. It expands on the objective that *proper collection procedures are followed.*

The bulk of CSU’s receivables are recorded in the CSU Trust Fund (state fund 0948). There are four major groups:

1) Students;
2) Employees and the General Public;
3) Government Agencies; and
4) Auxiliary Organizations.

In general, a set of progressively demanding past due notifications and a final demand notice should be sent to the debtor prior to forwarding the item to a collection agency or using another collection method. Group-specific comments follow. (Days indicated are calendar days.)

#### Student Receivables:

See ICSUAM Policy 3130.01, *Accounts Receivable Management,* for information on collections for student receivables.

#### Guidelines for Collection Efforts – Student Bills:

<table>
<thead>
<tr>
<th>Activity</th>
<th>2nd Billing</th>
<th>3rd Billing</th>
<th>Dunning Letter</th>
<th>Administrative Action (i.e. Refer to Collection Agency)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Since 1st Billed</td>
<td>30 Days</td>
<td>60 Days</td>
<td>90 Days</td>
<td>120 Days</td>
</tr>
<tr>
<td>Amount of Bill</td>
<td>Up to $25</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Over $25</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

Financial aid over-awards occur when a student has been given more financial aid funds than they are entitled to. The over-award is deemed an educational benefit overpayment and is not
discharged in bankruptcy; the debt remains valid. A campus must temporarily cease collection while a bankruptcy case is pending. Upon conclusion of the bankruptcy case, the campus may resume the collection process for this valid debt unless the debt was discharged by the court. (Source: Minutes of Education Policy Committee meeting in 2005; page 34 of 52; in Section 7 Resources.)

**Employee Salary Overpayments:**
See ICSUAM 3130.01, *Accounts Receivable Management*, for information on collections for employee salary overpayments. Also see *Employee Salary Overpayment Guideline*, embedded as a document in Section 7.0, Resources.

**Guidelines for Collection Efforts – Employees and the General Public:**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Recommended Actions to be Taken</th>
</tr>
</thead>
<tbody>
<tr>
<td>Days Since 1st Billed</td>
<td>2nd Billing (Copy of Original)</td>
</tr>
<tr>
<td>30 Days</td>
<td>60 Days</td>
</tr>
<tr>
<td>Amount of Bill</td>
<td></td>
</tr>
<tr>
<td>Up to $25</td>
<td>X</td>
</tr>
<tr>
<td>$26-50</td>
<td>X</td>
</tr>
<tr>
<td>$51-90</td>
<td>X</td>
</tr>
<tr>
<td>Over $90</td>
<td>X</td>
</tr>
</tbody>
</table>

**Governmental Agency Receivables:**
Governmental agency receivables may involve large sums of money. Special schedules of collection follow-up actions may be established to best fit these circumstances or follow the “Employees and General Public” schedule shown above.

**Auxiliary Organization Receivables:**
Collections on receivables between the campus and an auxiliary organization should follow the “Employees and General Public” schedule shown above. If outstanding receivables with an auxiliary organization cannot be resolved at the 150-day mark, a listing of those items showing the collection efforts to date and any reasons for dispute should be prepared for review by the campus Associate Vice President of Business and Finance or equivalent. The Associate Vice President of Business and Finance or equivalent will determine the next steps the campus will take in following up or writing off the outstanding receivable.
State Funds Administered by the State Controller’s Office
As noted previously, the bulk of CSU’s receivables exist in state fund 0948, the CSU Trust Fund. However, a disputed receivable could arise in a fund other than state fund 0948. In such an instance, when an overpayment to a vendor occurs in connection with a construction project funded from appropriated funds or Systemwide Revenue Bond proceeds, the SCO policies guiding collection procedures must be followed. The state’s policies are found in the State Administrative Manual (SAM) sections 8776 through 8776.7.

3.4 Analysis and Recording of Allowance for Uncollectible Accounts Receivable

This section expands on the objective that campuses must properly record a provision for uncollectible accounts. It presents requirements that CSU campuses must follow regarding allowance accounting. It also touches on how and when to perform a receivables valuation. Lastly, it outlines the debit and credit entries to be made.

Two requirements are imposed per ICSUAM 3130.01. First, campuses must use the allowance method (as opposed to the direct write-off method) when accounting for uncollectible receivables. Second, receivable balances determined to be uncollectible must be written off in a timely manner.

A third requirement is imposed by the Governmental Accounting Standards Board (GASB), in Statements No. 33/34. The GASB requirement is that the projected loss be reported as contra-revenue rather than as expense on the Statement of Changes in Revenues, Expenses and Net Position. The only exception is when the receivable is created through a non-revenue transaction.

Campuses should routinely evaluate their receivables in order to estimate the portion that may become uncollectible. One approach to valuing receivables is to create a 5-year history of write-offs of receivables and develop an average percentage, taking into consideration any known variances from year to year (a variance might be a large write-off that is not predicted to reoccur as it was a one-time anomaly). Other bases for reasonable estimations can be used, but must be documented by the campus.

To establish the allowance for uncollectible accounts receivable, the campus generally will:

Debit – 5XXXXX – Allowance for Doubtful Revenue
Credit – 104XXX – Allowance for Uncollectible Accounts
The following are the six contra-revenue accounts available (5XXXXX’s) for the debit:

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>501400</td>
<td>Allowance for Doubtful Higher Education Tuition &amp; Fees</td>
</tr>
<tr>
<td>502400</td>
<td>Allowance for Doubtful Continuing Education Fees</td>
</tr>
<tr>
<td>504400</td>
<td>Allowance for Doubtful Sales &amp; Services of Auxiliary Enterprises</td>
</tr>
<tr>
<td>504401</td>
<td>Allowance for Doubtful Health Facilities/Campus Union Fees</td>
</tr>
<tr>
<td>580400</td>
<td>Allowance for Doubtful Sales &amp; Services of Educational Activities</td>
</tr>
<tr>
<td>580410</td>
<td>Allowance for Doubtful Other Operating Revenues</td>
</tr>
</tbody>
</table>

Exceptions to the ‘debit”: CSU campuses will occasionally have receivables which, when originally established, did not record revenue. Two examples are 1) when money is loaned or 2) when students register and Associated Students (ASI) fees are assessed. The originating entries for those two scenarios would be, respectively: [DR Receivable CR Cash] and [DR Receivable CR Depository Account]. Should allowances be necessary for these types of receivables, the debits should be to object code 680040, Bad Debt Expense (for the loan), and 20670X, Depository Accounts (for the ASI fees), instead of the 5XXXXX contra-revenue series.

At the end of each year, the balances in the allowance accounts must be adjusted to reflect the current estimate of the portion of accounts receivable projected to become uncollectible.

### 3.5 Writing off Uncollectible Accounts in a Timely Manner

This section expands on the final objective that *balances determined to be uncollectible are written off in a timely manner.*

When collection efforts fail to produce payment, campuses should obtain approval to write off the uncollectible receivables and then remove the individual receivable records from the receivables subsidiary ledger. Per ICSUAM 3130.01, campuses may approve the write-off of balances equal to or less than $10,000. The accounting entry to record the write-off will be:

Debit – 104XXX – Allowance for Uncollectible Accounts  
Credit – 103XXX – Accounts Receivable

If the item written off is recovered at a later date, the campus will:

Debit – Cash  
Credit – 5XXXXX – Allowance for Doubtful Revenue
Or 660040 – Bad Debt Expense (for a non-revenue generating receivable)
Or 20670X- Depository Accounts (for an amount due an auxiliary)

3.6 Object Code Matrix

Campuses may find the matrix below helpful to quickly identify the appropriate sets of accounts to use for a given receivable’s life cycle:

<table>
<thead>
<tr>
<th>To Record:</th>
<th>Revenue</th>
<th>Accounts Receivable</th>
<th>Collected in Advance</th>
<th>Allowance Uncollectible Accounts¹</th>
<th>Provision Deferred Receivables²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Abatements</td>
<td>Expense</td>
<td>103001</td>
<td></td>
<td>104001</td>
<td></td>
</tr>
<tr>
<td>Reimbursements from the State/external parties</td>
<td>505110/505201</td>
<td>103002</td>
<td>104002</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other revenue in governmental funds only</td>
<td>580013</td>
<td>103003</td>
<td>205001</td>
<td>106003</td>
<td></td>
</tr>
<tr>
<td>Other operating revenue in nongovernmental funds</td>
<td>580090</td>
<td>103004</td>
<td>205090</td>
<td>104004</td>
<td></td>
</tr>
<tr>
<td>Cost recoveries</td>
<td>580X94/95/96</td>
<td>103004</td>
<td>104004</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Student fees</td>
<td>501XXX</td>
<td>103005</td>
<td>205090</td>
<td>104004</td>
<td>106005</td>
</tr>
<tr>
<td>Dishonored checks</td>
<td></td>
<td>103006</td>
<td></td>
<td></td>
<td>106006</td>
</tr>
<tr>
<td>Cash shortages</td>
<td>103007</td>
<td>205090</td>
<td>104007</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other non-operating revenue</td>
<td>580093</td>
<td>103008</td>
<td>250004</td>
<td>104008</td>
<td></td>
</tr>
<tr>
<td>Interfund interest revenue</td>
<td>580X12</td>
<td>103009</td>
<td>104009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Current loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-current loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109004</td>
</tr>
<tr>
<td>Student loans</td>
<td>507002 (Interest Only)</td>
<td>109001</td>
<td></td>
<td>104015</td>
<td></td>
</tr>
<tr>
<td>Construction loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109002</td>
</tr>
<tr>
<td>Interfund construction loans</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>104017</td>
</tr>
<tr>
<td>Interfund loans³</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>109009</td>
</tr>
<tr>
<td>Amounts due from other funds</td>
<td>5XXXXX</td>
<td>13XXXX</td>
<td>205090</td>
<td></td>
<td>See footnote⁴</td>
</tr>
</tbody>
</table>

(1) Allowance – that portion of a receivables balance deemed to be uncollectible — see section 3.4. Additionally, each AR and Allowance Uncollectible Accounts object code are paired; the association of an AR account with its allowance account is identified through the last three digits of the object codes.
(2) Provision – specified by the State for use with the indicated receivables object codes.
(3) For loans documented in a formal agreement that are interest-bearing and where the repayment period is greater than the current operating cycle.
(4) Currently, no FIRMS object code exists. Object codes will be created if a need arises. Contact Systemwide Financial Standards and Reporting to request creation.
4.0 REPORTING REQUIREMENTS:

4.1 Reporting Interagency Receivables/Payables (Due From/Due To) to the State

Receivables and payables between different state funds are to be reported in state general ledger numbers 1410.XXXX and 3114.XXXX, respectively, where XXXX represents the fund from which the balance is due or the fund to which the amount is to be paid. Where the receivables and payables arise within the same fund, state general ledger numbers 1420 and 3115, respectively, are to be used.

Note that CSU’s FIRMS object codes (the common chart of accounts for CSU campuses, excerpted in section 3.1) meet these requirements. CSU’s 105XXX series is available for reporting receivables from other state funds and maps to the state’s 1410.XXXX series. Similarly, CSU’s 130XXX and 131XXX series are available for reporting receivables within state fund 0948 and map to the state’s 1420.XXXX series.

The receivables and payables should be reported to the state separately and not on a net basis. For example, in the General Fund there may be a Due From Continuing Education (1410.0573) of $100 and a Due to Continuing Education (3114.0573) of $60. Both account balances should be reported, not a net of $40 in 1410.0573.

4.2 Reporting Transactions with the University of California and Community Colleges

Transactions with the University of California and the state’s community colleges occur periodically. The state has instructed CSU to record any receivables and payables as follows for state reporting purposes:

<table>
<thead>
<tr>
<th></th>
<th>Receivables</th>
<th>Payables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Univ. of California</td>
<td>State GL 13XX/FIRMS 103007</td>
<td>State GL 3010/FIRMS 201001</td>
</tr>
</tbody>
</table>

4.3 Accounts Receivable Reporting to the State

Government Code Section 16583.2 requires state agencies to annually submit to the State Controller’s Office a report on their accounts receivable and discharged accounts. The CSU is not subject to this provision based on Government Code Section 11000(a), which states: “As used in this title, ‘state agency’ includes every state office, officer, department, division, bureau, board and commission. As used in any section of this title that is added or amended effective on or after
January 1, 1997, ‘state agency’ does not include the California State University unless the section explicitly provides that it applies to the university.” Since Government Code Section 16583.2 does not specifically state that the CSU must comply with the reporting requirement and because this provision was adopted during the 2008/2009 fiscal year, the system is exempt from the requirement. The Chancellor’s Office confirmed the exemption in a letter directed to the State Controller’s Office on February 26, 2010.

5.0 **FUND BALANCE:**

Not applicable.

6.0 **GAAP IMPACT:**

During the annual external audit of CSU’s GAAP-basis financial statements, campuses will need to provide to the auditors (upon request) the campus policy for establishing their allowance for doubtful accounts, and their policy for write-off of uncollectible receivables.

Also during the GAAP audit, campuses will need to analyze their student receivables, earned revenue and unearned revenue balances to ensure that all three are reasonably stated based on registrations, cash collected and service dates. GAAP adjustments to receivables may be needed.

Observation of a receivable that exists only in CSU GAAP ledgers:

Many CSU campuses have signed long-term lease agreements with their auxiliary organizations for occupancy of structures built with Systemwide Revenue Bond (SRB) proceeds. The lease receivable is only recorded in the GAAP ledger, not the legal ledger. Because of this, the accounting for the semi-annual lease payments is unusual. Because there is no receivable to credit, the entry on the legal books is

- Debit 101100, SWIFT Investments
- Credit 580098, Auxiliary Program Lease Principal Payment
- Credit 508090, Revenue From Investments, Non-SWIFT

7.0 **RESOURCES:**

ICSUAM 3130.01 – Accounts Receivable Management
CFS 9.0 Accounts Receivable / Billing User Guides

Minutes of the Meeting of Committee on Educational Policy, Trustees of the CSU, March 15-16, 2005

Employee Salary Overpayment Guideline

Guidelines for the Admin of Emp Salary
ACCOUNTS RECEIVABLE

REVISION CONTROL

Document Title: CHAPTER 28 ACCOUNTS RECEIVABLE
Contributor: Jean Gill
Reviewer: Michelle Baker
CO Owner: Roberta McNiel
Issuance Date: May 27, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.0 and 7.0</td>
<td>At 3.3 – Student Receivables, added statements regarding financial aid overawards in connection with bankruptcy proceedings. Added applicable BOT minutes to Resources.</td>
<td>M. Baker</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>12/18/14</td>
</tr>
<tr>
<td>3.1 and 3.6</td>
<td>Added criteria for interfund loans for long-term classification using object code 109009.</td>
<td>K. Randig</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>3/23/15</td>
</tr>
<tr>
<td>3.3</td>
<td>Removed last sentence of paragraph under State Funds Administered by the State Controller’s Office as the language was not in compliance with SAM.</td>
<td>K. Randig</td>
<td>L. Wang</td>
<td>R. McNiel</td>
<td>3/15/16</td>
</tr>
<tr>
<td>4.3</td>
<td>Section added to address questions received concerning CSU’s exemption from the State’s accounts receivable reporting requirement.</td>
<td>R. McNiel</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>4/4/16</td>
</tr>
</tbody>
</table>
CHAPTER 29
MISCELLANEOUS ACCOUNTING

1.0 OVERVIEW AND DEFINITIONS:

This chapter contains accounting guidance for several different topics that do not readily fit into the other chapters of the Legal Manual. Here is a list of the topics.

1. Information and Technology Program Codes
2. Accounting Treatment for Event Registration Fees
3. Trust Fund Cash Deficit – Loans
4. Department of General Services (DGS) Prepayments
5. Health and Augmented Health Services Fees
6. Processing Journals with FTE
7. Sabbatical Leave Forfeitures
8. FIRMS Edit for Fund Balance Clearing
9. Interagency Transactions
10. Interagency Transaction Table (ITT) FIRMS Edit
11. Accounting Treatment for Rebates
12. Unrelated Business Income Tax (UBIT) Fund Accounting
13. Plan of Financial Adjustment (PFA) Processing

Still haven’t found what you are looking for?
If the reader has searched the entire Legal Manual, including this chapter, and has not found whatever guidance is being sought, the reader is urged to search the CSU website. A CFS 9.2 – CFS Modules or an ICSUAM guideline may contain relevant instructional material that can meet the need while this manual continues to evolve. If you are still unable to locate information regarding your topic, please consider submitting your issue through the feedback button located...
2.0 **FUND SPECIFICS:**

Not applicable.

3.0 **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1 **Information and Technology Program Codes**

*Chapter 1, General Information, discusses how the higher education industry has standardized the external reporting of operating expenses using NACUBO program codes and how the CSU derives those codes when processing financial data. Please review Chapter 1 in conjunction with this section, which discusses proper reporting of IT (information and technology) expenses.*

Effective July 1, 2004, NACUBO adopted new program codes to be used for information and technology expenses within each program code group. For example, NACUBO program code 0106, *Instructional Information Technology*, was identified for instructional information technology expenses. These subcategories should be used for formally organized and/or separately budgeted information technology expenses. If a campus does not separately budget and expense information technology resources, the costs will be reported in other NACUBO program codes.

If a campus must report in the information and technology program codes, some expenses will be easily identifiable and may be derived directly to the appropriate value using a program code override or a department derivation Rule 4 set-up. However, some expenses incurred by campus departments that should be reported in these program codes will derive elsewhere, like the established department derivation Rule 4. The campus can establish an allocation to automate the reclassification of the expenses from the department derivation to the information and technology program codes. This type of reclassification uses a specific set of accounts, typically those associated with FIRMS object codes 616001, I/T Communications, 616002, I/T Hardware, 616003, I/T Software, 616004, I/T Infrastructure, and 616005, Miscellaneous Information Technology Costs, to identify the expenses to be reclassified.

Note that this reclassification must be made in the “xxCSU” business unit so the expenses will report properly in FIRMS. To comply with the reporting requirement, the expenses that did not derive to the information and technology program codes in each program group would be reclassified in the Actuals, Budgets and Encumbrance ledgers.
For further information regarding the Information and Technology Program Codes for FIRMS, please see [http://www.calstate.edu/sfo/](http://www.calstate.edu/sfo/), the FIRMS Overview PowerPoint presentation. The screen prints below illustrate how to generate an allocation journal entry that will reclassify all 616XXX expenses associated with program codes 0101 through 0105 to program code 0106.

“Field Name Account” plus “Value 616A” equate to “select all accounts that begin with 616”.

“Field Name Program Code” plus “Value Range 0101 to 0105” equate to “select all program codes from 0101 through 0105”.
There is no GAAP impact.

3.2 Accounting Treatment for Event Registration Fees

This section provides coding instructions for a very specific type of expense: event registration fees. This expense occurs with high frequency within CSU, although not with high dollars.

Registration fees paid for staff training, workshops, conferences, and similar events should be recorded in FIRMS object code 660009, Professional Development. CSU’s former practice of recording certain registration fees in FIRMS object code 660090, Expenses-Other was discontinued in October 2014.

There is no GAAP impact.

3.3 Trust Fund Cash Deficit – Loans

CSU has the legal authority to lend the money of one fund to another fund under certain circumstances. This authority is granted in Education Code Section 89760, excerpted below.

“(a) The trustees may transfer money from one special fund to another special fund or to the general fund in order to meet the commitments of the California State University if the transferred moneys are returned to the special fund of origin in time to fulfill the purposes of the special fund. Interest shall be paid....”
In any given year, a program’s expenditures may exceed revenues. This would typically occur when carryforward balances (reserves) are intentionally expended in a subsequent year based on the business plan for the activity, i.e. a planned spend-down of reserves. As such, the deficit spending would not be a cause for concern. However, in a year where a fund has insufficient beginning reserve balances and expenditures exceed revenues, the result can be negative cash, negative ending fund balance or both. Action is needed to resolve the deficit(s).

In the event that a fund or program has a credit balance in cash/investments, a loan should be obtained to rectify the cash deficit. Should the fund or program have a deficit (a debit) in its fund balance, the cure will require either a transfer in of resources, reduction of spending, increase in revenues or a combination thereof. This section discusses a hypothetical cash deficit in a self-support program and its resolution.

Assume the Extended Education (EE) program has an unplanned cash shortfall of $100,000. Further assume that the Parking program determines that it can extend a loan to Extended Education without impairing its (Parking’s) operations.

A loan document should be created to specify the terms of the loan. Include the interest rate to be charged, the payback period, and, if a multi-year agreement, a schedule outlining the principal and/or interest that will be paid each year. Full principal repayments at the end of a multi-year loan, sometimes referred to as balloon payments, should only be offered after careful scrutiny and analysis by the lending fund.

The following journal entries are suggested. Using this accounting will ensure elimination of this intercompany activity, which will be necessary for GAAP and State reporting. Journal descriptions that include “loan” can ensure that the nature of the transaction is not lost.

<table>
<thead>
<tr>
<th>FUND</th>
<th>ACCOUNT</th>
<th>ACCOUNT DESCRIPTION</th>
<th>DEBIT</th>
<th>CREDIT</th>
<th>DESCRIPTION OF ENTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE</td>
<td>101100</td>
<td>Cash/Short-term Investments (SWIFT)</td>
<td>100,000</td>
<td></td>
<td>Loan from Parking Fund to cover EE’s deficit for FY13-14.</td>
</tr>
<tr>
<td>EE</td>
<td>230472</td>
<td>Due to CSU 472 -TF Parking Revenue Fund-Parking Fees</td>
<td></td>
<td>100,000</td>
<td>Loan from Parking Fund to cover EE’s deficit for FY13-14.</td>
</tr>
<tr>
<td>PARKING</td>
<td>130441</td>
<td>Due from CSU 441 -TF - EE</td>
<td>100,000</td>
<td></td>
<td>Loan to EE Fund to cover EE’s deficit for FY13-14.</td>
</tr>
<tr>
<td>PARKING</td>
<td>101100</td>
<td>Cash/Short-term Investments (SWIFT)</td>
<td></td>
<td>100,000</td>
<td>Loan to EE Fund to cover EE’s deficit for FY13-14.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FUND</th>
<th>ACCOUNT</th>
<th>ACCOUNT DESCRIPTION</th>
<th>DEBIT</th>
<th>CREDIT</th>
<th>DESCRIPTION OF ENTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>EE</td>
<td>230472</td>
<td>Due to CSU 472 -TF Parking Revenue Fund-Parking Fees</td>
<td>100,000</td>
<td></td>
<td>Payback of loan from Parking Fund to cover EE’s deficit for FY13-14.</td>
</tr>
</tbody>
</table>
EE course fees should be evaluated on an on-going basis to assure revenues cover all costs, both direct and indirect. In the year(s) subsequent to the cash deficit in the EE program, the course fees should also include sufficient revenue to cover the repayment of the loan (both the principal and interest).

**GAAP Impact:** As noted above, interfund loans need to be eliminated for GAAP reporting purposes. Using the due to/due from object codes specified above, will facilitate the elimination. Therefore, no further entries by the campus are required.

Effective FY12/13, campuses will no longer need to record a GAAP entry to eliminate interfund interest revenue (recorded in object code 580012) and expense (recorded in object code 660004) if the interfund interest is between two different funds within a campus (intra-agency). Both interfund interest revenue and expense transactions now map to 723005 and program code 14 and the activities will be self-eliminating in consolidation.

However, if other object codes are used, such as Loan Receivable/Interest Income/Loan Payable/Interest Expense, a manual elimination entry should be created.

### 3.4 Department of General Services (DGS) Prepayments

Similar to how CSU promotes the use of Cash Posting Orders within its SWIFT investment pool to efficiently settle transactions between campuses, the State of California promotes the use of direct charges within its treasury system to efficiently settle transactions between state agencies. This section discusses how a specific agency, the DGS, collects advances from CSU campuses for services to be rendered.

The state books an entry on the campus’s Agency Reconciliation Report (Tab Run) the description of which is “DGS SRF Prepayment” (Department of General Services Service Revolving Fund Prepayment). The entry reduces the campus’s balance in its state fund 0948 account. The charge represents an advance for services to be provided in the upcoming year and
provides working capital to the service revolving fund. Campuses may also see a second entry on their tab run, similarly described as “DGS SRF Return”. This second entry increases the campus’ state fund 0948 balance and represents the return of the prior year’s advance. Annually, DGS determines the amount of prepayment required, returns the prior period’s advance if applicable and simultaneously charges a new amount for the current period. The amount charged by DGS varies each year as the average purchases of the campus fluctuate.

The process used by DGS to determine if a prepayment should be collected from a state agency is as follows: every year, at the end of April, DGS calculates the prepayment by gathering all of the prior year’s DGS expenditure activity for each agency, then taking one third as the projected prepayment amount. If the projected amount is under $10,000, a prepayment is not assessed.

Campuses should record the advance as follows:

- **DR - 107005 Prepay Service Revolving Fund-Services**
- **CR - 305022 Fund Balance Clearing**

The opposite entry would be used to record the return of a prior year’s advance.

The SAM99 report (Reconciliation of State Controller’s Accounts with Agency Accounts) is programmed so that FIRMS object code 107005 and all other object codes mapping to state general ledger account 1730, Prepayments to Other Funds or Appropriations, are ignored or not picked up on line 3, Reverse Agency Original Prior Year Accruals. This allows the campus to adjust the advance and fund balance clearing amounts directly to match the transaction(s) initiated by DGS without creating an error or adjusting revenue/expense accounts.

To segregate data that isn’t otherwise broken out using state sub-funds, the SCO uses an attribute called a category code. The Services Revolving Fund or DGS Prepay Advance is booked to category code 98 by the SCO. The SAM99 report is coded to only pick up entries to state general ledger 1730 in funds marked with category codes 98 or 99 to assist campuses in aligning their data with the state records.

The addition of the category code on this transaction means that a unique FNAT key must be created to match the state attributes. Since this transaction is only booked once a year, to recognize the change in the advance booked by the SCO, the campus may choose from either of the following options when selecting the PeopleSoft fund in which to record the entry.

- Add a fund mapped to category 98. [Recommended]
- Or
3.5 **Health and Augmented Health Services Fees**

Health and augmented health services fees are briefly mentioned in Chapter 14, *CSU Operating Fund*. This section contains an expanded discussion, which differentiates the two fees, plus provides details on how to properly capture the activity within the CFS.

Campuses are required to collect mandatory health services fees charged to all students. The health services fee is intended to provide funding for basic health services to students. Augmented health services fees are those services offered by the Student Health Center that are elective or specialized in nature and not included in the basic health services provided by a campus. A fee may be charged for the augmented health services, but there are no circumstances when the fee charged may exceed the actual cost of providing the services and/or materials.

Augmented health services fees are student user fees governed by Executive Order 1000 and must be recorded in CSU fund 485. In order to comply with additional requirements found in Executive Order 943, a methodology should be established to enable separate reporting of augmented health services revenue and related expenditures should it be required or requested.

To comply with both executive orders, a campus must minimally:

1. Account for and track augmented health services revenue/expense within CSU fund 485.
2. Ensure augmented health services fees are mapped to object code 501112, Category IV fees.

It is the responsibility of campus financial officers to ensure all augmented health services fees and related expenditures are recorded in the appropriate PeopleSoft fund within CSU fund 485. Augmented health services fees and related expenses must be recorded in such a way as to readily show that amounts charged to students do not exceed the actual cost of materials or of providing the services. These fees/expenses must not be commingled with the mandatory health fees.
services fees charged to all students as part of their registration fees. Additionally, augmented health services fees must follow CSU fund 485 rules without exception.

Campus funds related to health services operations and augmented health services activity should be mapped to FNAT 127340. As mentioned previously, by policy health services fees and augmented health services fees must be deposited in the CSU Operating Fund 485. Furthermore, the health activity must be associated with a unique FIRMS project code that distinguishes these trial balances from other operating fund activity on some reports, like the SAM06. FNAT 127340 contains project code HSFEE which fulfills that requirement. Note that FNAT 127340 also has a program attribute key of 0507 which ensures that the health services expenses will be assigned the proper NACUBO program code of 0507 through the derivation process.

There is no GAAP impact.

### 3.6 Processing Journals with FTE

Within the Common Financial System (CFS), there is a statistical field which CSU utilizes to capture “FTE” (full time equivalent). In this context, FTE does not refer to students, but instead to employees. This is a workforce measurement value, or workforce metric, that assists CSU in managing its large workforce and measuring its institutional efficiency and effectiveness. This section discusses how to populate the FTE field when preparing payroll-related journal entries. It also discusses how to calculate FTE, if the statistical amount is not known.

Salary object codes, except for 601301, *Overtime*, and 601102, *Summer Fellowship Stipend*, are required to be reported with the statistic FTE. Payroll transactions fed from the Human Resources module are posted in the Finance module with FTE. The payroll expenses for one employee are posted with an FTE of one month. Occasionally, adjustments must be booked in the general ledger. An example would be when faculty from one campus assists a second campus and a Cash Posting Order for faculty release time is issued. The receiving campus will need to record a manual journal entry to credit their original payroll expenditure accounts; the remitting campus will need a manual journal entry to debit their appropriate payroll accounts.

#### How to Populate the FTE Field

The fields displayed in the journal entry lines grid are controlled initially for all users by the journal entry template. A standard or default template is maintained centrally in the CFS; however, multiple journal entry templates may exist within PeopleSoft. The fields selected on the standard template or an alternate template may be viewed by clicking on the Template List link from the Journal Lines tab.
Select a template that shows that the fields Stat Code and Stat Amt on the Amount tab are available for entry.

If the journal entry selected by the user includes the fields on the Template List, but they are still not displayed in the journal entry lines grid, the user may have customized the grid. The Customize option is a user-controlled option that can be used to hide or rearrange the field display within a grid to suit the user’s preferences.

To view the current settings, on the Lines bar, click on the Customize link.
Verify that the Stat and Stat Amt fields have not been hidden from display in the Journal Lines grid.

To reclassify salary to a different chartfield string or make corrections to FTE, enter the chartfield string, the dollar amount, a Stat Code of FTE and the Stat amount in the journal lines.

FTE must be posted in any adjustment to salary object codes, except for 601301, Overtime, and 601102, Summer Fellowship Stipend, but occasionally the exact amount of FTE is unknown, so a proration must be calculated. It is important to understand that for each month worked a full-time employee is reported as one FTE. If the employee works for one full year or twelve months, the total FTE posted to the ledger for that one employee is twelve.

When the FTE data is submitted to FIRMS, the amount of FTE posted to a campus ledger is annualized, or divided by twelve. Any prorated amount of FTE should consider that the total amount posted to the ledger will be annualized, therefore ledger postings to a unique chartfield
string for FTE of less than 0.10 (the equivalent of allocating two days from a month for one full-time worker) should be avoided.

There is no GAAP impact.

3.7 Sabbatical Leave Forfeitures

This section covers accounting for monies collected from an employee when the employee does not return to work after a sabbatical leave.

Sabbatical leaves are granted to certain employees for purposes that provide a benefit to the CSU, such as research, scholarly and creative activity, instructional improvement or faculty retraining. The eligibility, terms, and conditions for sabbatical leaves are governed by the Collective Bargaining Agreement (CBA) for the California Faculty Association (CFA). Promissory notes are drawn up at the outset of an approved sabbatical leave that outline the specific terms and conditions applicable for that employee. Additional information regarding sabbatical leaves and the associated promissory notes is available in the payroll processing guidelines at http://www.calstate.edu/HRAdm/Payroll/PayGuidelines.shtml#Forfeiture.

If the employee on sabbatical leave fails to return to work at the end of the sabbatical, they owe the campus per the leave promissory note. The amount collected would be recorded using object code 580090, Miscellaneous Revenue, in CSU Fund 485, which derives to other non-operating revenue in GAAP and should not be eliminated for GAAP.

3.8 FIRMS Edit for Fund Balance Clearing

Chapter 3, FIRMS, discusses “automated edits”. This section discusses one edit in particular, the evaluation of a campus’s balances in FIRMS object code 305022, Fund Balance Clearing (FBC).

As discussed in Chapter 34, Banking and Investments, CSU holds a portion of its investments in the State Treasury, specifically in state funds 0948 (CSU Trust) and 0576 (Dormitory Construction Fund). For both of these state funds, the Chancellor’s Office has been designated as the administering agency, which means that the CO is responsible for reconciling the total cash and investments held in those funds. To fulfill that responsibility, the CO has on its ledgers two FIRMS object codes that must agree to corresponding values in the state’s accounting system. Those object codes are 101004, Cash in State Treasury, and 102001, Surplus Money Investment Fund.
However, just like the campuses, the CO is a participating agency in those funds. As such, the CO needs to track its share of those funds, which is a separate calculation from the total cash and investments calculation.

To accommodate these reporting needs, in conjunction with the two FIRMS object codes previously mentioned, the CO uses a third FIRMS object code, 305022, Fund Balance Clearing. This is the same object code that the 23 campuses use to record their state-held investment activity, but the CO uses the account to record the complement of the campus’ activity. The sum of the three accounts (Total Cash in State Treasury + Total SMIF Investment – 23 Campuses’ share) equates to the CO’s portion.

With this structure, when all 24 locations’ ledgers are consolidated, the 24 balances in FIRMS object code 305022 should net to zero and the balances in FIRMS object codes 101004 and 102001 should agree to the state’s records.

To ensure that the 24 balances in 305022 do indeed net to zero, CSU uses its FIRMS financial reporting system to programmatically compare the complementary values. The CO uploads its contra balances in 305022 each month to the FIRMS database, and as each campus submits its data for overall editing, the FIRMS program compares the uploaded FBC values with the FBC balances in the campus data. Because the FIRMS database does not contain balance information at the state sub-fund level, the programmatic comparison is only performed at the CSU fund level.

The campus will receive a warning (or an error in the 4th quarter) when an out-of-balance condition exists at the CSU fund level. To resolve an out-of-balance condition, each party should first confirm that all activity for the period in question per the SCO’s Agency Reconciliation Report (Tab Run) was recorded. If the reconciliation with the state report reveals no differences, then the campus and CO will need to jointly review its remaining general ledger activity for transactions on one party’s books but not on the other’s. Timing differences arising from claims in process are a typical cause of out-of-balance conditions.

CSU accountants may observe that in state fund 0948 (specifically CSU fund 485) their FBC balance is positive (a debit), whereas their FBC balance in state fund 0576 is negative (a credit). In state fund 0948, FBC acts like a cash/investment account from the campuses’ perspective. When campuses remit money to the SCO, they debit their FBC account. When moneys are consumed (to absorb payroll charges assessed by the SCO when they process CSU’s payroll), campuses credit FBC. Overall, FBC maintains a positive balance on the campus books (offset by a complementary credit on the CO’s ledgers). In contrast, in state fund 0576 the initial
remittance of money to the SCO (bond sale proceeds) is not recorded by the campuses. It is only recorded by the CO. As a result, only the consumption of money (construction spending) is recorded in campus FBC accounts and thus they maintain negative balances (with the CO carrying a complementary debit balance).

**GAAP Impact:** The classification of the FBC activity (Periods 1 – 12) for GAAP purposes depends on the source and form of the money held in the State Treasury. For proper reclassification entry, please refer to the guidelines in Chapter 4 of the CSU GAAP Manual.

### 3.9 Interagency Transactions

This section discusses how to select the proper FIRMS object code when recording interagency receivables/payables, transfers and cost recovery. The FIRMS automated edit, which validates the object code selections and ensures that the interagency transactions within the CSU are eliminated for legal and GAAP reporting, is covered in Section 3.10 of this chapter. Accurate interagency balances are important because they need to net to zero for consolidated reporting purposes. All parties must accurately record their part of the transaction in the correct FIRMS object code and in the proper reporting period.

According to GASB 34, paragraph 112, there are four classifications of interfund activity: Reciprocal – Services, Non-Reciprocal – Reimbursement, Reciprocal – Loan, and Non-Reciprocal – Transfer.

A **Reciprocal – Services** transaction is the sale or purchase of goods and services by one fund to or on behalf of another fund for a price approximating their external exchange value. The fund that performed the services or provided the goods should record the receipt of revenue in the appropriate cost recovery revenue object code. (See Chapter 23, *Cost Recovery*, for further discussion of this topic). If there are no exchange of goods or services between funds, then this is a **Non-Reciprocal – Reimbursement** transaction and the recipient should record the reimbursement as an abatement against the original expenditure, if the abatement occurs in the same year. If the abatement does not occur in the same year, the campus should record the transaction in object code 690002, Prior Year Expenditure Adjustment.

GASB defines a **Reciprocal – Loan** as an amount provided with a requirement for repayment. The CSU’s due to and due from object codes (i.e. the interagency receivables/payables accounts) are forms of the **Reciprocal – Loan** classification. A **Non-Reciprocal – Transfer** is defined as a flow of assets without the equivalent flow of assets in return and without a requirement for repayment. **Non-Reciprocal – Transfers** are to be used to facilitate a CSU policy, BOT resolution, and external funding requirement (i.e. staging of debt service or work...
study program funding transfer to CSU fund 409). The transfers in and transfers out object codes fall within the definition of **Non-Reciprocal - Transfers**. Since transfer does not provide information on how the money was spent by the provider fund, expenses should normally be recorded in the provider fund in their natural classifications to indicate the nature of expenses, unless transfer is necessary in situations described above. Activity in these object codes taking place within the same state fund should be equal and, therefore, must net to zero (i.e. the receivable equals the payable; likewise, transfers in equal transfers out). If the activity is between different state funds, the entry to the source fund should be in agreement with the entry to the destination fund.

The choice of object code depends on:

1. Whether the transaction is between state funds or within the same state fund, other than state fund 0948;
2. For state fund 0948, whether the transaction is between CSU funds within state fund 0948 or within the same CSU fund in state fund 0948;
3. Whether the transaction occurs within a campus (**intra**-agency) or between CSU entities (**inter**-agency).
4. Whether transactions should be recorded as cost recovery revenue within a campus (**intra**-agency) or between CSU entities (**inter**-agency).
5. Whether transactions should be recorded as abatements against the original expense or as a prior year expenditure adjustment.

The decision tree below should be used as an aid in determining how to record intra-agency transactions and transactions between CSU entities. The campus should begin by asking the question, “Is repayment required to the source fund (i.e. the fund providing the cash)?” If no, the transfer in/out object codes should be used as outlined in Decision Tree A. If yes, the source fund is either loaning money to the destination fund and receivable/payable object codes should be used (see Decision Tree B) or it is performing a service which is transacted as a cost recovery event if there is exchange of goods or services (see Decision Tree D) or as an abatement if there is no exchange of goods or services (see Decision Tree C).
Interagency Transactions
Reciprocal (Due-To/From) & Non-Reciprocal (Transfer-in/Out) and Reimbursements

START

- Is repayment required?
  - NO
  - YES

- Is there a Cost
  - NO
  - YES
  - Yes, is the transaction involving a receivables/payables (loan)?
    - NO
    - YES
    - Yes, has a service been provided?
      - NO
      - YES
      - Yes, is the service (Cost Recovery Revenue)

- Non-Reciprocal (Reimbursement)
  - YES
  - NO
  - Yes, due-to/from (Reciprocal - Loan)
  - No, non-reciprocal - reimbursement (adjustment)

Examples of Reciprocal - Services:
- Administrative services
- Media production services

Examples of Non-Reciprocal - Reimbursement:
- Direct allocation of costs
- Prior year expenditures adjustments

A CSU fund group is a suite of CSU funds created to track program activity for a specific enterprise program, such as Housing, Parking, Student Union, etc. Each fund group suite is comprised of a revenue fund, a maintenance and repair/construction fund (unrestricted) and a construction fund (restricted).
Interagency Transactions
Transfer In/Out (Non-Reciprocal – Transfer)

Examples of allowable transfers:
- As required for data services
- Within CSU fund groups only
- As appropriate per CSU Policy
- As per BOT Resolution

Within the same campus?

Within SCD fund 09487?

Systemwide Allocation Transfer (SWAT)?

Use SWAT object codes:
Transfer In 506000
Transfer Out 680000

Use Object Codes at the CSU Fund level:
The last 3 digits = CSU Fund code
Transfer in 57000X
Transfer out 672000

Systemwide Allocation Transfer (SWAT)?

Use Object Codes at the CSU Fund level:
The last 3 digits = CSU Fund code
Transfer in 571000
Transfer out 672000

Within the same State fund?

Within the same State fund?

Use object codes:
Transfer in 506026
Transfer out 680026

Use object codes:
Transfer in 5086126
Transfer out 680216

Use object codes:
Transfer in 50612XX
Transfer out 68012XX

Use object codes:
Transfer in 50613XX
Transfer out 68013XX

*CO Use Only
Campuses should always record to 572000 for SWAT de-allocations.
Interagency Transactions
Reciprocal (Due to/from) & Non-Reciprocal (Transfers in/out) and Reimbursements

Due to/from (Reciprocal – Loan)

Is this a formal long term interest bearing loan?

YES

Use object codes:
Interfund Loans Receivable 109009
Interfund Loans Payable 263001

NO

Within SCO Fund 0948

Within the Same Campus?

YES

Use Object Codes at the CSU Fund level:
(the last 3 digits = CSU Fund code)
Due from 131XXX (xxx = source CSU fund) Due to 231XXX (xxx = destination CSU fund)

NO

Use Object Codes at the CSU Fund level:
(the last 3 digits = CSU Fund code)
Due from 1050XX Due to 2020XX

Within the SCO Fund 0948

Use Object Codes at the CSU Fund level:
(the last 3 digits = CSU Fund code)
Due from 131XXX (xxx = source CSU fund) Due to 231XXX (xxx = destination CSU fund)

Use object codes:
(state fund level)
Due from 1051XX Due to 2021XX
Interagency Transactions
Reciprocal (Due To/From) & Non-Reciprocal (Transfers In/Out) and Reimbursements

Examples of Non-Reciprocal – Reimbursement:
- Construction expenditures
- Direct allocation of costs
- Prior year expenditure adjustments

Non-Reciprocal – Reimbursement (Abatement)

Was the original expense incurred during this fiscal year?

YES

Record as abatement (contra expense) against the original expense

NO

Use Object code:
690002 Prior Year Expenditure Adjustment
Note: When an accrual entry is necessary and cash is not involved, the campus must use the appropriate Reciprocal – Loan object codes (Decision Tree B) for the above transactions.

Interagency transactions are also defined as those between a CSU entity and another, non-CSU state agency. It is important that these transactions be properly accounted for since the SCO must be able to eliminate them during preparation of the consolidated state-wide financial statements. (Also see Chapter 5, Section 4.1.9, for a discussion of SCO requirements related to reporting due from/to transactions between state agencies.)

To facilitate identification of receivable/payable transactions with non-CSU state agencies, a special series of due from/to object codes were created: 1052XX for a due from an external...
agency, 2022XX for a due to an external agency. These series are to be distinguished from those
used for receivable/payable transactions recorded within a campus and recorded between
campuses or between campuses and the CO. It is very important for campuses to select the
correct object code to properly classify the transaction. The table below will help campuses with
the object code choice.

The Chancellor’s Office has established specific object codes within the 1052XX and 2022XX
series based on historical data and they are listed in the Table of Object Code Definitions located
at the SFSR web page (http://www.calstate.edu/financialservices/resources/year-end/standards-
rules/standards-rules.shtml). However, a campus may find that the agency with which it is
transacting business is operating in a state fund for which no due from or due to object code has
been created. In these circumstances, the campus should issue an email to the SFSR legal
reporting team requesting the addition of an appropriate object code (see Contacts at
for SFSR legal reporting team contacts). Object codes used by campuses must be descriptive of
the state fund from which the other state agency will be paying an obligation or to which an
obligation will be paid to that other state agency.

Discussion of the accounting for receivables and payables involving the University of California
and community colleges is provided in Chapter 28 of this manual.
GAAP Impact:

For GAAP reporting, inter-agency due from/due to, interfund loans, transfer in/transfer out and cost recovery revenue balances must be eliminated. Refer to Chapter 4 of the GAAP Manual for further information.

3.10 Interagency Transaction Table (ITT) FIRMS Edit

Chapter 3, FIRMS, discusses automated edits. This section addresses one edit in particular, the evaluation of a campus’s balances in its interagency receivable/payable accounts and its interagency transfer in/out accounts. Accurate interagency balances are important because they need to net to zero in full consolidation. All parties to a transaction must carry their proper individual piece, recording it in the proper FIRMS object code and in the proper reporting period. The reader is encouraged to review the immediately preceding section in conjunction with this one.
As the CSU operates throughout the year, there are various interagency transactions that need to be recorded accurately to ensure proper elimination entries are posted at year end for purposes of state and GAAP reporting. For each such transaction that a campus records, the Chancellor’s Office or another campus must maintain an offsetting entry so that the elimination can occur. The Chancellor’s Office maintains a report of interagency transactions, the Interagency Transaction Table (ITT). This table includes transactions in due to/from and transfers in/out object codes, and all other accounts that have an interagency relationship. The Interagency Transactions Table is maintained within FIRMS and a supplementary schedule is published through an AD NOAT on a monthly basis by the Chancellor’s Office, on or before the 5th workday of each month.

To ensure that the campus records the transaction to the correct state fund, CSU fund and FIRMS object code, the ITT data is uploaded to FIRMS. At the time a campus closes its books and executes the FIRMS edit program to look for illogical or incorrect data conditions, the campus is notified of any out-of-balance conditions that have been detected in connection with interagency transactions. If an out-of-balance condition is detected, the campus can use the Interagency Transactions Table to identify the transaction(s) causing the problem. Balance sheet object codes that are detected as out-of-balance are reported as “warnings” during the 1st, 2nd and 3rd quarters. However, during the 4th quarter these conditions will be reported as “errors”. The income statement accounts are reported as “errors” for all quarters. “Errors” must be resolved by the campus before the Chancellor’s Office can accept the FIRMS submission.

For the fourth quarter FIRMS submission, as of June 30, the balances between the Chancellor’s Office and the campuses MUST match or the transactions cannot be consolidated without manual adjustments.

**GAAP Impact:**
The interagency transactions must net to zero and be eliminated at the appropriate levels of consolidation. Refer to Chapter 4 of the GAAP Manual for further information.

**3.11 Accounting Treatment for Rebates**

This section covers accounting for monies received from a vendor through a variety of rebate options or agreements. Campuses are required to understand established rebate programs to record the receipts in the appropriate accounts.

Treatment of rebates is different between exchange and non-exchange transactions.
**EXCHANGE TRANSACTIONS**

For an exchange transaction (directly received from the vendor as a return of a portion of the purchase price of goods or services), a rebate received under a binding agreement requiring a customer to either complete a specified cumulative level/quantity of purchases, to remain a customer for a specified time period, or to complete other specified requirements should be recognized as a reduction of purchase expenses in the year of purchase. If the rebate is probable and the amount is reasonably estimable, the rebate should be accrued upon achievement of the milestones. If the rebate is not probable or the amount is not reasonably estimable, the rebate should only be recognized when received. If the rebate is not reasonably estimable and it is received in a subsequent year of the purchase, and there is no expense directly associated with the rebate, it should be recognized using the object code that most appropriately reflects the nature of the expenditure.

**EXAMPLE 1** – A campus entered into a binding contract to purchase electricity from a utility company. In the agreement, a rebate of 5% of the utility expenses paid by the campus will be made if it is still a customer at June 30. As of June 30, the campus was still a customer of the utility company and paid a total of $1,000,000 for qualified expenses. The rebate was received after June 30. The entries to record the rebate are:

**Year 1**

Debit Accounts receivable (FIRMS Object Code 103XXX) $50,000  
Credit Electricity (FIRMS Object Code 605001) $50,000  
To accrue the rebate expected from the utility company as an abatement of the expense.

**Year 2**

Debit Cash & cash equivalents (FIRMS Object Code 10XXX) $50,000  
Credit Accounts receivable (FIRMS Object Code 103XXX) $50,000  
To record the rebate received from the utility company and reverse the corresponding receivable.

**NON-EXCHANGE TRANSACTIONS**

For a non-exchange transaction (received from a 3rd party provider other than the vendor), a rebate is classified as a voluntary non-exchange transaction. According to GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, voluntary non-exchange transactions, which result from legislative or contractual agreements, other than exchanges, are
entered into willingly by the parties (provider and customer) to the agreement. The principal characteristics of the voluntary non-exchange transactions are (1) they are not imposed on the provider or the customer and (2) fulfillment of eligibility requirements is essential for a transaction (rebate) to occur.

On the modified accrual basis of accounting, providers should recognize liabilities and expenses from voluntary non-exchange transactions, and customers should recognize receivables and revenues, when all applicable eligibility requirements, including time requirements, are met.

**Example 2**—A campus has entered into a binding agreement with a utility company (3rd party) where the utility company will pay for certain costs incurred and paid by the campus for major renovations or new construction of an energy efficient building. Upon completion, the building should satisfy the energy efficiency test. The building was completed and satisfied the energy efficiency test. The campus received a rebate of $100,000 from the utility company in the same year.

- Debit Cash & cash equivalents (FIRMS Object Code 10XXX) $100,000
- Credit Other non-operating revenues (FIRMS Object Code 580093) 100,000

To record the rebate received from the utility company as revenue.

The summary of the accounting treatment is presented in the following table:
GAAP Impact: In either case, if the rebate is not accrued in the legal-basis books for any reason, it should be recorded as a GAAP adjustment.

3.12 Unrelated Business Income Tax (UBIT) Fund Accounting

As an agency of the State of California, the CSU is generally not subject to either federal or California state income tax. However, the federal government does impose an income tax on universities and other non-profit entities in connection with for-profit business activity under Internal Revenue Code §512, referred to as unrelated business income tax or UBIT. Unrelated business income is defined as revenue generated from activities unrelated to the exempt purpose of the organization. A tax is imposed on this income so that non-profit entities do not unfairly engage in activities which compete with those of for-profit entities, which are required to pay tax on their income.

The CSU files a consolidated federal tax return annually to report unrelated business income (for the system’s 23 campuses and the Chancellor’s Office, but excluding auxiliary organizations, as they separately file unrelated business income tax returns if they have taxable transactions to
Tax liability stemming from campus activities unrelated to the delivery of education to students is borne by the campuses engaged in these activities.

Campuses generating taxable income contribute via CPO to a centrally held UBIT fund for the payment of UBIT. The Chancellor’s Office periodically adjusts the fund level in order to pay required estimated tax payments. Once the consolidated UBIT return is filed, the Chancellor’s Office will issue an Accounting Department Notice of Accounting Transaction (ADNOAT) coded memo with instructions to the campuses for the accounting entries to record the allocable share of tax liability. See below for guidelines to record the campus entries, including: (1) contribution payments to the Chancellor’s Office UBIT fund by CPO and (2) the campus’ allocable share of the actual UBIT payment.

**Chancellor’s Office**
The Chancellor’s Office established the UBIT Fund within state fund 0948, CSU fund 496, to account for the tax fund contributions from the campuses and the payment of tax. From the perspective of the Chancellor’s Office, the fund balance is a liability which is relieved upon payment of the tax to the IRS. The entries, therefore, are:

Dr.          Cash  
Cr.          205002 – Collected in Advance-Reimbursements & Abatements  
To record campus contributions to the UBIT fund.

Dr.          205002  
Cr.          Cash  
To record UBIT payment.

**Campuses**
(1) When the campus makes a payment to the Chancellor’s Office UBIT Fund by CPO, the campus will record the following entries:

Dr.          190002 – Deferred Charges  
Cr.          Cash  
To record the contribution to the UBIT fund.
(2) When the Chancellor’s Office issues the Annual Statement and corresponding ADNOAT, campuses may need to record a tax expense. The entries are:

Dr. 660090 – Other Expenses  
Cr. 190002  
To record the allocable portion of tax expense.

(3) The Chancellor’s Office monitors campus balances and occasionally, when a campus balance is deemed excessive, offers the campus a refund. Under these circumstances, the entries are:

Dr. 101100 – Short Term Investments, SWIFT  
Cr. 190002  
To record the return of the campus contribution to the UBIT fund.

3.13 Plan of Financial Adjustment (PFA) Processing

A Plan of Financial Adjustment (PFA) is to record amounts expended from 0948 but chargeable to a Special fund, per the 2012 PFA adjustment memo. Example, Move local expenditures (SCO fund 0948) used prior to bond sale to Bond Fund (SCO Fund 0576) or move payroll from SCO fund 0948 to SCO fund 0001.

It can be used as alternative to an adjustment voucher and claim process, however it should rarely be used. Per Chapter 15, section 3.4, paragraph 1, expenditures must be recorded in the source fund at the voucher level. In order to accomplish this, the corrections needs to take place in the CFS Accounts Payable module using an adjustment voucher.

In the event a PFA is allowed, it should be completed as follows:

1. **Legal Authority:** “I hereby certify under penalty of perjury that I am duly appointed, qualified and acting officer of the herein named state agency, department, board, commission, office or institution; that the within transfer is in all respects true, correct, and in accordance with all applicable provisions or restrictions in the Budget Act, Federal Regulations, or other statute pertaining to this particular appropriation.” per March 2012 SCO memo.

2. **Description:** The description MUST contain the following per SAM Section 8452.1:
   a. Month and year that the transfer is for.  
   b. Whether the PFA is Actual or Estimated.  
   c. Letter number (Optional).
3. For Bond Funds, a **Cash Transfer Letter** must be included:
   a. **Legal Authority:** “Pursuant to Education Code, section 90010-90083 the State University Revenue Bond Act of 1947, authorizing the transfer of funds between project account and the up-front account.”

4. Documentation of original expenditures must be maintained by campus.

5. Send the signed (digital or wet) copy in pdf form to cassard@sco.ca.gov with your campus agency code, and PFA Ref in the subject. Example: 6620 - PFA 179018
   a. Must be saved as 8 ½ x 14 PDF
   b. If transaction includes 0948 and amount exceeds $500,000, must “cc:” treasury@calstate.edu on email.

6. Follow up SCO Contacts:
   a. Jessica Linsu: JLinsu@sco.ca.gov
   b. Kathy Boyer: KBoyer@sco.ca.gov

4.0 **REPORTING REQUIREMENTS:**

Individual reporting requirements, if applicable, are included in the individual sections above as the requirements vary based upon the topic.

5.0 **FUND BALANCE:**

Not applicable.

6.0 **GAAP IMPACT:**

For GAAP impact, see each of the individual sections above as the impact varies based upon the topic.

7.0 **RESOURCES:**

Chancellor’s Office Systemwide General Accounting Office

CFS 9.2 – CFS Modules

ICSUAM

FIRMS Data Element Dictionary
REVISION CONTROL

Document Title: CHAPTER 29– MISCELLANEOUS ACCOUNTING

Contributor: Kelly Cox
Reviewer: Jean Gill
CO Owner: Sherry Pickering
Issuance Date: May 29, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.13</td>
<td>Added to provide accounting for the UBIT Fund.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>S. John</td>
<td>2/26/15</td>
</tr>
<tr>
<td></td>
<td>Former section 3.1, Processing an Encumbrance Journal Entry, was moved to Chapter 4.</td>
<td>J. Gill</td>
<td>J. Gill</td>
<td>R. McNiel</td>
<td>3/2/15</td>
</tr>
<tr>
<td>3.10</td>
<td>Updated Interagency Transactions section to include reciprocal/nonreciprocal transactions and a decision tree to determine when to record transfers, cost recovery revenue and abatements</td>
<td>Kelly Cox</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>4/10/15</td>
</tr>
<tr>
<td>Various</td>
<td>Changed CE/EE to EE</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>10/5/16</td>
</tr>
<tr>
<td>3.9</td>
<td>Updated to include accounting guidance related to due from/to transactions with non-CSU state agencies.</td>
<td>R. McNiel</td>
<td>S. John</td>
<td>R. McNiel</td>
<td>10/5/16</td>
</tr>
<tr>
<td>3.12</td>
<td>Revised language in UBIT section. Removed the language where a CPO will be issued for a “Negative Balance” and added campus entry three related to refunds of contributions to the UBIT fund</td>
<td>B. Siegel</td>
<td>N. Bryant</td>
<td>S. Pickering</td>
<td>9/25/2017</td>
</tr>
<tr>
<td>3.13</td>
<td>Added explanation of electronic PFA</td>
<td>K. Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>3/20/2018</td>
</tr>
<tr>
<td>3.11</td>
<td>Update rebate accounting to align with clarification in the use of prior year adjustment object codes</td>
<td>S. Pickering</td>
<td>S. John</td>
<td>S. Pickering</td>
<td>6/13/18</td>
</tr>
<tr>
<td>3.12</td>
<td>Revise language in UBIT section.</td>
<td>B. Siegel</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>6/19/18</td>
</tr>
</tbody>
</table>
CHAPTER 30  
FINANCIAL AID - FEDERAL

1.0  OVERVIEW AND DEFINITIONS:

Sections 1.1 and 1.2 are generally from the Financial Aid website. For the most up-to-date information, please visit the Financial Aid Programs website. This chapter will focus on Financial Aid funded by the Federal Government.

1.1 Introduction

Financial aid programs provide support for students to help meet the costs of obtaining a college education. Funding for financial aid programs is provided by the federal government, state governments, colleges and schools, and a variety of other public and private sources. There are two main categories of aid, differentiated primarily by the basis upon which they are awarded:

- **Achievement-based aid** is awarded to students who have a special characteristic, skill, talent, or ability. Typically achievement-based aid is in the form of scholarships.

- **Need-based aid** is provided to students who demonstrate financial need. Most financial aid, particularly public-funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs.

- **Scholarships** are "gift aid" which does not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

- **Grants** are "gift aid" and generally do not include criteria other than financial need.

- **Work-study** is a "self-help" program in the form of part-time employment during the student's college career.

- **Loans** are a form of "self-help" since they represent borrowed money that must be paid back over a period of time, typically after the student leaves school. Federal Direct Student Loans can be either subsidized or unsubsidized. When a loan is subsidized the loan does not accrue interest so long as the student is enrolled at least half-time in school. When a loan is unsubsidized the loan accrues interest and the interest is capitalized. Interest on unsubsidized student loans can be paid while in school to avoid capitalization. If the student’s enrollment drops below half-time, the student begins their
six-month grace period for both subsidized and unsubsidized loans. Once the six-month grace period ends the student enters the repayment period.

- **Veterans’ Aid** can come in the form of work-study, California Vet Fee Waiver, tuition assistance and financial aid and can help vets and active duty servicemen and servicewoman pay for school.

**Student Lending – Code of Conduct**

Each CSU campus abides by a Code of Conduct that addresses its relationship with providers of educational loans. Click [here](#) to see the Code of Conduct.

### 1.2 Federal Financial Aid Programs

Federal financial aid programs provide most of the funding currently available for student financial aid. The following are the primary federal programs through which CSU students receive aid.

- Federal Supplemental Educational Opportunity Grants (FSEOG)
- Federal Pell Grant
- Federal Work-Study Program (FWS)
- Federal Perkins Loan
- William D. Ford Federal Direct Loan Program (Direct)
- Federal Stafford Subsidized Loan
- Federal Stafford Unsubsidized Loan
- Federal Parent Loan for Undergraduate Students
- Federal PLUS Loan for Graduate Students

The Department of Education's [Student Financial Aid website](#) provides more comprehensive descriptions of these programs.

For questions regarding financial aid programs, campuses should first contact their campus financial aid office for assistance.
FUND SPECIFICS:
2.1 FIDUCIARY – AGENCY FUNDS

Student Loan Funds

2.1.1 CSU Fund 403, Perkins Loans: The Perkins Loans program is a federal program that provides low-interest loans (5%) for eligible undergraduate and graduate students, with preference to students with exceptional financial need. There are no fees charged on the loan. The federal government pays the interest while the student is enrolled at least half-time. There is a 9-month grace period to repay the loan after the student graduates, withdraws from school, or when enrollment drops below half-time. Aggregate loan limits are $27,500 for undergraduate students and $60,000 combined for undergraduate/graduate or professional study.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.1.2 CSU Fund 406, Nursing Student Loans (NSL)-Graduate: Used to record nursing student loans provided to graduate nursing students. The campus must have a written agreement with the Secretary of Health and Human Services. The loans are mostly federally funded. The institutions are responsible for the administration and the detailed management of NSL funds. Campuses are responsible for selecting the students.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.1.3 CSU Fund 407, Nursing Student Loans (NSL)-Undergraduate: Used to record nursing student loans provided to undergraduate nursing students. The campus must have a written agreement with the Secretary of Health and Human Services. The loans are mostly federally funded. The institutions are responsible for the administration and the detailed management of NSL funds. Campuses are responsible for selecting the students.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.1.4 CSU Fund 410, Federal Direct Student Loans: Used to record loans obtained directly from the Department of Education with funding from the U.S. Treasury. There are three types of low-interest, long-term loans under this program: (1) Federal Stafford Subsidized Loan (only available to undergraduate students starting their academic career in 2012-13 or later, (2) Federal Stafford Unsubsidized Loan (available to both undergraduates and graduates), and (3) Federal Parent Loan for Undergraduate Students (PLUS) (available to both undergraduates and graduates). All loans are government-insured, except for unsubsidized loans.
Authority: EC 89721(b) and established via Financial Aid Regulations.

2.2 FIDUCIARY – PRIVATE PURPOSE FUNDS

Financial Aid Funds

2.2.1 CSU Fund 401, Federal Supplemental Education Opportunity Grants (FSEOG): Used to record the Supplemental Education Opportunity Grant (SEOG), federally-funded grant assistance for undergraduates with the greatest financial needs. These federal grants range from $100-$4,000. First priority is given to students with lowest expected family contributions who receive a Pell Grant and who apply by the applicable deadline. The student must be enrolled in a minimum of 6 units to receive the award.

Authority: EC 89721(b) and established via the Grantor Agreement.

2.2.2 CSU Fund 408, Pell Grant Program: The Pell Grant program is a federally-funded grant that provides the foundation in the undergraduate's financial aid "package" to which other financial aid may be added. Awards are based on a student’s financial need and on enrollment status. The Governmental Accounting Standards Board (GASB) Statement No. 19 requires that Federal Pell Grants be recorded as restricted funds. GASB No. 19 states that the institution is responsible for evaluating a student’s requests for aid based on federal government criteria. If a student is eligible, the institution grants the scholarship and administers the disbursement of the grant.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.2.3 CSU Fund 409, College Work-Study Program: Used to record funding and related expenses for the federally funded program that provides both on- and off- campus jobs for eligible undergraduate and graduate students through private or public non-profit organizations, local school districts, and other local, state, or federal agencies. Private sector employers may hire Federal Work Study (FWS) students if the employer provides jobs related to the student's course of study or career objective. This fund can also be used for the work study program that is not federally funded.

Authority: EC 89721(b) and established via Financial Aid Regulations.
2.2.4 **CSU Fund 411, ACG/SMART Grants:** Used to record the Academic Competitiveness Grant (ACG) and National Science and Mathematics Access to Retain Talent (SMART) grants which are federally funded. ACG grants are for freshmen & sophomores and SMART grants are for juniors & seniors. Students must be eligible for the Pell grant to receive ACG & SMART. This fund was inactivated on July 1, 2014, effective fiscal year 2014/15.

Authority: EC 89721(b) and established via Grantor Agreement.

2.2.5 **CSU Fund 412, Federal Teach Education Assistance Grant:** Used to record the Federal Teacher Education Assistance College and Higher Education (TEACH) grant to assistance students who sign an agreement to meet specific teaching requirements, including working as a paid full-time teacher in a high-needs field and serving low-income students. Assistance recipients must teach for four academic years within eight years of completing program study. If recipient does not satisfy this requirement, all TEACH Grants must be repaid as direct unsubsidized loans, with interest cumulative from the date the grant was first disbursed.

Authority: EC 89721(b) and established via the Grantor Agreement.

2.2.6 **CSU Fund 413, Miscellaneous Federal Financial Aid Grants:** Used to record funds received in connection with federal financial aid grants for which no specific fund has been established. The fund was created to differentiate between federal financial aid grants and nonfederal financial aid grants.

Authority: EC 89721(b) and established via the Grantor Agreement.

3.0 **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1 **Unique FIRMS Object Codes**

503101 - Federal Supplemental Educational Opportunity Grant Program (CSU Fund 403)
503102 - Perkins Contribution (CSU Fund 403)
503103 - Nursing Contribution (CSU Funds 406, 407)
503104 - Federal Pell Grant (CSU Fund 408)
503105 - College Work Study-Federal (CSU Fund 409)
503106 - Federal Direct Student Loans (CSU Fund 410)
503111 - Other Federal Financial Aid Grants (CSU Funds 411, 412, 413)
580097 - Federal Financial Aid Admin Allowance

**For a complete list of valid object codes, refer to the Legal Edits Table (see link provided in Section 7.0, Resources). See also the "Table of Object Code and CSU Fund Definitions."**
3.2 FIRMS Edit Table

During the FIRMS data validation process, campus data will be checked to verify that only financial aid object codes are being used in the funds referenced in this chapter. See Chapter 3, FIRMS, for further information about the Legal Edits Table, which validates combinations of CSU fund and object code.

3.3 Interest on Federal Financial Aid

Periodically, the Department of Education will conduct a review of a campus’s administration of the programs authorized pursuant to Title IV of the Higher Education Act of 1965, as amended, 20 U.S.C. §1070 et. Seq. (Title IV, HEA programs). The goal of their reviews is to determine compliance with the statutes and federal regulations as they pertain to the institution’s administration of Title IV programs. The review generally consists of, but is not limited to, an examination of the campus policies and procedures regarding institutional and student eligibility, individual student financial aid and academic files, attendance records, student account ledgers, and compliance with consumer information requirements.

As a result of recent Department of Education program reviews (for the fiscal year 2013) at some of the campuses, the issue of paying the federal government for investment earnings was considered. Since implementation of the Revenue Management Program (RMP), the campuses have been instructed not to reimburse the federal government for investment earnings. Per the Federal Cash Management Improvement Act of 1986, the state pays interest on federal funds on behalf of all state agencies as part of the budget process. CSU, therefore, does NOT have to pay interest on federal funds.

Per the Cash Management Improvement Act of 1990, each state must submit an annual Treasury-State Agreement (TSA) to the Federal Department of Treasury. The TSA states the interest calculation methodology and identifies the federal assistance programs (or covered programs) that are part of the agreement. If the federal agency is part of the TSA, then the campus does not have to pay the federal government interest earned on the funds as it has already been covered (paid) by the state. If the federal agency is not on the list, then the campus either pays the interest or there may be instructions as part of the agency agreement as to how to account for the interest earned. For example, on the Perkins Loan Agreement, the interest earned goes back into the pool of funds available for loans.
Campuses should review the list from the URL below to confirm if any campus programs are included in the Catalogue of Federal Domestic Assistance (CFDA) Programs and are thereby exempt from interest being reimbursed to the federal government.

https://www.cfda.gov/?s=program&mode=list&tab=list

Campuses may also choose to use the CFDA Home Page to search by program number.

https://www.cfda.gov/?s=main&mode=list&tab=list&tabmode=list

3.4 Federal Financial Aid Handbook

The Federal Student Aid Handbook, via the Information for Financial Aid Professionals (IFAP) website, connects the user to guidance, resources and systems needed to conduct the business of Federal Student Aid. This Handbook is primarily utilized by the campus Financial Aid Office. From time to time, specific information and updates will be included in this section of the Legal Manual that may be relevant to campus accounting and reporting offices for informational purposes.

3.5 Financial Aid Refunds to Students - CSU Direct Deposit Modification

In February 2018 the “message” in PeopleSoft (Student Financials) related to authorizing EFT, as shown below, was updated to ensure compliance with the regulations stated in Federal Student Aid Handbook. This newly revised language was reviewed by both the financial aid and legal counsel offices and the Chancellor’s Office and communication to the Student Financials group.

“I hereby authorize in accordance with the rules and regulations of the National Automated Clearinghouse Association ("NACHA") California State University XX to credit any reimbursements due to me via automated clearinghouse electronic fund transfer ("ACH") to the bank and bank account owned by me referenced above. This authorization will remain in effect until cancelled in writing. A new authorization must be completed if I change my bank account, close my bank account, or change financial institutions.
Note: I understand that CSUXX requires ten (10) business days to set up this initial authorization and two (2) business days for funds to become available following an ACH electronic funds transfer.”

3.6 Disbursement of Title IV Higher Education Act Program Funds

Effective July 1, 2016, the United States Department of Education (DoE) amended Subpart K – Cash Management of the Student Assistance General Provisions regulations issued under the Higher Education Act of 1965 (HEA). These regulations govern the ways that an institution requests, maintains, disburses and otherwise manages title IV, HEA program funds. In order to ensure compliance with the changes, all campuses must post the total awarded amount of title IV, HEA program funds to the student’s ledger, pay tuition, fees, and other allowed charges and disburse any credit balance directly to the student utilizing campus funds prior to drawing down funds from the DoE. Disbursement of any credit balance occurs the date an electronic funds transfer is initiated or a paper check is mailed. Once either disbursement method takes place, a campus may then draw down title IV, HEA program funds through the DoE website to reimburse itself. See embedded memo dated December 1, 2016 from Robert Eaton, AVC, Financing, Treasury and Risk Management.

4.0 REPORTING REQUIREMENTS:

4.1 Federal Financial Aid and the A-133 Single Audit

The Single Audit Act Amendments of 1996 was enacted to streamline and improve the effectiveness of audits of federal awards and to reduce the audit burden on states, local governments, and not-for-profit organizations (NPOs). OMB Circular A-133 stated that nonfederal entities that expend $500,000 or more of federal awards in a fiscal year should have a single audit. The Uniform Guidance (2 CFR part 200, subpart F) was issued in 2013 to replace Circular A-133, and is effective for Federal awards received after December 26, 2014.

To learn more about the Single Audit, please see GAAP Manual Chapter 15, Preparing for a Single Audit under the Uniform Guidance. Also see the training presentations entitled Single Audit (links to training include in below section 7.0).
4.2 Perkins Loans – Refund of Excess Federal Funds

Annually, campuses are required to make a calculation, referred to as the Perkins Excess Liquid Capital Calculation, to determine any excess federal funds held under the Perkins Loan program and to refund such excess to the federal government. Campuses should charge 503102, Perkins Contribution, for these refunds. In any given year this may result in an abnormal balance in the revenue account if the refund exceeds the federal contributions for that year.

At the option of a campus, the refunds can be segregated from the federal contributions through the establishment of a PeopleSoft contra-revenue account. This will not be done at the system level as only the net is required for reporting purposes.

The return of Perkins Excess funds calculation result can be the combination of the Federal portion and the institutional match. The institutional match should be returned to the source fund that provided the matched funding. If the source fund is unknown, the assumption can be made that the institutional match was provided from tuition and fees and that the transfer from CSU fund 403 should be to CSU fund 485 using the applicable transfer in / transfer out FOCs.

4.3 Tax Reporting – 1098T

Annually, campuses must provide IRS Form 1098-T to any student who paid "qualified educational expenses" in the preceding tax year. Qualified expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school. These forms are completed by the Financial Aid office. Any questions pertaining to the law governing the issues of 1098-T’s can be addressed to Bryn Siegel (bsiegel@calstate.edu).

4.4 Perkins Loans – Portfolio Liquidation

Campuses should credit 109001 – Student Loans Receivable and debit 503102, Perkins Contribution when returning their portfolio to the Department of Education. The institution loses all rights and title to the institutional contribution upon liquidation. In the year the campus chooses to liquidate, the campus should review their Perkins CSU fund 403 trial balance to ensure that the final set of journal entries closes the trial balance entirely.

5.0 FUND BALANCE:

CSU fund 485, FIRMS object code 304021, Designated for Financial Aid, was created only for use by campuses that treat summer as a trailer term for financial aid purposes. A trailer term is a
term that follows the Spring term, but which does not go into the next academic year. If financial aid has been granted, but was not used by a student for the previous Fall or Spring terms, it can be used in a trailer term. Campuses should accrue on their legal books any unspent amounts that have been awarded for the summer term. In cases where 100% of the State University Grant (SUG) or Equal Opportunity Program (EOP) award for a year has not been spent or properly accrued, a designated reserve should be recorded within CSU fund 485 and an explanation should be provided in the annual carryforward report to the Systemwide Budget Office.

There are no equity accounts for financial aid and student loan funds and for financial aid funds classified as agency funds, therefore, there is no fund balance at the end of the fiscal year for these funds.

For rules relating to the disposition of remaining federally-funded financial aid please refer to the Federal Student Aid Handbook. The monitoring and reporting of remaining funds are generally the responsibilities of Student Accounting and the Bursar’s Office.

5.1 Escheat

Financial aid funds may not escheat to a state or any other third party. A school must return to the Department any Title IV funds, except FWS program funds that it attempt to disburse directly to a student or parent that are not received by the student or parent. For FWS program funds, a school is required to return the federal portion of the payroll disbursement.

If an EFT to a student’s or parent’s financial account is rejected, or a check to a student or parent is returned, a school may make additional attempts to disburse the funds, provided that those attempts are made not later than 45 days after the EFT was rejected or the check returned. In cases where the school does not make another attempt, the funds must be returned to the Department before the end of this 45-day period.

All unclaimed credit balances must be returned- there is no de minimis amount. Student accounting and Bursars must report any uncashed checks to the financial aid office within the 45 day period to adjust student financial aid records and return funds to the appropriate federal or state agency. The school must cease all attempts to disburse the funds and return them no later than 240 days after the date it issued the first check. Failure to meet all deadlines alerts the federal or state agency there is lack of administrative capability.

See also Chapter 27, Escheat.
5.2 Financial Aid Database

Annually, the campus Financial Aid Department submits student level data to Financial Aid at the Chancellor’s Office via a process called Financial Aid Database (FADB) reporting. This data is then merged with ERS data at the Chancellor’s Office to create a system-wide Financial Aid Database (FADB). This system-wide FADB is used to prepare the annual Legislative Report. Program level data for state, institutional, and federal financial aid is reported. The Financial Aid division of Student Academic Support coordinates these efforts at the Chancellor’s Office. The Legislative Report of Financial Aid Expenditures is required by Section 66021.1 of the California Education Code. The report covers an academic year and the start and end dates are based upon how the campus distributes their financial aid (i.e., it’s based on how the campus defines the summer term, as a header or trailer term). The annual report deadline is September 30th.

6.0 GAAP IMPACT:

The FIRMS object codes listed in section 3.0 map to GAAP account 722003, Scholarships and Fellowships.

A manual GAAP adjustment, relating to tuition discounting, is required to reclassify transactions initially recorded as student grants and scholarships into an offset against revenue categories where it is deemed to apply. Campuses also need to adjust for summer term trailer accruals.

In addition, an allowance for the portion of student loans receivable deemed uncollectible in the Perkins or Nursing Loan programs is required for GAAP purposes.

The GAAP accounting treatment for grants and scholarships depends on who, between the grantor and CSU, has the ability to select the student recipients (i.e. agency transaction vs. restricted scholarship and fellowship).

See GAAP Manual Chapters 4 – GAAP Adjustments and Reclassification Entries for more information on the required GAAP adjustments.

7.0 RESOURCES:

Federal Student Aid Handbook
Legal Edits Table
GAAP Manual

Training Presentations - Single Audit – A-133 and Single Audit
Financial Aid Programs

IRS Form 1098-T

CSU 1098-T Reference Information

Internal Controls for the FWS Program, Reconciliation, Fiscal and Program Records
## Revision Control

### Document Title: CHAPTER 30 – FINANCIAL AID – FEDERAL

**Contributor:** Kristina Randig  
**Reviewer:** Dean Kulju/Wendy Ortega  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 21, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.1.2 and 2.1.3</td>
<td>Campuses are responsible for selecting the students.</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>12-17/15</td>
</tr>
<tr>
<td>2.2.2</td>
<td>Updated award maximum to $5775</td>
<td>Kristina Randig</td>
<td>R, McNiel</td>
<td>R. McNiel</td>
<td>12/17/15</td>
</tr>
<tr>
<td>2.2.3</td>
<td>This Fund can also be used for Work Study Program that is not federally funded.</td>
<td>Kristina Randig</td>
<td>R, McNiel</td>
<td>R. McNiel</td>
<td>12/17/15</td>
</tr>
<tr>
<td>2.2.4</td>
<td>CSU Fund 411, ACG/SMART Grants was inactivated effective 7-1-2014</td>
<td>Kristina Randig</td>
<td>R, McNiel</td>
<td>R. McNiel</td>
<td>12/17/15</td>
</tr>
<tr>
<td>2.2.5</td>
<td>Added language if recipient does not satisfy the requirements of the TEACH Grant.</td>
<td>Kristina Randig</td>
<td>R, McNiel</td>
<td>R. McNiel</td>
<td>12/17/15</td>
</tr>
<tr>
<td>5.0</td>
<td>Update FIRMS Object Code Description</td>
<td>Kristina Randig</td>
<td>K. Randig</td>
<td>K. Randig</td>
<td>4/4/17</td>
</tr>
<tr>
<td>3.4</td>
<td>Added introductory section regarding the Federal Financial Aid Handbook as a resource.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>S. Pickering</td>
<td>4/9/18</td>
</tr>
<tr>
<td>3.5</td>
<td>Added section to discuss Financial Aid Refunds to Students in relation to information found in the Federal Financial Aid Handbook.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>S. Pickering</td>
<td>4/9/18</td>
</tr>
<tr>
<td>3.6</td>
<td>Added section regarding the Disbursement of Title IV Higher Education Act Program Funds.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>S. Pickering</td>
<td>4/9/18</td>
</tr>
<tr>
<td></td>
<td>Description</td>
<td>Author</td>
<td>Reviewer</td>
<td>Date</td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>-----------------------------------------------------------------------------</td>
<td>-------------------------------</td>
<td>---------------------</td>
<td>--------</td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Updated language to remove reference to A-133 and replace with Uniform Guidance.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>4/9/18</td>
<td></td>
</tr>
<tr>
<td>4.2</td>
<td>Added information regarding the return of the institutional support portion of the Perkins Loans – refund of Excess Federal Funds.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>4/9/18</td>
<td></td>
</tr>
<tr>
<td>4.3</td>
<td>Added section to reference IRS Form 1098T.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>4/9/18</td>
<td></td>
</tr>
<tr>
<td>7.0</td>
<td>Added a variety of supporting reference links.</td>
<td>Kristina Randig</td>
<td>W. Ortega</td>
<td>4/9/18</td>
<td></td>
</tr>
<tr>
<td>4.4</td>
<td>Added section Perkins Loans – Wind Down Portfolio Liquidation.</td>
<td>S. Pickering</td>
<td>D. Kulju</td>
<td>6/4/2018</td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 31
FINANCIAL AID - STATE

1.0 OVERVIEW AND DEFINITIONS:

Sections 1.1 and 1.2 are generally from the Financial Aid website. For the most up-to-date information, please visit the Financial Aid Programs website. This chapter will focus on financial aid funded by the State.

1.1 Introduction

Financial aid programs provide support for students to help meet the costs of obtaining a college education. Funding for financial aid programs is provided by the federal government, state governments, colleges and schools, and a variety of other public and private sources. There are two main categories of aid, differentiated primarily by the basis upon which they are awarded:

- **Achievement-based aid** is awarded to students who have a special characteristic, skill, talent, or ability. Typically achievement-based aid is in the form of scholarships.

- **Need-based aid** is provided to students who demonstrate financial need. Most financial aid, particularly public-funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs.

- **Scholarships** are "gift aid" which does not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

- **Grants** are "gift aid" and generally do not include criteria other than financial need.

- **Work-study** is a "self-help" program in the form of part-time employment during the student's college career.

- **Loans** are a form of "self-help" since they represent borrowed money that must be paid back over a period of time, typically after the student leaves school. Federal Direct Student Loans can be either subsidized or unsubsidized. When a loan is subsidized the loan does not accrue interest so long as the student is enrolled at least half-time in school. When a loan is unsubsidized the loan accrues interest and the interest is capitalized. Interest on unsubsidized student loans can be paid while in school to avoid capitalization. If the student’s enrollment drops below half-time, the student begins their
six-month grace period for both subsidized and unsubsidized loans. Once the six-month grace period ends the student enters the repayment period.

- **Veterans’ Aid** can come in the form of work-study, California Vet Fee Waiver, tuition assistance and financial aid and can help vets and active duty servicemen and servicewoman pay for school.

- **Student Lending – Code of Conduct**

Each CSU campus abides by a Code of Conduct that addresses its relationship with providers of educational loans. Click [here](#) to see the Code of Conduct.

### 1.2 State of California Financial Aid Programs

The [California Student Aid Commission (CSAC)](http://www.csac.ca.gov/mcs.asp) administers a number of student financial aid programs designed to assist California students.

- **Middle Class Scholarship (MCS)**

  Provides a scholarship to undergraduate students with a family income of up to $150,000. The student must be enrolled at a California State University or University of California and be a California resident or eligible Assembly Bill 540 student. (On October 12, 2001, Governor Gray Davis signed into law Assembly Bill 540 (Stats.2001, ch 814) that added a new section, 68130.5, to the California Education Code. Section 68130.5 created a new exemption from payment of non-resident tuition for certain nonresident students who have attended high school in California and received a high school diploma or its equivalent.) The student must file a Free Application for Federal Student Aid (FAFSA) or a California Dream Application by the March 2 deadline. Middle Class Scholarships are not a set amount and may vary by student and institution. The award is determined after the student is awarded any Federal aid, State aid and institutional aid for which he is eligible. The final award amount will also be based on the number of students eligible for the MCS state-wide, the amount of tuition fees assessed to the student, and the funding allocated by the State Budget. For more complete information on the program and eligibility requirements, visit [http://www.csac.ca.gov/mcs.asp](http://www.csac.ca.gov/mcs.asp). This scholarship was established in 2013 by California Senate Bill 88.

  Because of substantial sums the CSU expects to receive in connection with the program and because of the reporting requirements associated with it, a new CSU Fund (425), FNAT key (131090) and revenue object code (503208) were created.
- **Cal Grant A Entitlement Awards** and **Cal Grant B Entitlement Awards**
  Cal Grants A and B provide need-based grant assistance to low- and middle-income full-time students to offset tuition/fee costs and other costs. Recipients must also meet financial and GPA requirements. Funds are first disbursed to eligible undergraduate students, and then requests are submitted to the California Student Aid Commission (CSAC) for reimbursement. If the student limits enrollment to 6.0 units, the Cal Grant must be reduced to the amount of tuition fees. Students must be California residents and be enrolled at least half-time to qualify.

- **Cal Grant Community College Transfer Entitlement Awards**
  The Cal Grant Community College Transfer Entitlement Award is given to community college students who do not already have a Cal Grant if they have at least a 2.4 grade point average when transferring to a baccalaureate degree granting institution. Eligible applicants must meet financial criteria, have graduated from high school in 2000-01 or later, and be under the age of 28.

- **Competitive Cal Grant Awards**
  The Competitive Cal Grant Award is given to students who do not qualify for one of the entitlement programs. A limited number of Cal Grant awards are currently made available each year on a competitive basis for these students.

- **California Chafee Grant**
  The California Chafee Grant is free money for current or former California foster youth to help pay for college or career and technical training. Chafee Grants do not have to be paid back and can be up to $5,000 a year. A Chafee Grant is a federal- and state-funded grant subject to yearly availability of funds. To separate the Chafee Grant from the Cal Grant activity, due to associated reporting requirements, a new FNAT key (131097) with a new project code (CHFEE), and also revenue object code (503207), were created and are valid in CSU Fund 424.

- **California Dream Act**
  The California Dream Act (CDA) is a group of California State laws that allows students who have a California Assembly Bill 540 (AB540) affidavit on file with the CSU campus to apply for state and institutional financial aid. The California Dream Act is not a new financial aid program that contains a revenue or funding source, but rather allows for an additional avenue for students to obtain existing financial aid. Investment earnings accrued within this fund should be credited back to this fund per EC 89722. The intent
for the earnings should help build up wealth in the program so it could be self-sustaining one day.

- **California Dream Loan Program**
  Approved by SB 1210, Lara. Postsecondary education: California DREAM Loan Program. The bill provided that, commencing with the 2015–16 academic year, a student attending a participating campus of the California State University may receive a loan, referred to as a DREAM loan, through the program if the student satisfies specified requirements, including requirements established by the California Dream Act, and has a valid AB 540 affidavit on file with their school of attendance. The bill calls for each campus to create a DREAM revolving fund. In this fund, State and institutional money will be deposited to provide the funding required for the loans, as well as loan payments received from students. This program functions similarly to the Federal Perkins Loan Program.

A new CSU fund, 426 (FNAT key 131628), has been created for the California Dream Loan as a loan fund. The funding will come from CSU funds 481 and 485 at the CO. The CO will first transfer the money from CSU funds 481 and 485 at the CO to CSU fund 426 at the CO. The CO will then transfer the money from the CO’s 426 to the campuses’ 426, which means the CO will record the transfer out in 671000 and campuses will record the transfer in in 571000. Campuses will record the loan disbursements in 109001 (Student Loans Receivable) in 426.

These funds (if appropriated) are included as part of the California State Governor’s Budget and are allocated to the CSU. In addition to institutional funds. The CO in turn, provides funding to the various campuses based on need.

For questions regarding the above two sections, campuses should first contact their campus Financial Aid Office for assistance.

### 2.0 FUND SPECIFICS:

**CSU Fund 424, California Grant Programs:**
Currently, all state-administered financial aid programs as described above are recorded in CSU fund 424 except for the Middle Class Scholarship recorded in CSU fund 425 and the California Dream Loans, recorded in CSU fund 426
Authority: EC 89721(b) and the Grantor Agreement.

CSU Fund 425, Middle Class Scholarship:
Used to record Middle Class Scholarship, which provides financial support to undergraduate students with a family income of up to $150,000 attending either the CSU or UC. It operates in a very similar way to the Cal Grant Program.

Authority: California Senate Bill 88 (2013)

CSU Fund 426 (CO Only), California Dream Loan:
A revolving fund for the purpose of extending loans to students who meet the requirements established by AB 130/131 and AB 540 and who have financial need. Dream Loans are only available at participating UC/CSU campuses. In this fund, State and institutional money, as well as payments received from students on the loans, will be deposited. The fund will also be used to record the loan disbursements to students.

Authority: CA Senate Bill 1210

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Unique FIRMS Object Codes

109001 – Student Loans Receivable
503204 - Cal Grant Program
503207 – Chafee Grant
503208 – Middle Class Scholarship
609003 - State Grants-Other
670426 – California Dream Loan – Transfers to 426 from another CSU fund in state fund 0948

For a complete list of valid object codes, refer to the Legal Edits Table (see link provided in Section 7.0, Resources).

3.2 FIRMS Edit Table

During the FIRMS data validation process, campus data will be checked to verify that only financial aid object codes are being used in the fund. See Chapter 3, FIRMS, for further information about the Legal Edits Table, which validates combinations of CSU fund and object code.
4.0 REPORTING REQUIREMENTS:

4.1 Reports
Annual legislative reports are prepared by the Chancellor’s Office on behalf of the campus for all financial aid-related requests. Campuses may need to provide necessary information to the CO upon request to meet the reporting requirements.

4.2 Chafee Grant
For the Chafee Grant, checks are made payable to the student (and not to the campus) by the California State Controller’s Office, but campuses’ procedures for handling these checks vary. Some campuses ask the student to endorse the check(s) over to the university and then record them on the campus books; others do not record them, but simply hand them over to the students after verifying eligibility. Regardless of the handling of the checks from an accounting standpoint, we have concluded that a sufficient level of administration is being applied by the CSU to warrant reporting of the grant monies on the student’s 1098-T, Box 5. Financial aid is reportable on the 1098-T when the educational institution “administers and processes” payment. This is a fact-based determination. When the campus has a level of involvement in the issue of financial aid to a student (e.g. actively participating in the selection of recipients; determining eligibility before aid is granted), then the activity warrants reporting of that financial aid in Box 5 of the 1098-T.

4.3 California Dream Loan Program
For FY 15-16, the institutional match for the California Dream Loan program will come from the Chancellor’s Office. The CSU will fund CSU Fund 426 using 50% Operating funds and 50% Lottery funds ($1M from each fund for a total of $2M). The CO will centrally transfer the funds and then allocate the funds to the campuses so only the interagency transfer within CSU Fund 426 is needed. The bill allows for the comingling of these funds with a revolving fund, which is the authority that is being cited for the transfers. Earned interest does not need to be returned to the state. The CO will charge a 5% administration fee and the campuses may do the same to cover costs to administer the program.

The accounting entries for the transfers would be as follows:

<table>
<thead>
<tr>
<th>LOCATION</th>
<th>ENTRY DESCRIPTION</th>
<th>ACCOUNT</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>CO</td>
<td>CO Internal transfer from 485 to 426</td>
<td>670426</td>
<td>$1.0M</td>
</tr>
<tr>
<td>CO</td>
<td>CO Internal Transfer from 481 to 426</td>
<td>670426</td>
<td>$1.0M</td>
</tr>
<tr>
<td>CO</td>
<td>CO Internal Transfer from 485 to 426</td>
<td>570485</td>
<td>($1.0M)</td>
</tr>
</tbody>
</table>
Campuses will manage the loan program with the loan service provider and the CO will manage the system-wide reporting as follows in accordance with SB1210:

(c) (1) Each participating institution shall deposit funds appropriated pursuant to subdivision (a) in a DREAM revolving fund established by each institution, subject to subdivision (e). DREAM loans shall be awarded from, and DREAM loan repayments shall be deposited into, these revolving funds.

(d) At the start of each academic year, before DREAM loans for that academic year are awarded, each participating institution shall contribute discretionary funds into its DREAM revolving fund so that the sum of the institution’s contribution of funds and the institution’s share of DREAM loan repayments equals or exceeds 50 percent of all funds in the institution’s DREAM revolving fund for each year of an institution’s participation. (The CSU is choosing to use Lottery at this time.)

(2) An institution described in paragraph (1) that terminates its participation in the DREAM Program shall annually repay all funds provided by the state as the institution collects DREAM loan repayments (only the appropriated 50% component).

(2) Each institution, including an institution described in subdivision (f), shall annually report all of the following:

(A) The total amount of funding in the institution’s DREAM revolving fund. (CO to report)
(B) The annual amount contributed by the state to the institution’s DREAM revolving fund. (CO to report)
(C) The annual amount contributed by the institution to the institution’s DREAM revolving fund. (CO to report)
(D) The annual administrative costs of the DREAM Program at the institution. (Campus to report)

4.4 Cal Grant Interest Reimbursement

For rules regarding Cal Grant interest reimbursement, please refer to the current Institutional Participation Agreement (IPA) and the CSU Business Process Procedure: Cal Grant Interest Remittance document embedded as a resource in Section 7.0 Resources. Additionally, please find a letter from the California Student Aid Commission (CSAC) indicating that the CSU’s practice of holding the advanced Cal Grant funds in the interest-bearing SWIFT account at a financial institution with a presence in California meets the requirements of Article III, Section D(1)(c) of the IPA. Campuses can use this as support for the reference section in the 2017-21 Cal
Grant Program IPA which states, “The institution must confirm that the accounts(s) used in which Cal Grant funds are held is interest bearing when establishing, updating, orduring the Agreement renewal process. Confirmation of an interest bearing account is a letter from the banking institution on the bank’s letterhead indicating such or a copy of the bank statement.

4.5 Tax Reporting – 1098T

Annually, campuses must provide IRS Form 1098-T to any student who paid "qualified educational expenses" in the preceding tax year. Qualified expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school. These forms are completed by the Financial Aid office. Any questions pertaining to the law governing the issues of 1098-T’s can be addressed to Byrn Siegel (bsiegel@calstate.edu).

4.6 CSAC Reimbursement Suspension

Periodically, CSAC exhausts the appropriation for the programs it administers and suspends reimbursements until the new fiscal year. Upon receiving the notice from the Chancellor’s Office that reimbursements are suspended in a given year, campuses will treat the amounts due from CSAC for the any outstanding reimbursements as a Due from General Fund with non-CSU state agency, FIRMS object 105205.

To do so, campuses are expected to follow these steps:

1. The campus will establish a lump sum receivable in the program CSU fund for the amount owed from CSAC.

2. The aid will be continue to be disbursed to the student accounts. Therefore, the program CSU fund will have a deficit or negative cash balance at year end. Under those circumstances, campus FIRMS submissions are expected to contain this abnormal balance for the June 30 FIRMS filing and other quarterly submissions until the reimbursements are received from CSAC.

To ensure consistent treatment across campuses, below is a schedule of sample accounting entries using the MCS program.
Entries 1-3 are fed to Finance from the Student system.

Report Due from CSAC on the Due From/To Supplemental Form using Subsidiary Org 6980.

5.0 **FUND BALANCE:**

For rules regarding remaining funds in Cal Grant, please refer to the current [Institutional Participation Agreement](#) and the [California Education Code](#).
FIRMS object code 304021, Designated for Financial Aid, was created for use by campuses that treat summer as a trailer term for financial aid purposes. A trailer term is a term that follows the Spring term, but which does not go into the next academic year. If financial aid has been granted, but was not used by a student for the previous Fall or Spring terms, it can be used in a trailer term. Campuses should accrue on their legal books any unspent amounts that can be used for the summer term before the fiscal year end, and will need to record an entry in the Designated for Financial Aid (304021) to reserve funds that will be expended in the new fiscal year.

6.0 GAAP IMPACT:

The FIRMS expense object codes mentioned in section 3.0 map to GAAP account 722003, Scholarships and Fellowships, whereas FIRMS revenue object code 503204, Cal Grant Program, maps to GAAP account 723008, State Financial Aid Grants – Noncapital. In addition, FIRMS object code 109001, Student Loans Receivable, maps to GAAP account 711203, Student Loans Receivable, net.

See GAAP Manual Chapters 4 – GAAP Adjustments and Reclassification Entries for more information on the required GAAP adjustments.

7.0 RESOURCES:

Financial Aid Programs

Legal Edits Table

GAAP Manual

SB 1210 - CA Dream Loan Program

CSU Business Process Procedure: Cal Grant Interest Remittance
**REVISION CONTROL**

**Document Title:** CHAPTER 31 – FINANCIAL AID - STATE  
**Contributor:** Kristina Randig  
**Reviewer:** Dean Kulju/Wendy Ortega  
**CO Owner:** Roberta McNiel  
**Issuance Date:** May 21, 2014

**Revision and Approval History**

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2, 2.0</td>
<td>Updated Information related to the Middle Class Scholarship</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td></td>
<td>1/15/16</td>
</tr>
<tr>
<td>1.2, 2.0, 4.2</td>
<td>Added information regarding the California Chafee Grant</td>
<td>K. Randig</td>
<td>D. Kulju, W. Ortega, S. John</td>
<td>R. McNiel</td>
<td>1/15/16</td>
</tr>
<tr>
<td>1.2, 2.0, 4.3, 6.0</td>
<td>Added information regarding the California Dream Loan Program</td>
<td>K. Randig</td>
<td>D. Kulju, W. Ortega, S. John</td>
<td>R. McNiel</td>
<td>1/15/16</td>
</tr>
<tr>
<td>3.1</td>
<td>Updated section to remove object codes 609005 and 609006 as they are no longer valid in accordance with SFSR’s review of objects and validity within applicable funds. Final email from RM 7/5/16.</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. John</td>
<td>3/30/17</td>
</tr>
<tr>
<td>5.0</td>
<td>Updated FIRMS Object Code Description</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. John</td>
<td>3/30/17</td>
</tr>
<tr>
<td>4.4</td>
<td>Inserted information regarding the Cal Grant Interest Calculation</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. John</td>
<td>3/30/17</td>
</tr>
<tr>
<td>7.0</td>
<td>Inserted SW Guideline for Cal Grant Interest Calculation</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. John</td>
<td>3/30/17</td>
</tr>
<tr>
<td>1.2</td>
<td>Added information regarding the CA Dream Act whereby investment earnings accrued should be added back to the fund.</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. Pickering</td>
<td>4/27/2018</td>
</tr>
<tr>
<td>2.0</td>
<td>Added “CO Only” to CSU Fund 426</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. Pickering</td>
<td>4/27/2018</td>
</tr>
<tr>
<td>4.4</td>
<td>Add explanation and/or letter regarding CSCA acceptance and support for the CSUs banking process for validation with the IPA.</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. Pickering</td>
<td>4/27/2018</td>
</tr>
<tr>
<td>4.5</td>
<td>Add information regarding the 1098T.</td>
<td>K. Randig</td>
<td>D. Kulju</td>
<td>S. Pickering</td>
<td>4/27/2018</td>
</tr>
<tr>
<td>4.6</td>
<td>Add information regarding the CSAC</td>
<td>S.</td>
<td>D. Kulju</td>
<td>S. John</td>
<td>5/24/2018</td>
</tr>
<tr>
<td>Reimbursement Suspension</td>
<td>Pickering</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

FINANCIAL AID - STATE
CHAPTER 32
FINANCIAL AID – CAMPUS/LOCAL/NONGOVERNMENTAL

1.0 OVERVIEW AND DEFINITIONS

Sections 1.1 and 1.2 are directly from the Financial Aid website. For the most up-to-date information, please visit the Financial Aid Programs website. This chapter will focus on Financial Aid funded by the campus, for local agencies or any other non-governmental entity.

1.1 Introduction

Financial aid programs provide support for students to help meet the costs of obtaining a college education. Funding for financial aid programs is provided by the federal government, state governments, colleges and schools, and a variety of other public and private sources. There are two main categories of aid, differentiated primarily by the basis upon which they are awarded:

- **Achievement-based aid** is awarded to students who have a special characteristic, skill, talent, or ability. Typically achievement-based aid is in the form of scholarships.

- **Need-based aid** is provided to students who demonstrate financial need. Most financial aid, particularly public-funded aid, is awarded on the basis of financial need determined through the application process and in accordance with a prescribed federal formula.

Financial aid is available in four basic types of programs.

- **Scholarships** are "gift aid" which do not have to be repaid. Scholarships typically include criteria such as academic performance or special talents.

- **Grants** are "gift aid" and generally do not include criteria other than financial need.

- **Work-study** is a "self-help" program in the form of part-time employment during the student's college career.

- **Loans** are a form of "self-help" since they represent borrowed money that must to be paid back over a period of time, typically after the student leaves school.

- **Veterans’ Aid** can come in the form of work-study, California Vet Fee Waiver, tuition assistance and financial aid and can help vets and active duty servicemen and servicewoman pay for school.
Student Lending – Code of Conduct

Each CSU campus abides by a Code of Conduct that addresses its relationship with providers of educational loans. Click here to see the Code of Conduct.

1.2 Aid Programs Administered by the California State University

The CSU maintains efforts to ensure educational opportunity for all students. In addition to the significant state subsidy provided to all students who enroll at the CSU, reflected by its low fee structure, the CSU also dedicates a significant amount of its revenues to need-based grants each year.

- **State University Grant (SUG)** - provides need-based awards to cover a portion of the state tuition fee for eligible undergraduate, graduate, and post-baccalaureate students who are California residents or are otherwise determined as eligible. Systemwide, the priority is to award a SUG at least equal to the amount of the state tuition fee to eligible students who apply for financial aid by March 2nd, who have an expected family contribution (EFC) of $4,000 or less, and who are not receiving a Cal Grant or other award designated to cover fees. Funding for this program is limited. Students must re-apply for consideration every year. SUG awards are limited based on the number of units a student has earned and the published length of their academic program. For more complete information, review the financial aid web site(s) of the individual campuses.

- **Educational Opportunity Program (EOP) Grant** - provides assistance to economically and educationally disadvantaged undergraduates. Recipients must be California residents who are admitted to a CSU campus through the Educational Opportunity Program. EOP students may receive a grant, based on need, of up to $2,000 per year.

1.3 Aid Programs Administered by CSU Campuses

- **Scholarships** - The availability and application procedures for institutional scholarships vary among the campuses.

- **Other Aid Programs** - The availability of other aid programs varies among institutions. Several CSU campuses have small institutional long-term loan programs and a number of them currently participate in the state Work-Study Program.

For questions regarding the above sections, campuses should first contact their campus Financial Aid Office for assistance.
1.4 Financial Need

Financial Need is the students Cost of Attendance (minus) the Expected Family Contribution (EFC). The Financial Aid Department at each campus is responsible for determining needs for students. Need based aid is any financial assistance that is dependent on the student having unmet need. Both merit based and need based aid must be coordinated, by the Financial Aid department, with other aid the student is receiving. This is a federal and state requirement. Departments making awards to students should work with their campus Financial Aid Departments to establish an equitable and transparent application and selection process for any funds to be awarded by said department. The CO has developed a set of guidelines that provide clarification and acceptable business practices in making these types of awards. These guidelines are available in the below Section 7.0 Resources.

2.0 FUND SPECIFICS:

2.1 Fiduciary – Private Purpose Funds

Financial Aid Funds

2.1.1 CSU Fund 423, Forgivable Loan/Doctoral Incentive Program: Used to record the loans, support and operating costs related to the California Doctoral Incentive Program (CDIP). The Forgivable Loan/Doctoral Incentive Program provides financial assistance to graduate students and is designed to increase the pool of individuals who show promise of becoming strong candidates for CSU instructional faculty positions. It is a highly competitive program directed by the CSU, open to applicants who will be new or continuing full-time student in doctoral programs at accredited universities anywhere in the United States. Individual in the program, however, must be sponsored by CSU full time tenure-track faculty. A major incentive for participants in the program is the opportunity to pursue full-time doctoral studies underwritten by loans that can be forgiven at a rate of 20 percent for each year of full-time teaching at the CSU after completing their doctorate studies.

Authority: EC 89721(b) and established via Grantor Agreement.

2.1.2 CSU Fund 431, TF-Campus Scholarships and Grants-Restricted: Used as a campus scholarship/grant fund. This fund is used for miscellaneous non-federal scholarships and grants.

Authority: EC 89721(b) and established via Financial Aid Regulations.
2.1.3 **CSU Fund 433, Campus Students Loans Trust:** Used to record campus-administered student loan funds that are not required to be accounted for elsewhere. Funding is provided from contributions, repayments of previous loans, and interest income. Examples include short-term and emergency loan funds.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.1.4 **CSU Fund 434, Campus Student Long Term Loans:** Used to record campus-administered student long-term loans that are not required to be accounted for elsewhere. Funding is provided from contributions, repayments of previous loans, and interest income.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.1.5 **CSU Fund 435, Miscellaneous Financial Aid – Unrestricted:** This campus fund is used to record financial aid activity funded by unrestricted, non-CSU sources, for example, a private contribution. If the financial aid is from a CSU funded source, then the related activity should be recorded within the source fund.

Authority: EC 89721(b) and established via Financial Aid Regulations.

2.2 **Fiduciary – Agency Funds**

**Financial Aid Funds**

2.2.1 **CSU Fund 436, Miscellaneous Financial Aid and Other Agency:** Used to record funds held by the campus on behalf of another agency and, as such, transactions generally occur only in balance sheet accounts. When a campus receives scholarship monies in which the scholarship recipients have been determined by another agency, the campus is acting as their agent. This fund should not be used for Federal Direct Loans (which are accounted for in CSU fund 410, Federal Direct Student Loans). The Student Involvement and Representation Fee (SIRF), which is a $2 fee assessed twice a year to all California State University (CSU) students in order to fund the Cal State Student Association, is also accounted for in this fund.

Authority (for financial aid): EC 89721(b) and established via Financial Aid Regulations.
3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 FIRMS Edit Table

During the FIRMS data validation process, campus data will be checked to verify that only financial aid object codes are being used in the funds referenced in this chapter. See Chapter 3, FIRMS, for further information about the Legal Edits Table, which validates combinations of CSU fund and object code.

3.2 Recording SUG and EOP in the General Ledger

SUG and EOP cash will remain in the CSU Operating Fund (CSU fund 485) and will be expensed directly from this fund as disbursed to students. Unique object codes are to be used to record SUG and EOP expenditures to differentiate these from other activity in the CSU Operating Fund, making them easily identifiable for CSU budgetary reporting to the state and to allow for proper classification of SUG and EOP amounts for GAAP reporting purposes.

Campuses should use FIRMS object code 609001, State Educational Opportunity Program Grant, and 609002, State University Grant, in CSU fund 485 for direct expensing of EOP and SUG disbursed to students. The Student Financial system should be set up with the appropriate item types so that these object codes and CSU fund 485 are used to record the financial aid disbursements. Item types are codes used in the Student Financials module to define all of the unique actions seen in student accounts such as Tuition Deposits, Financial Aid Payments, Waivers, Application Fees, Interest charges, and Refunds. Item types are mapped to general ledger accounts and thus determine how student account information is transferred to the General Ledger.

Special Note for SUG and EOP:

For campuses that treat summer as a trailer term, the unspent financial aid should be accrued in the legal books to properly account for the entire amount awarded to students. A trailer term is a term that follows the Spring term, but which does not go into the next academic year. If financial aid has been granted, but was not used by a student for the previous Fall or Spring terms, it can be used in a trailer term. In addition, a year-end fund balance designation entry to FIRMS object code 304021, Designated for Financial Aid, is required for these amounts, and an explanation will need to accompany the annual carryforward report to the Systemwide Budget Office. (See Chapter 14, CSU Operating Fund, Section 5.1 and 5.2, for further information concerning the carryforward report.)
3.3 Recording Other Financial Aid Programs Funded From Student Fees

There are two other primary financial aid programs at the campus that are recorded in CSU fund 485: the Graduate Business Professional Fee (GBPF) and the financial aid set-aside for doctoral programs.

3.3.1 Graduate Business Professional Fee (GBPF)

Campuses are directed to set aside 25% to 33% of GBPF as a provision for financial aid. For tracking and reconciliation purposes, a separate campus fund should be established within CSU fund 485 for the provision. The unexpended balance at year end should be reported using the FIRMS object code 304021, Designated for Financial Aid, to avoid inflating unexpended balances in CSU fund 485 that are available for general operations. There is no expense FIRMS object code for GBPF since GBPF is a funding source rather than a separate financial aid program and the financial aid disbursements from GBPF are made through existing financial aid programs.

If the set-aside is higher than the financial aid need for a particular academic year, the balance of the GBPF remaining after the set-aside can be recorded in the campus main operating fund.

3.3.2 Financial Aid Set-Aside for Doctoral Programs:

The following doctoral programs exist within the CSU:

- Doctor of Education (Ed.D.)
- Doctor of Physical Therapy (D.P.T.)
- Doctor of Nursing Practice (D.N.P.)

Fees charged to doctoral students are not considered a state tuition fee and are, therefore, ineligible for the SUG. The doctoral program set-aside, however, functions in much the same way as the SUG. Eligible students shall meet all other eligibility criteria that are applied to other CSU students who are considered for SUG, including classification as a California resident for fee-paying purposes. Eligibility for a doctoral grant requires that the student pay the Doctorate Tuition Fee rather than the State University Tuition Fee. The campus projects the tuition revenues to be collected annually, applies the appropriate set-aside percentage and then uses those funds to make the doctoral financial aid awards.
The doctoral program, in consultation with other departments as appropriate, determines the annual amount of the doctoral set-aside, in accordance with the Trustee resolution. The set-aside percentages are as follows:

- EdD 10% - Per EO 1054
- DNP 20% - Per resolution RFIN 07-11-08
- DPT 33.3% - Per resolution RFIN 07-11-09

Coded Memo ASA-2016-04 issued and effective (on a go forward basis) on February 18, 2016 titled *Policy Clarification for CSU Independent Doctoral Program Grants* states that doctoral students receiving a tuition-designated award (waiver, grant, or scholarship) that covers all doctoral tuition fees are not eligible for a further doctoral grant from “financial aid set-aside” funds. If a financial aid award covers a portion of doctoral tuition fees, a doctoral grant may be awarded up to an amount equal to the balance of doctoral tuition fees not covered by other award(s). This approach will ensure the awards are made only to students who have doctoral tuition fee obligations, and it will allow campuses to consider additional eligible students for doctoral grants.

Please also see Chapter 14, *CSU Operating Fund*, Section 3.5, *Guidelines for Financial Aid Funded from Student Fees*, for further details related to the recording of these programs in CSU fund 485.

### 3.4 Specific Considerations for CSU Fund 431, TF-Campus Scholarships and Grants-Restricted and CSU Fund 435, TF-Miscellaneous Financial Aid - Unrestricted

#### 3.4.1 CSU Fund 431 (Restricted)

This fund is used when the CSU receives monies specifically designated for scholarships by a donor or through operation of the law. In other words, if a grantor indicates that the funds may only be used for scholarships, the funds received are deemed to be restricted. This holds true even if the campus selects the recipient student or has the ability to redirect the grant or scholarship to a different student from one otherwise specified in the gift. The revenue received should be recorded to the appropriate 503XXX financial aid FIRMS object code. The scholarship expense object code, 609005, Other Student Scholarships/Grants, should be used when issuing the scholarship to the recipient.
3.4.2 CSU Fund 435 (Unrestricted)

Scholarship monies are recorded in this fund if the revenue is from unrestricted, non-CSU sources. Unrestricted sources include donor monies where the purpose of the gift is not specified. Recipients of awards from this funding source will always be determined by the CSU. If the financial aid is from a CSU funded source, then the related activity should be recorded within the source fund.

3.5 Specific Considerations for CSU Fund 436

3.5.1 Miscellaneous Financial Aid and Other Agency

When a campus receives scholarship monies for which the scholarship recipients have been determined by another campus or by another grantor, the receiving campus is acting as an agent. Therefore, monies recorded in CSU fund 436 should be recorded in the FIRMS liability object code 206700, Depository Accounts–Noncurrent, or 206701, Depository Accounts–Current. Upon issuing the scholarship, campuses are to offset this same liability account. No revenue or expenses are to be recorded in conjunction with these types of transactions. This fund should not be used for Federal Direct Loans (which are accounted for in CSU fund 410). See Chapter 30, Financial Aid - Federal, for further details regarding CSU fund 410.

Scholarship funds received from the California State University Foundation for the CSU Trustee Awards are also considered agency transactions and should be recorded in CSU fund 436. Though campus financial aid departments nominate eligible candidates, the CSU Foundation selects the student recipients of a scholarship. Therefore, the campus is only serving as an agent to the grantor. The campus should record the money to FIRMS object code 206701, Depository Accounts–Current.

The accounting described above will allow the entries to be easily eliminated for purposes of GAAP reporting.

3.5.2 Student Involvement and Representation Fee (SIRF)

Acting as an agent for the Cal State Student Association (CSSA), the SIRF fee is collected by the CSU campus and then transferred to the CSSA on a periodic basis. The SIRF is a $2 fee assessed twice a year to all California State University (CSU) students in order to fund the CSSA. Initiated and developed by the CSSA, SIRF creates a more independent and effective statewide student association with the main objective of expanding CSSA’s efforts to serve all CSU students. The fee creates direct accountability of CSSA to the students it serves by giving
students a choice to participate (or not) in SIRF and supports the organization that represents their interests. Each student can opt-out by their campus specified deadline via their student financial portal.

CSSA’s student board of directors decides how SIRF dollars are allocated based on the higher education issues our student leaders designate as priority areas. SIRF dollars allow student leaders to engage in advocacy and programming that serve CSU students across the state by funding student travel to the state capitol or CSU Chancellor’s Office to provide student input on decisions, enabling student activism via social media, creating professional development opportunities for students, analyzing the impact of higher education laws and policies on CSU students, and other important activities that benefit CSU students. These efforts have direct costs, but also have the indirect expenses of a professional staff whose sole purpose is to support and run these programs and initiatives on a daily basis. CSSA is a nonprofit organization, and the student board maintains oversight and authority over SIRF dollars. An independent audit is conducted annually and made public to ensure SIRF funds are spent according to these initiatives responsibly and transparently.

Campuses collect SIRF up until 30 days past census. On the 31st day, or shortly thereafter, campuses will run the administrative opt out process and reconcile the amount of SIRF recorded in their campus SIRF fund. Campuses will generate the SIRF Funding Report and send the report to CSSA (ecaro@calstate.edu). CSSA will compile the SIRF Funding Reports and forward the information to SW accounting, who will then generate the CPO.

### 3.6 Specific Considerations for Scholarship Awards

In some cases, grants received will include a provision for student scholarships. The overriding purpose of the grant is not to provide financial aid, and so the accounting for the grant is done in CSU fund 465, Grants and Contracts. The funds for scholarships are a very small portion of the monies received under the grant. The scholarship funds provided may be for students of the campus receiving the grant and/or for students at other CSU campuses. When scholarship funds are given by the grantee campus to another CSU campus it is necessary to eliminate the resultant duplication of revenue and expense entries. The necessity for elimination depends on whether the receiving campus is an active participant in the transaction or is simply an agent for the grantee campus. The distinction is discussed further below and in the examples provided in this section.

The recipients of the scholarships may be determined by the grant, by the campus administering the grant or by the campus issuing the scholarship funds. When a campus disburses monies in
which the scholarship recipient has been determined by the grant, the campus is acting as their agent. Therefore, monies recorded in CSU fund 431 should be recorded in FIRMS liability object code, 206701, Depository Accounts-Current. Upon issuance of the scholarship, this same liability account is to be charged. No revenue or expenses are to be recorded in conjunction with these types of transactions.

If the campus has the ability to select the recipient student, or has the ability to redirect the grant or scholarship, the campus should record the revenue and related expense as part of restricted net position.

The following examples demonstrate the journal entries to be prepared on a legal basis for the alternative relationships between the grantee and the campus disbursing the scholarship funds:

**Scenario 1** – Campus A receives a grant and sends Campus B a scholarship award from the grant. Campus B determines which students receive the scholarship.

**Campus A**
- Dr. CSU fund 465, FIRMS object code 101100 – Short Term Investments/Cash (SWIFT)
- Cr. CSU fund 465, FIRMS object code 503XXX [financial aid revenue object codes]
  
To record receipt of the grant.

**Campus A**
- Dr. CSU fund 465, FIRMS object code 624101, SP Interagency Scholarships (w/F&A)
- Cr. CSU fund 465, FIRMS object code 101100 – Cash/Short-Term Investments (SWIFT)
  
To issue the scholarship funds to Campus B.

**Note:** Campus A employs a special FIRMS object code when recording the scholarship expense (624101). It is important for campuses to use this object code when recording transactions like this since it allows the Chancellor’s Office to identify them for purposes of recording a GAAP elimination.

**Campus B**
- Dr. CSU fund 431, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
- Cr. CSU fund 431, FIRMS object code 503302, Local Financial Aid Grants, Noncapital
  
To record scholarship funds transferred by Campus A.
Cr. CSU fund 431, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
To record issuance of scholarship to a student designated by Campus B.

Note: Campus A will need to provide information to the Chancellor’s Office about these transactions so the duplicate revenue and expense can be eliminated for GAAP reporting purposes. Campus A will need to notify the Chancellor’s Office of the amount it recorded in revenue and expense for these scholarships, confirm the fund and object codes used, and identify the receiving campus.

Scenario 2 – Campus A receives a grant and sends Campus B the funds to issue the scholarships on their behalf. Campus A determines the recipients, therefore, campus B will record an agency transaction.

Campus A
Dr. CSU fund 465, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
Cr. CSU fund 465, FIRMS object code 503XXX [financial aid revenue object codes]
To record receipt of the grant.

Campus A
Dr. CSU fund 465, FIRMS object code 624001 or 624002, SP Scholarships
Cr. CSU fund 465, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
To record issue of funds to Campus B for payment of scholarship to specified student.

Note: Do not use FIRMS object code 624101, SP Interagency Scholarships (w/F&A), as this is only used in when both the issuing and receiving campuses record the scholarship revenues and an elimination is required in GAAP.

Campus B
Dr. CSU fund 436, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
Cr. CSU fund 436, FIRMS object code 206701, Depository Current
To record receipt of the scholarship funds on behalf of Campus A.

Campus B
Dr. CSU fund 436, FIRMS object code 206701, Depository Current
Cr. CSU fund 436, FIRMS object code 101100, Cash/Short-Term Investments (SWIFT)
To record issuance of the scholarship to a student specified by Campus A.
3.7 Graduate Equity Fellowship

The recording of the Graduate Equity Fellowship depends on the funding source for the fellowship. If it is funded from student fee revenues in CSU fund 485, as seems most likely, then financial aid expenses for the program should be recorded in CSU fund 485 using FIRMS object code 609004, State Graduate Fellowship. Campuses may create a separate PeopleSoft account that maps to FIRMS object code 609004 to track fellowship expenses separately from other state graduate fellowship programs, if any.

3.8 California Pre-Doctoral Program (CDIP) – Sally Casanova Scholars

The California Pre-Doctoral Program is designed to increase diversity within the pool of university faculty by supporting the doctoral aspirations of CSU students who have experienced economic and educational disadvantages. The program places a special emphasis on increasing the number of CSU students who enter doctoral programs at one of the University of California (UC) institutions. Some students within the program are designated as Sally Casanova Scholars. As a Sally Casanova Scholar, the student receives unique opportunities to explore and prepare for entry into doctoral programs. Selected students will receive funding for activities such as:

- Participation in a summer research experience program at a doctoral-granting institution, receiving exposure to the world of research in a chosen field.
- Visits to doctoral-granting institutions to explore opportunities for doctoral study.
- Travel to a national symposium or professional meeting in a chosen field.

Funds can also be used for:

- Membership in professional organizations and journal subscriptions.
- Graduate school application and test fees.

Per a memo from Dean Kulju, Director, Student Financial Aid Services and Programs, on December 20, 2012 (see Section 7.0, Resources), pre-doctoral awards must be reported to and coordinated with Financial Aid for the academic year in which they are received. The Office of Financial Aid should treat the pre-doctoral programs as merit-based in reviewing and adjusting a student file for an over-award. For tax and financial aid purposes, these awards are considered scholarships, and the most efficient way to process them is through the Office of Financial Aid.
This ensures that the pre-doctoral payments align with IRS reporting requirements and are included on the 1098-T form.

Since campuses are receiving funding under this program from the CO, where the scholarship recipients have been determined by the CO, the campus is acting as its agent. Therefore, these funds should be recorded in CSU fund 436, Agency Fund-Miscellaneous Financial Aid and Other Agency, using FIRMS object code 206701, Depository Accounts-Current. Upon issuing the scholarship via the campus’ Financial Aid Office, campuses need to set up an item type using the same liability account, 206701. Campuses are not to record transfers or scholarship expense in conjunction with these types of transactions. The CO will be the only entity to record the scholarship expense. Program funding will remain a transfer from the CO to the campus using lottery funds.

3.9 Special Initiative Grants – Scholarships
For detailed information regarding scholarships in conjunction with Special Initiative Grants, please refer to Chapter 14 – Operating Funds, Section 3.6 – Special Initiative Grants.

3.10 Chancellor’s Doctoral Incentive Program

The California State University (CSU) Chancellor's Doctoral Incentive Program (CDIP) aims to increase the number of promising doctoral students applying for future CSU instructional faculty positions by offering financial assistance in the form of a loan and mentorship by CSU faculty.

Participants in this program may borrow up to $10,000 per year to a total of $30,000 within a five-year period while they are enrolled full time in a doctoral program at an approved, accredited institution. Participants will sign a promissory note specifying the terms and conditions of the loan.

It is important to note that this award begins as a grant. If the awardee does not obtain employment as a faculty member, then it “converts” to a loan. If the loan is later forgiven, then the campus must record the expense of the forgive loan in a 609XXX account.

4.0 REPORTING REQUIREMENTS:

4.1 Tax Reporting – 1098T
Annually, campuses must provide IRS Form 1098-T to any student who paid "qualified educational expenses" in the preceding tax year. Qualified expenses include tuition, any fees that are required for enrollment, and course materials the student was required to buy from the school. These forms are completed by the Financial Aid office. Any questions pertaining to the law governing the issues of 1098-T’s can be addressed to Byrn Siegel (bsiegel@calstate.edu).

5.0 FUND BALANCE:

FIRMS object code 304021, Designated for Financial Aid, was created only for campuses that treat summer as a trailer term for financial aid purposes. Therefore, campuses should typically accrue on their legal books any unspent amounts that have been awarded for the summer term. In cases where 100% of the SUG or EOP amounts for a year have not been spent or properly accrued for award to a student, a designated reserve should be recorded for those amounts within CSU fund 485 and an explanation should be provided in the annual carryforward report to the Systemwide Budget Office.

There are no equity accounts for financial aid and student loan funds, and for financial aid funds held on behalf of others (agency funds); therefore, there is no fund balance at the end of the fiscal year in these funds.

6.0 GAAP IMPACT:

See GAAP Manual Chapters 4 – *GAAP Adjustments and Reclassification Entries* for more information on the required GAAP adjustments, including tuition discounting and summer term trailer accruals.

7.0 RESOURCES:

Financial Aid Programs

Scholarship Administration Guidelines:
http://www.calstate.edu/acadaff/codedmemos/ASA-2016-10.pdf

Coordination of External Grants/Scholarships with Financial Aid

GAAP Manual

Legal Edits Table

IRS Form 1098-T
CSU 1098-T Reference Information

Student Initiative and Representation Fee (SIRF)

California Pre-Doctoral Program

The Chancellor’s Doctoral Incentive Program

1996/97 Governor’s Budget Allocations – Permanent Funding for the Graduate Equity Fellowship program.

Memo from Dean Kulju regarding the California Pre-Doctoral Program – 12-20-12
## Revision Control

**Document Title:** CHAPTER 32 – FINANCIAL AID – CAMPUS/LOCAL/NONGOVERNMENTAL  
**Contributor:** Kristina Randig  
**Reviewer:** Dean Kulju/Wendy Ortega  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 29, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.4</td>
<td>Clarified information between restricted, unrestricted and agency.</td>
<td>K. Randig</td>
<td>D. Kujlu, W. Ortega</td>
<td>R. McNiel</td>
<td>2/18/16</td>
</tr>
<tr>
<td>Added 3.8</td>
<td>Pre-Doctoral and Sally Casanova Programs</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/18/16</td>
</tr>
<tr>
<td>7.0</td>
<td>Added resource - 1996/97 Governor’s Budget Allocations – Permanent Funding for the Graduate Equity Fellowship program</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/18/16</td>
</tr>
<tr>
<td>7.0</td>
<td>Added resource - Memo from Dean Kulju regarding the California Pre-Doctoral Program – 12-20-12</td>
<td>K. Randig</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>2/18/16</td>
</tr>
<tr>
<td>3.3.2</td>
<td>Added information from Coded Memo ASA-2016-04 issued on 2-18-16, titled “Policy Clarification for CSU Independent Doctoral Program Grants”</td>
<td>K. Randig</td>
<td>W. Ortega</td>
<td>R. McNiel</td>
<td>3/9/16</td>
</tr>
<tr>
<td>3.2, 3.3.1, 5.0</td>
<td>Updated FIRMS Object Code Description</td>
<td>K. Randig</td>
<td>K. Randig</td>
<td>K. Randig</td>
<td>4/4/17</td>
</tr>
<tr>
<td>1.4</td>
<td>Added definition of Financial Need and guidelines that provide clarification and acceptable business practices in making local/departmental awards</td>
<td>K. Randig</td>
<td>W. Ortega</td>
<td>S. Pickering</td>
<td>4/9/18</td>
</tr>
<tr>
<td>2.1.5 and 3.4.2</td>
<td>Updated information regarding CSU Fund 435, that if the financial aid is from a CSU funded source, then the related activity should be recorded within the source fund.</td>
<td>K. Randig</td>
<td>W. Ortega</td>
<td>S. Pickering</td>
<td>4/9/18</td>
</tr>
<tr>
<td>2.2.1 and</td>
<td>Added information regarding the Student</td>
<td>K. Randig</td>
<td>W. Ortega</td>
<td>S.</td>
<td>4/9/18</td>
</tr>
<tr>
<td>Section</td>
<td>Change Description</td>
<td>Author(s)</td>
<td>Date</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------</td>
<td>------------------------------------------------------------------------------------</td>
<td>--------------------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.5.2</td>
<td>Involvement and Representation Fee (SIRF)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.10</td>
<td>Added limited information regarding the Chancellor's Doctoral Incentive Program (CDIP)</td>
<td>K. Randig, W. Ortega, S. Pickering</td>
<td>4/9/18</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.1</td>
<td>Added information regarding IRS Form 1098T.</td>
<td>K. Randig, W. Ortega, S. Pickering</td>
<td>4/9/18</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
CHAPTER 33

ASSOCIATED STUDENT BODY TRUST

CSU FUND: 461 – Associated Student Body Trust
FUND TYPE: Fiduciary Agency Funds
AUTHORITY: EO 1000 IIIA

EC 89301 (a)

1.0 OVERVIEW AND DEFINITIONS:

Associated Student Body (ASB) Organizations are student-run organizations that operate such extra-curricular activities as student government, student newspapers, athletics, cultural programs, and many other student activities related to the overall educational mission of the campus.

The ASB Trust, CSU fund 461, was established to facilitate the accounting and reporting of Associated Student funds. Executive Order 1000 defines agency funds as resources being held in a purely custodial capacity (assets equal liabilities) for legal-basis and GAAP-basis financial reporting. CSU fund 461 falls under the agency fund definition; it collects the ASB fee on behalf of the Associated Students auxiliary organization and transfers the funds to the auxiliary organization.

2.0 FUND SPECIFICS:

CSU Fund 461, Associated Student Body Trust: Used to record the ASB fees and associated claim schedule disbursements on behalf of the student body organization. This is treated as an agency fund and can only record balance sheet transactions.

Exceptions:

- CSU Monterey Bay and Maritime Academy; campus, not an auxiliary, operates ASI.
Where a referendum garners the approval of two thirds of the student body to allocate a specified portion of the ASI fee to athletic scholarships. Refer to Section 3.1 for a discussion on increase or decrease in student body fee and Section 3.2 for the accounting treatment.

As part of the registration fees, the campus may also collect a meal plan fee on behalf of an auxiliary organization (e.g. Associated Students, Enterprises, etc.).

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Fees

ASB fee revenue collected by the campus as part of the student registration fees is recorded in object code 206701, Depository Accounts - Current in CSU fund 461. When the revenue collections are disbursed to the Associated Students auxiliary organization, the campus records the payment against object code 206701. If no timing differences exist, the collection of fees and payment to the auxiliary organization will net to zero in this object code. However, campuses must submit information about the ASB fee on the Chancellor’s Office fee report. To facilitate this reporting requirement, the campus may create two separate PeopleSoft accounts to track the gross revenue collections and subsequent payout to the Associated Students auxiliary organization, and map both accounts to the depository object code.

As part of the registration fees, the campus may also collect a meal plan fee on behalf of an auxiliary organization (e.g. Associated Students, Enterprises, etc.). Collections made on behalf of Associated Students should be booked to CSU fund 461 using the same depository account object code as above; collections made on behalf of any other auxiliary should be booked to CSU fund 436, Agency Fund – Miscellaneous Financial Aid and Other Agency, again using the same depository object code as above. Similar to the ASB fee, the campus may create two separate PeopleSoft accounts to track the gross revenue and subsequent payout, and map both accounts to the depository object code.

Meal plan fees can also be collected at registration for an auxiliary enterprise (e.g. Housing). These are not agency transactions, thus the revenue should be recorded in the Housing CSU fund 531 using revenue object code, 504010 Food Services - see Chapter 4, Housing, for more information.

Campus financial officers must work with the Bursar’s office or Student Accounts Department to make sure the fees are directed to the proper CSU fund and FIRMS object code. It should be noted that ASB fees are different from student union fees. Student union fees should be captured in CSU fund 534, Campus Union – Operations and Revenue. The two fees should not be co-mingled. Also, there should never be any SRB-related activity recorded in CSU fund 461.
When adjusting an existing Category II campus-based mandatory fee, or establishing a new campus mandatory fee there are processes that campuses should go through to ensure appropriate and meaningful consultation from all members of the campus community, with special consideration to input from students. The Associated Student Body Fee (Education Code § 89300), which is a Category II fee, requires a favorable result of a referendum in order to be established. Once established, the ASB fee continues to require a favorable referendum vote in order to be adjusted. For trustees’ delegation of authority to the Chancellor for the establishment, oversight and adjustment of Category II fees, see the link provided in Section 7.0, Resources.

3.2 Accounting

The depository accounts are classified into current (FIRMS object code 206701) and noncurrent (FIRMS object code 206700):

Current depository accounts meet at least one of the following criteria:

1) Expected be expended within one year and used in current operations;
2) Used for the acquisition of current assets;
3) Used to liquidate current obligations;
4) Used for other current operating purposes.

Noncurrent depository accounts meet at least one of the following criteria:

1) Not used in current operations;
2) Restricted for acquisition or construction of noncurrent assets;
3) Restricted for the liquidation of long-term obligations;
4) Restricted to use for other noncurrent operating purposes.

When a portion of the ASB fee has been approved for scholarships, both the revenue and expense should be recorded in CSU fund 461 on the grounds that the expense should follow the funding source. Since the funding source is the ASB fee and that fee is properly recorded in 461, the scholarship funded by that fee will also be recorded in 461, in object code 609005 - Other Student Scholarships/Grants.

For a complete list of valid object codes, refer to the Legal Edits Table - see link provided in Section 7.0, Resources.

4.0 REPORTING REQUIREMENTS:

For Annual Fee reporting requirements, see link provided in Section 7.0, Resources.
5.0 **FUND BALANCE:**

6.0 **GAAP IMPACT:**

6.1 *Revenue Recognition*

All revenue of the CSU must be reported in the financial statements at least once, either by the campus or auxiliary organization. The decision regarding which entity should record the revenue is based on the “ownership” of the activity. For a comprehensive discussion on revenue recognition, refer to Chapter 4.5 – Revenues and Expenses of the GAAP manual, link provided in Section 7.0, Resources.

Revenues earned and expenses incurred in CSU fund 461 in the campus’ legal-basis accounting records are mapped to a depository liability account for both legal and GAAP purposes – see Chapter 3 – Mapping Legal Basis Accounts to GAAP Reporting Model of the GAAP Manual for additional information, link provided in Section 7.0, Resources.

7.0 **RESOURCES:**

- Education Code 89300
- Executive Order 1054 – Student Fees
- ICSUAM Policy 13680.00 Placement and Control of Receipts for Campus Activities and Programs
- Budget Office Fee Policy: Authority, Process, and Accountability Reporting Requirements
- Standards and Rules: Legal Edit Table
- **GAAP Manual:**
  - Chapter 3, Mapping Legal Basis Accounts to GAAP Reporting Model Chapter 4.5, Revenue and Expenses
## Revision Control

### Document Title:
CHAPTER 33 ASSOCIATED STUDENT BODY TRUST – CSU FUND 461

### Contributor:
Lily Wang

### Reviewer:
Roberta McNiel

### CO Owner:
Sherry Pickering

### Issuance Date:
January 14, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.0</td>
<td>Added exception to the treatment of the ASI fee as an agency transaction where a portion is allocated for scholarships pursuant to a student referendum.</td>
<td>Lily</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/18/14</td>
</tr>
<tr>
<td>3.2</td>
<td>Added accounting treatment for recording a portion of the ASI fee as a scholarship.</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/18/14</td>
</tr>
<tr>
<td>7.0</td>
<td>Added link to Ed Code 89300. Changed link to GAAP Manual</td>
<td>Lily Wang</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>11/18/14</td>
</tr>
<tr>
<td>3.1</td>
<td>Section was revised for the discontinued use of CSU fund 537 for auxiliary organization non-SRB activity.</td>
<td>Terri Williams</td>
<td>Lily Wang</td>
<td>R. McNiel</td>
<td>3/19/15</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated reference to chapters 3 &amp; 4.5</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/26/18</td>
</tr>
</tbody>
</table>
CHAPTER 34

BANKING & INVESTMENTS

1.0 OVERVIEW AND DEFINITIONS:

Unlike other state agencies whose cash and investments are held solely within the State Treasury system, CSU is permitted to deposit and hold a significant portion of its investments outside of the State Treasury. The authority is found in Education Code (EC) 89721, excerpted here:

... the chief fiscal officer of each campus of the California State University shall deposit into and maintain in local trust accounts ... moneys received in connection with the following sources or purposes...gifts...donations...any student loan or scholarship fund program...fees for parking, health facilities...and other self-supporting instructional programs...moneys received by the trustees for research....

Despite EC 89721’s robust list of allowed activities, CSU is not permitted to conduct all of its financial activity in “local trust accounts”, i.e., outside of the State Treasury. General Fund appropriations, state bond appropriations and CSU-issued bond proceeds are examples of activities that must be conducted inside, not outside, of the State Treasury system.

As a result of a 2007 change in Education Code 89721(l) that allowed CSU to self-manage student tuition and fees, CSU created a central banking system and created the CSU Consolidated Investment portfolio for the purpose of enhancing centralized cash and investment management. Because they are inextricably linked, each member in the central banking system is also a member in the CSU Portfolio, also referred to collectively as The Bank of CSU.

CSU Consolidated Investment portfolio consists of four (4) portfolios; Total Return Portfolio (TRP), Intermediate Duration Portfolio (IDP), Liquidity Portfolio (aka SWIFT), with lesser amounts held in the State Treasury Office (STO) administered Surplus Money Investment Fund (SMIF). The purpose of this chapter is to outline the structure of the former (the locally-held bank) and to explain how its structure impacts typical accounting activities, such as interest distributions, monthly bank reconciliations and settlement of intercompany (inter-campus) transactions.
1.1 Bank and Investment Relationships

The diagram below illustrates the key players and relationships which comprise CSU’s banking and investment structure; in the paragraphs which follow, the roles of these entities and of campus and Chancellor’s Office personnel are discussed.

**Wells Fargo Bank (WFB)**
CSU currently uses one bank, Wells Fargo Bank (WFB), to manage its working capital requirements by centralizing deposits and disbursements in a Zero Balance Account (ZBA). Using this ZBA, all campus account balances are consolidated through internal transfers into a single account (the Concentration Account) representing the CSU’s aggregate cash position. Under the current structure, each campus has three primary accounts: depository, electronic disbursement, and paper disbursement. Sub-accounts may be requested to be opened as sub-depository accounts.

**US Bank**
US Banks is the custodian for all CSU’s investments. As a custodian bank, US Bank safeguards CSU’s assets, settles transactions and collects income (i.e. dividends, interest, etc.). The TRP is a long-term mutual fund portfolio which effective January 2017 allows the CSU to invest in securities or investments not listed in Section 16430 (education Code 89726(a)(1)). TRP’s balance shall not exceed 30% of all CSU’s investment. In addition, any additional moneys earned shall be used only for capital outlay or maintenance, and shall not be used for ongoing operations. The IDP is the CSU’s core fixed income portfolio with a longer duration than the Liquidity portfolio. Finally, the Liquidity Portfolio (previously known as SWIFT) is short-term fixed income used for working capital to meet operational cash flow requirements.

Together, WFB and US Bank comprise the Bank of CSU.

Together, WFB, US Bank and 0948 SMIF comprise the CSU Consolidated Investment Pool.
Investment contributions are wired from the CSU’s Concentration Account at WFB to the Liquidity Portfolio. Conversely, investment redemptions are wired from the Liquidity Portfolio to WFB. For investment management purposes, the Liquidity portfolio is divided equally between two investment management firms, US Bancorp Asset Management and Wells Fargo Asset Management. Money not needed for current operation will be transferred to the IDP.

**Campus Responsibility: Treasury Notification**

Per ICSUAM 3101.02, campuses are required to send an electronic funds transfer alert (EFT Alert) to the CSU Treasury Department at treasury@calstate.edu for wires greater than or equal to $200,000. EFT Alerts are required for both incoming and outgoing transactions. Notices may be e-mailed to treasury@calstate.edu. Alerts must be entered at least one business day prior to the transaction’s settlement date. Transaction amounts may be actual or projected. Any projected or estimated EFT Alerts must be followed up with an actual amount as soon as it is available so that it may be reconciled by Treasury staff.

Similar to the requirements of ICSUAM 3101.02, campuses need to send an e-mail notice to the CSU Treasury Department at treasury@calstate.edu for movements in or out of state fund 0948 in amounts greater than or equal to $500,000. Notifications of incoming or outgoing transfers over $500,000 affecting the state fund 0948 balance need to be sent to treasury@calstate.edu to ensure that there is sufficient funding for each campus’ payroll needs. Normal monthly payroll transactions are exempt from this requirement, however, notifications of transactions such as campus-wide equity increases or PFA transfers greater than or equal to $500,000 in aggregate need to be sent to the CSU Treasury Department.

Failure to notify the CSU Treasury Department of transactions may result in CSU accounts being overdrawn or lost investment earnings.

**Treasury Operations Responsibility: Daily Cash Position**

Each banking business day, surplus net investable cash from the Chancellor’s Office and campus-controlled depository and disbursement accounts is pooled and wired from the CSU Concentration Account at WFB into the liquidity portfolio. Or, if net investable cash is a deficit, a redemption is made from the liquidity portfolio and deposited to the CSU Concentration Account at WFB. Daily net surplus or deficit cash, called the Daily Cash Position (DCP), is determined by CSU’s Treasury department by approximately 9:30 a.m.

Money remaining in the Concentration Account at the end of the business day is allocated to each member. Correspondingly, the DCP is allocated to each member. A cash posting order (CPO) is created to either increase or decrease each participant’s balance by their allocation of the DCP. See CPO section below.
Campus Responsibility Regarding Accounting for Investments
The centralized cash management process requires campuses to record all CSU’s Investment Portfolio balances to FIRMS object code 101100, Cash – CSU’s Investment Portfolio. This object code should only be used in the State University Trust Fund (state fund 0948) since CSU’s authority to hold local trust accounts is limited to that state fund.

Surplus Money Investment Fund (SMIF)
SMIF is an investment pool for funds held in the State Treasury system. For example, proceeds from CSU-issued bonds are deposited into the Dormitory Construction Fund (state fund 0576) and are then invested in SMIF, thus earning the prevailing SMIF interest rate. In this chapter, references to SMIF relate just to SMIF within the State University Trust Fund (state fund 0948).

Campus Responsibility: Accounting for SMIF
Campuses use FIRMS object code (FOC) 305022 Fund Balance-Clearing, to record their campus transactions that flow through SMIF.

Note that the Chancellor’s Office uses different, but complementary, accounting: the CO records the entire system’s SMIF cash balance in FIRMS object codes 101004, Cash in State Treasury and 102001, SMIF, with an offset to FIRMS object code 305022 equal to the campuses’ aggregate balance. The complementary accounting is needed to accommodate the CO’s dual role of being the administering agency for SMIF in state fund 0948 (which requires use of FIRMS object codes 101004 and 102001), but also being the “24th campus” (which requires the CO to be able to identify its portion of the balance; the net of the three accounts equates to the CO’s portion). See Chapter 29, Miscellaneous Accounting, for more information.

2.0 FUND SPECIFICS:

CSU Fund 541, Pooled Investment Fund: Used to record all investment earnings distributed to the campus, prior to internal re-distribution to the campus’s state fund 0948 funds in accordance with the campus's allocation policy. The earnings distribution and re-distribution processes are discussed in detail in the next section.
3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Investment Earnings

1. Earnings Statement
A monthly earnings statement is created that allocates costs (WFB, investment services, and CO overhead) and revenues to members.

2. Accounting
Campuses are to initially record the investment earnings CPO in the Pooled Investment Fund (CSU fund 541, FNAT key 127938). This includes expenses such as banking fees, investment Services and the Chancellor’s Office overhead; and these charges should also be recorded within CSU fund 541. Net investment earnings should then be re-distributed from CSU fund 541 to the earning funds within state fund 0948. The earnings are allocated according to the campus’s investment distribution allocation (IDA) policy. For further information on the IDA process, please see the Investment Distribution Allocation documentation on the CFS website. Net income in the Pooled Investment Fund must be zero at the end of the fiscal year. There will be a residual credit in object code 508001, Income from External Investments, that will offset the sum of the debits in the Bank Fees (object code 660046), Investment Services Fees (object code 660049) and the CO overhead expense object code (object code 660047).

Campuses are to record earnings in accordance with the CPO or ADNOAT to the appropriate FIRMS revenue object code 508001, Income from External Investments, or 507001, Interest from SMIF. Changes in unrealized gain/loss are not included in the investment earnings calculation and, therefore, there is no legal entry required for the unrealized gain/loss.

Where system-wide information exists, the Chancellor’s Office will indicate investment earnings at the lowest possible fund level to allow the campuses to make the appropriate decision regarding the choice of fund used to book their journal entries. The campuses must establish and maintain documentation of their internal investment allocation methods by fund to assist in training and ensure accounting consistency.

The entries recording the initial allocation of investment earnings from the CO and the reallocation by the campuses are illustrated in the table below:
**Campus Earnings Accounting Entries**

<table>
<thead>
<tr>
<th></th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Consolidated Earnings allocation to Campus</td>
<td>1,500,000</td>
</tr>
<tr>
<td></td>
<td>Fund 541, 508001, Income from External Investments OR 507001 SMIF</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Wells Fargo Bank (WFB) charges to campus</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 660046, WFB Charges</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>CO Indirect Support charges to campus of $2,500</td>
<td>2,500</td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 660047, CO Cash Management Overhead</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Investment Services charges to campus of $10,000</td>
<td>10,000</td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 660049, Investment Services</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>Total CPO Distributed to Campus CSU Fund 541</td>
<td>1,485,000</td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 101100, Cash-Short Term Investment &quot;SWIFT&quot;</td>
<td></td>
</tr>
</tbody>
</table>

**Accounting Entries for campus re-allocation of interest to other funds**

<table>
<thead>
<tr>
<th></th>
<th>Debit</th>
<th>Credit</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Campus investment earnings re-allocation to other funds</td>
<td>1,485,000</td>
</tr>
<tr>
<td></td>
<td>1,500,000 - 2,500 - 2,500 - 10,000 = 1,485,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 508001, Income from External Investments OR 507001: SMIF</td>
<td>1,485,000</td>
</tr>
<tr>
<td></td>
<td>Fund 541, Acct 101100, Cash-Short Term Investment &quot;SWIFT&quot;</td>
<td></td>
</tr>
<tr>
<td></td>
<td><strong>Total Allocation Distributed out of CSU Fund 541</strong></td>
<td><strong>1,485,000</strong></td>
</tr>
<tr>
<td>7</td>
<td>In CSU Fund 48S, CSU Operating Fund</td>
<td>700,000</td>
</tr>
<tr>
<td></td>
<td>Fund 48S, Acct 101100, Cash-Short Term Investment &quot;SWIFT&quot; OR 305022: Fund Balance Clearing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Fund 48S, 508001, Income from External Investments OR 507001: SMIF</td>
<td>700,000</td>
</tr>
<tr>
<td>8</td>
<td>Other CSU Funds in 0948</td>
<td>785,000</td>
</tr>
<tr>
<td></td>
<td>CSU funds, Acct 101100, Cash-Short Term Investment &quot;SWIFT&quot; OR 305022: Fund Balance Clearing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CSU funds, Acct 508001, Income from External Investments OR 507001: SMIF</td>
<td>785,000</td>
</tr>
<tr>
<td></td>
<td><strong>Total Allocation Distributed to other CSU Funds</strong></td>
<td><strong>1,485,000</strong></td>
</tr>
</tbody>
</table>

**GAAP Impact:**
The June investment earnings and change in unrealized gains/losses should be recorded at yearend for GAAP reporting purposes. Refer to the passdown schedule to be provided by the Chancellor’s Office via upload to the SFSR website.
3.3 **Bank of CSU Statement**

The CSU Treasury Department notifies campuses of the availability of their Bank of CSU statement on or before the 5th business day each month. Bank of CSU statements have two sections, one for banking activity and one for investment activity. Banking activity includes the sum of each business day’s transactions for deposits, controlled disbursements, electronic disbursements and DCP CPOs. Investment activity reflects all other CPO activity. Campuses may retrieve WFB statements from Wells Fargo’s CEO portal. Campuses should use their Bank of CSU statement and WFB statement jointly to reconcile their general ledger balance in FIRMS object code 101100.

Discrepancies in monthly balances between the campus general ledger and the Bank of CSU statement are usually caused by bank adjustments that have been netted against that day’s ZBA balance for the account. In these instances, use the WFB statements to identify and resolve the discrepancy. Common differences are caused by:

- Differences in ACH disbursements are usually caused by adjustments, such as ACH rejects that have been netted against the total daily ACH disbursements.
- Differences in the paper/controlled disbursements can be caused by adjustments due to fraud investigations or checks posted by WFB as cash paid items and netted against the total daily disbursement.

3.4 **Compiling an Unreconciled Check List with CFS**

Within the Common Financial System (CFS), a query is available for compiling an unreconciled check list (also referred to as an outstanding check list). The screen prints below walk the reader through the process in creating the listing.

Inputs that are needed to successfully complete this task are as follows:

- Access in CFS to Query Manager or Viewer
- Ability to upload the WFB “check paid file” to CFS
- Access to Banking Level 1 Data and CFSCSU_PT_QUERY_TREE_EX_L1 (which is granted via CFS System Security).
Navigation: Reporting Tools>Query Manager

Search for the delivered Un-reconciled Checks query. Select the Edit hyperlink to review the Criteria.

The baseline query includes two criteria for Bank Account; if only one is appropriate, delete the second. If the query is modified, save it as a private query.

Run the query and download the results to Excel.
3.5 Appropriate SWIFT Balances

The State University Trust Fund (state fund 0948) is the only fund for which cash can be held locally outside the State Treasury. Cash balances in governmental funds (e.g., the General Fund and capital outlay funds) or other State enterprise funds (0576, 0578, etc.) must be held at the State and cannot be within SWIFT. Note that during a month temporary balances in SWIFT may appear in non-0948 funds resulting from the accounts payable (AP) claim process. **Campuses should fully complete the AP claim process on the last day of the month and fiscal year to clear those interim balances.** Then, campuses should reconcile 101100, Cash - Short Term Investments, to ensure that no other residual SWIFT balances exist in non-0948 funds. (See Chapter 4, Year End, for more detailed information about this.)

3.6 SWIFT Negative Balances

At year-end, the object code 101100, Cash – Short Term Investments (SWIFT), should not be negative at the CSU fund level. To ensure that the campus postings for each CSU fund are not negative, the FIRMS edits process validates the data. During the editing process, the campus is notified when a negative balance has been detected. There may be special circumstances in which a fund might be negative, in which case a manual FIRMS override by the Director of Systemwide Financial Standards and Reporting or designee is required (see Chapter 3, FIRMS, for instructions regarding requesting an override).

<table>
<thead>
<tr>
<th>Bus Unit</th>
<th>Check #</th>
<th>Check Date</th>
<th>Pay Status</th>
<th>Status</th>
<th>Cleared Date</th>
<th>Recon Date</th>
<th>Cancelled Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>COCSU</td>
<td>332218</td>
<td>8/19/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334404</td>
<td>12/15/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334477</td>
<td>12/21/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334512</td>
<td>12/21/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334350</td>
<td>12/13/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334271</td>
<td>12/8/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>334318</td>
<td>12/12/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>331857</td>
<td>7/21/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>330347</td>
<td>5/3/2010</td>
<td>S</td>
<td>UNR</td>
<td></td>
<td>9/16/2010</td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>330492</td>
<td>5/12/2010</td>
<td>S</td>
<td>UNR</td>
<td></td>
<td>9/8/2010</td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>332857</td>
<td>10/7/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>333229</td>
<td>11/4/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>333229</td>
<td>11/4/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>333229</td>
<td>11/4/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COCSU</td>
<td>333269</td>
<td>11/5/2010</td>
<td>P</td>
<td>UNR</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sort the results by Pay Status and eliminate the Stopped payments by deleting the items with a Pay Status of S. If there are any other items with Cleared, Recon or Cancelled Dates that occurred on or before month end, eliminate those rows. Save the results.
A negative cash balance may be a result of having a business process that records Fund Balance Clearing (FBC) and SWIFT cash in separate cash object codes; one for payroll, FIRMS object code 305022, Fund Balance Clearing (FBC), and another for disbursements and deposits, FIRMS object code 101100, Cash – Short Term Investments (SWIFT). To avoid this, campuses have implemented a campus central sweep fund, further discussed in the next section. This is also required for the CFS Interest Distribution Allocation (IDA) module which was discussed in Section 3.1. IDA was designed to only utilize one cash account to distribute the earnings, in alignment with the common practice of the campus sweep fund.

### 3.7 Campus Sweep Fund

As mentioned in the overview to this chapter, CSU has, in effect, two bank accounts: one held within the State Treasury and one locally held. Having two bank accounts can be confusing for campus end-users when they review their department financial reports. Accordingly, some campuses choose to structure their accounting system so that the end-user will only see one cash account. This section outlines how to utilize CFS in order to achieve that outcome (end-user perception of operating out of just one cash account). The accounting mechanism is referred to as a “sweep fund”. The reader is urged to study the sample transactions which follow the descriptive paragraphs, because studying the debits and credits will clarify how the sweep fund works.

As noted above, CSU holds cash in two places (WFB and the State Treasury) and, accordingly, has two cash object codes: 101100, Cash/Short-Term Investments, which captures the activity occurring in the bank, and 305022, Fund Balance Clearing, which captures the activity at the State Treasury. Both object codes capture equally significant activity: 101100 reflects the cash side of payments to vendors, student fee collections, financial aid activity and more; 305022 reflects the cash side of payments to employees (payroll processed by the SCO on CSU’s behalf).

An end user’s report would be incomplete if one of the accounts were missing, and yet that is the precise goal of simplified reporting: to make it look like all cash activity – payroll and vendor payments and student fees – is happening in just one cash account, not two. The role of a Campus Sweep Fund, also referred to as a Cash Clearing Fund, is to reconcile those opposing points. It enables end-user funds to have credits to cash for payroll disbursements in object code 101100 (SWIFT) and yet still enable the campus accountants to reconcile object code 101100 both to the Bank of CSU and the state. The Campus Sweep Fund accomplishes this by holding debits in object code 101100 that offset the payroll credits in the end-user funds’ object code.
101100 and by holding credits in object code 305022 that correspond to the true payroll credits that resulted from payroll disbursements.

The level of effort needed to maintain a Campus Sweep Fund depends on two things:

1. How a campus has configured its Labor Cost Distribution program
2. To what extent the campus utilizes allocation functionality within CFS.

Both factors are discussed below.

The Labor Cost Distribution program (LCD) exists in the Human Resources application within Oracle. The program generates a journal entry which gets posted in the finance application (CFS) which, as the title infers, records payroll costs (labor) across the various end user departments. The journal entry debits salary and benefit object codes; the credit may be configured to post to either object code 305022 or to object code 101100.

If the campus has configured LCD to post the cash side of its payroll entries to 305022, then a second set of entries are needed to get those credits into 101100 (to achieve the simplified reporting goal). Debits to 305022 and credits to 101100 are needed within the end-user funds. The end users may see in-and-out activity in 305022, but it will net to zero and the user can ignore it and instead focus on 101100.

However, the additional entries to 305022 and 101100 in the end-user funds result in 101100 credits that don’t match to activity on the Bank of CSU statement, and result in no surviving credits in 305022 to match what genuinely happened in state fund 0948.

Here is where the Campus Sweep Fund comes into play. With a Campus Sweep Fund in place, campuses can post a third set of entries: they can post debits to 101100 in the Campus Sweep Fund (which will negate the aggregate credits to 101100 in the individual end-user funds) and credits to 305022 (thus reinstating the reduction in cash that will reconcile to the payroll charges on the campus’s SCO Agency Reconciliation report – the equivalent of a bank statement). The end-user reports are still intact with their payroll credits appearing in 101100. The Campus Sweep Fund holds offsetting debits to 101100 and credits to 305022. Individually and in consolidation, cash/investment resources are properly stated and the opposing goals are achieved.

If the campus has configured LCD to credit 101100, the end user funds are acceptable as is because payroll, payables etc. will be reflected in just the one SWIFT cash account. However,
the accountants still have the issue of credits in 101100 that instead should be in 305022. The Campus Sweep Fund once again provides the solution: debits to 101100 and credits to 305022 can be posted to the Campus Sweep Fund to achieve the desired end result and not disturb the end-user funds’ presentation.

The reader may observe that both scenarios involve additional entries beyond what will be programmatically generated by the LCD program. Relief from excessive manual journal entries is available using functionality within CFS called “allocations”. Refer to Oracle’s website on Allocations for more information on configuring PeopleSoft to generate the reclassifications that otherwise will have to be prepared manually.

One final note regarding the Campus Sweep Fund: in addition to enabling simplified reporting to end users, use of a Campus Sweep Fund has a second benefit, it enables campuses to simplify their interest distribution process, which was discussed in Section 3.1. CFS offers an automated process to distribute the net earnings to end user funds, but the process was programmed using the presumption that campuses would have a Campus Sweep Fund in place, i.e. that all cash activity is captured in one designated cash account (101100).

See below for an illustration of how to configure LCD and for an illustration of Campus Sweep Fund/End-User Fund accounting entries.
In order to avoid manual monthly reclassification of payroll credits from 305022 to 101100, many campuses have chosen to change the PeopleSoft HR set-up (the LCD configuration). This can be accomplished by changing the Department Offset Groups cash account (see screenshot above) to their local SWIFT cash account instead of 305022 Fund balance Clearing account. Note that in this example, account 101901 is a local PeopleSoft account used by the Chancellor’s Office which maps to 101100.
### Sample Transactions

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>Chancellor’s Office remits cash to fund central transfers to state fund 0948</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>B</td>
<td>Campus collects fees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>C</td>
<td>Process payroll through HR - with LCD pointed to account 305022</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>D</td>
<td>Process expense transfers from 485XX to 531XX</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>Run cash allocation process to clear FBC entries to SWIFT into the central sweep fund</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>F</td>
<td>Record investment earnings and related expenses</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>G</td>
<td>Record Interest Distribution Allocation (IDA) entries for SMIF &amp; SWIFT, Separately</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### 3.8 Cash Posting Orders (CPO)

A CPO is a mechanism to move SWIFT dollars between members of the SWIFT investment pool. It is the required method to collect and disburse funds between members. Campuses should not create invoices for and issue checks to other campuses. Invoices slow down the collection process and cause timing issues between the members.
Types of CPOs include:

- Transfers
- Systemwide Allocation Transfer (SWAT)
- Cost Recovery Revenue
- Direct Allocation of Costs (abatement)
- Loans
- Daily Cash Position (no accounting entry required)

A CPO can be requested by designated campus personnel using the CSYou SharePoint site located under Financial Tools (link is also provided in the 7.0 Resources). This site also include the list of all completed CPOs, the CPO user guide, applicable deadlines and campus contacts. The campus contacts listed are for general CPO related questions or to help route inquiries to the appropriate campus departments.

See Chapter 23, Cost Recovery, for further information concerning cost recovery transactions.

3.9 Determining Cash Transfers to State Fund 0948

Section 3.6 of this chapter addressed negative balances in CSU’s SWIFT account. Maintaining sufficient balances in CSU’s state-held bank account is equally important and is discussed below.

Treasury Operations monitors the campuses’ state fund 0948 balances daily and initiates transfers periodically (usually monthly) from the campuses’ SWIFT accounts to their state-held fund 0948 accounts as needed to sustain minimum balances required by the state. The transfer amount for any given campus is determined based upon a combination of factors:

- A campus’ historic gross monthly payroll expenditure (using non-furlough values).
- A campus’ target month-end balance as a share of the total “minimum balance” requirement.
- A campus’ balance in state fund 0948 as of the 20th of each month.
- Amount of state support provided in the monthly General Fund Plan of Financial Adjustment (PFA).

For example, Treasury staff will start with a campus’s balance as of the 20th of a month, add to it the amount that will be provided by the General Fund PFA, subtract an estimate for the current month’s payroll, and then compare that subtotal to the target month-end balance.
For campuses that are predicted to fall below their target month-end balance, Treasury will draw down cash from SWIFT and wire/remit these funds to the state. Simultaneously, CO Accounting will issue a CPO for campuses to record this transaction. **Campuses are to record this CPO in the Campus Sweep Fund as a credit to FIRMS object code 101100, Cash – Short Term Investments (SWIFT), and a debit to FIRMS object code 305022, Fund Balance Clearing.**

3.10 Wire Money to State Funds

In rare circumstances, a campus may need to wire money to the State Treasurer’s Office (STO). The campus initiates a wire via a campus-defined wire request form and the approved form is entered into a wire template within the WFB internet-based banking system. The access is called “CEO”, which stands for Commercial Electronic Office. In addition to executing a wire in CEO, the campus must fax or email a remittance advice (standard form TC-30) directly to the STO indicating the state fund and agency where the money should be posted. The STO should be contacted for wiring instructions.

The Remittance Advice (state form TC-30), along with the processed wire confirmation, should be sent to the STO via fax, (916) 653-3135, or email, [FinServ@treasurer.ca.gov](mailto:FinServ@treasurer.ca.gov)

**NOTE:** If the wire transfer amount will be more than $100,000, it is CSU’s practice to provide 24-hour advance notice to the state treasurer. Please email [FinServ@treasurer.ca.gov](mailto:FinServ@treasurer.ca.gov) stating the date the transfer will occur, the amount of the transfer and the account number that will receive the funds. For example, **On Thursday, September 12, 2013, the CSU will deposit $10,000,000 into Bank of America, New York, Account 01482-XXXX.**

There is no GAAP impact.

3.11 Receipt of Cash in excess of $10,000

From time to time a campus may receive a receipt of cash in excess of $10,000 dollars. IRC § 6050I requires a person engaged in a trade or business who, in the course of that trade or business, receive funds in excess of $10,000 in one transaction (or two or more related transactions), to file an informational form with the IRS (Form 8300) and furnish the payor with a statement. ICSUAM 3102.03 states, “Each campus must comply with federal and state laws… governing transactions involving currency or coin.” Meaning that the CSU is required to follow IRC § 6050I.

In the past the Chancellor’s Office has informed campuses that they must comply with this regulation, however there was some confusion whether or not the CSU was required to file the
form owing to its status as a public university. In 2015 the IRPAC gave guidance that is very clear: “colleges and universities are required to file Form 8300.”

Form 8300 is attached below for campus use.

4.0 REPORTING REQUIREMENTS:

Annually, campuses complete Report 14 as part of the regular SCO hard copy reporting package (see Chapter 5, Preparation and Submission of State Controller’s Office (SCO) Reports, for further information about the reporting package and completion of this report). The Report 14 template is located at Appendix 14.

5.0 FUND BALANCE:

Not applicable.

6.0 GAAP IMPACT:

GAAP impact has been included in individual sections as appropriate. In addition, certain investments may be reclassified from short-term investment to long-term investments depending on the restrictions and designated use of the funds for GAAP reporting purposes. See Chapters 1, Overview, and Chapter 10, GAAP Preparation and Reporting Checklist, of the CSU GAAP Accounting and Reporting Manual.

7.0 RESOURCES:

Cash Management, Accounting and Investments; CSU 101 Training 3/6 – 3/9/2011

Cash Management, Accounting and Investment; CSU 101 Training 2012

CSU Consolidated Investments, Annual Training 2018

CPO CSYou SharePoint Site
Form 8300

GAAP Manual:

Chapter 10 – GAAP Preparation and Reporting Checklist
## REVISION CONTROL

**Document Title:** Chapter 34 - Banking and Investments  
**Contributor:** Kelly Cox/Alisa Schivley  
**Reviewer:** Jean Gill  
**CO Owner:** Sherry Pickering  
**Issuance Date:** May 29, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1</td>
<td>Updated information regarding accounting for earnings distributions.</td>
<td>Colleen Zenger</td>
<td>Kelly Cox</td>
<td>Roberta McNiel</td>
<td>3/20/15</td>
</tr>
<tr>
<td>3.8</td>
<td>Updated CPO definitions to provide greater clarity.</td>
<td>Kelly Cox</td>
<td>Jean Gill</td>
<td>Roberta McNiel</td>
<td>3/20/15</td>
</tr>
<tr>
<td>1.1</td>
<td>Updated information regarding EFT and SCO 0948 transaction alerts</td>
<td>Alisa Schivley</td>
<td>Kelly Cox</td>
<td>Roberta McNiel</td>
<td>4/11/16</td>
</tr>
<tr>
<td>3.11</td>
<td>Added guidance that campuses are required to file form 8300 with the IRS</td>
<td>N. Bryant</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/25/2018</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter reference for Chapter 10 GAAP Preparation and Reporting Checklist</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/27/2018</td>
</tr>
<tr>
<td>3.8</td>
<td>Cost Recovery details were moved to Chapter 23: Cost Recovery</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>6/8/2018</td>
</tr>
<tr>
<td>1.0</td>
<td>Updates to include the new investment authority and changes for consistency</td>
<td>Kelly Cox</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>6/8/2018</td>
</tr>
</tbody>
</table>
CHAPTER 35
FEES

1.0 OVERVIEW AND DEFINITIONS:
Fees for the CSU are managed by the Systemwide Budget Office. For a full description of fees, reference the Systemwide Budget Office website, Fee Policy.

2.0 FUND SPECIFICS:
Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:
Fees should be recorded in appropriate funds. Only fees for operating support should be recorded in CSU fund 485. Details for recording fees are discussed in the individual fund chapters within this manual.

4.0 REPORTING REQUIREMENTS:
Fee reporting requirements are documented in detail at the Systemwide Budget Office website, Reporting Requirements.

5.0 FUND BALANCE:
Not applicable.

6.0 GAAP IMPACT:
Refer to the GAAP Impact sections in the individual fund chapters within this manual.
7.0 RESOURCES:

Executive Order 1102 - California State University Student Fee Policy

Systemwide Budget Office
### REVISION CONTROL

**Document Title:** CHAPTER 35 - FEES  
**Contributor:** Bradley Olin  
**Reviewer:** Kristina Randig  
**CO Owner:** Roberta McNiel  
**Issuance Date:** April 24, 2014

### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Updated Resources for New EO 1102 – CSU Student Fee Policy. Removed link to EO 1054 as it was superseded by EO 1102.</td>
<td>K.Randig</td>
<td>L. Wang</td>
<td>K.Randig</td>
<td>4/4/2017</td>
</tr>
</tbody>
</table>
CHAPTER 36
ATHLETICS

1.0 OVERVIEW AND DEFINITIONS:

Athletic experiences are an integral part of college for thousands of student athletes across the CSU. In addition to the on-the-field learning experiences, the games provide positive economic impact to communities across the state. Hundreds of thousands of fans attend CSU athletic games each year and many CSU campus teams are nationally ranked, with numerous national championships to their credit. Major sporting facilities on CSU campuses include The Home Depot Center at CSU Dominguez Hills, which is designated as an official U.S. Olympic Training Site.

Twenty campuses in the CSU have intercollegiate athletics programs as members of the National Collegiate Athletic Association (NCAA) and one campus (San Marcos) as a member of National Association of Intercollegiate Athletics (NAIA). Two campuses (Channel Islands and Maritime Academy) do not have athletic programs affiliated with either one.

This chapter provides guidance on the accounting for both self-supporting and non-self-supporting athletic activities.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

Two object codes are available in which to record revenue from athletics operations: object code 504012, Athletics (Self-Supporting), and 580021, Sales & Services of Educational Activities – Athletics (Non-Self-Supporting). The former maps to Sales & Services of Auxiliary Enterprises on the GAAP financial statements and the latter to Sales & Services of Educational Activities. It is important to determine the nature of the athletics activity (self-supporting v. non-self-supporting) from which revenue is derived so that the income can be reported properly on CSU’s financial statements. The definitions of self-supporting and non-self-supporting are as follows:
Self-Supporting
Revenue object code 504012, Athletics (Self-Supporting), should be used for those activities where the revenue is derived from external sources, such as user fees and ticket sales. Those sources should fully cover the costs incurred. The activity should not be subsidized by any state funding sources, such as tuition and state appropriations.

Non-Self-Supporting
Revenue object code 580021, Sales & Services of Educational Activities - Athletics (Non-Self-Supporting), should be used for those activities the costs of which are substantially funded or subsidized by state sources (tuition and state appropriations).

In evaluating whether an activity is self-supporting or non-self-supporting, the totality of the funding sources should be examined.

These object codes can be used in either CSU fund 463, Instructionally Related Activities, or CSU fund 496, Miscellaneous Trust, though conceptually 580021 would have a better fit with 463, and 504012 with 496, respectively. The choice of fund is at the discretion of the campus and depends on how the revenue is derived and ultimately used. However, it should be noted that the expenses associated with these revenue streams should also be appropriately classified. Therefore, if the revenue is from self-supporting athletic activities, the expenses should be classified in the functional category Auxiliary Enterprise Expenses (program code 2001); if flowing from non-self-supporting activities, a functional category other than Auxiliary Enterprise Expenses (i.e., 0502 Student Services) should be used. No FIRMS program code has been assigned to the FNAT key for these CSU funds since there may be more than one functional category applicable, depending on how campuses use these funds. Therefore, it is recommended that campuses derive the appropriate functional category (FIRMS program code) using Rule 3(b) at the PeopleSoft fund level. Derivation via Rule 4 (department ID) may not produce valid results as a single department could generate expenses requiring classification in more than one functional category.

4.0 REPORTING REQUIREMENTS:

Not applicable.

5.0 FUND BALANCE:

Not applicable.
6.0 GAAP IMPACT:

Sales and services of auxiliary enterprises (net of scholarship allowances and bad debt allowances) – An auxiliary enterprise is an entity that exists to furnish goods or services to students, faculty or staff and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Examples include residence halls, food services, intercollegiate athletics (if essentially self-supporting), college stores, faculty clubs, faculty and staff parking and faculty housing. The general public may be served incidentally by auxiliary enterprises. Activities, such as subsidized childcare centers, travel agencies, bowling alleys and barbershops may not be self-supporting and should therefore not be included in this category. This should be evaluated, to the extent considered significant, on a case-by-case basis. Netted against these revenues should be any scholarship allowances. This is discussed in greater detail in Chapter 4.5.1, Student Tuition and Fees, Net in the GAAP Manual.

Student services – This category should include funds expended for offices of admissions and registrar and those activities whose primary purpose is to contribute to the student’s emotional and physical well-being and to their intellectual, cultural, and social development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, intramural athletics, student organizations, intercollegiate athletics (if the program is operated as an integral part of the department of physical education and not as an essentially self-supporting activity), supplemental educational services to provide matriculated students with supplemental instruction outside of the normal academic program (e.g. remedial instruction), counseling and career guidance (excluding informal academic counseling by the faculty), student aid administration, student health service (if not operated as an essentially self-supporting activity), and enrollment management.

7.0 RESOURCES:

ICSUAM 1201.00 Intercollegiate Athletics Administration

Executive Order 967 – California Student Athlete Fair Opportunity Act of 2005

GAAP Manual:

Chapter 4.5.1 – Student Tuition and Fees, Net
**REVISION CONTROL**

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>CHAPTER 36 - ATHLETICS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributor:</td>
<td>Roberta McNiel</td>
</tr>
<tr>
<td>Reviewer:</td>
<td>Sedong John</td>
</tr>
<tr>
<td>CO Owner:</td>
<td>Sherry Pickering</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>April 23, 2014</td>
</tr>
</tbody>
</table>

**Revision and Approval History**

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Updated ICSUAM link.</td>
<td>Michelle Baker</td>
<td>Kristina Randig</td>
<td>Roberta McNiel</td>
<td>3/23/15</td>
</tr>
<tr>
<td>6.0 and 7.0</td>
<td>Updated chapter reference to Chapter 4.5.1 Student Tuition and Fees, Net</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/27/18</td>
</tr>
</tbody>
</table>
CHAPTER 37
CONTRACTS AND GRANTS TRUST (SPONSORED PROGRAMS)

CSU FUND: 465 – Contracts and Grants Trust
FUND TYPE: CSU Fiduciary Agency Funds
AUTHORITY: Grantor Agreement

Education Code 89721(c)

1.0 OVERVIEW AND DEFINITIONS:

ICSUAM Section 11000 superseded Executive Order (EO) 890, Administration of Grants and Contracts in Support of Sponsored Programs (effective July 1, 2016) which promulgates systemwide policies in the sponsored programs area and sets forth requirements that university and auxiliary administration activities be performed in a manner which enables the Board of Trustees to satisfy its responsibilities to the State of California, federal agencies, public and private sponsors, the campuses, and the auxiliaries. ICSUAM Section 11000 sets policy to be followed by each university and any auxiliary administering sponsored programs to ensure that the university or auxiliary maximizes the benefits of sponsored programs and supports faculty, students, and administrators in effectively securing and carrying out sponsored programs. ICSUAM Section 11000 requires that each campus establish a written policy and/or procedures on the management of sponsored programs in compliance with ICSUAM Section 11000, federal and state government regulations and sponsor guidelines when necessary.

The Office of Management and Budget (OMB) has promulgated the following government-wide regulations to ensure proper stewardship of federally funded projects:

- Uniform Guidance, 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, which replaced several OMB Circulars, namely OMB Circulars A-21, A-110 and A-133 (for institutions of higher education) – and combined circulars for other entities, including state government entities, indian tribes, non-profit organizations and hospitals.
• 2 CFR 200 establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. These principles are designed to provide that the federal government bears its fair share of total costs, determined in accordance with generally accepted accounting principles, except where restricted or prohibited by law.

• 2 CFR 200 also sets forth the standards for obtaining consistency and uniformity among federal agencies in the administration of grants to, and agreements with, the institutions of higher education, hospitals, and other non-profit organizations; and establishes consistency and uniformity standards among federal agencies for the audit of states, local governments, and non-profit organizations expending federal awards.

The National Institutes of Health Grants Policy Statements and the National Science Foundation Grant Policy Manual have also delineated policy requirements that are relevant to many CSU campuses depending on where their external federally funded projects originate.

2.0 FUND SPECIFICS:

CSU fund 465 is within state fund 0948. CSU fund 465 is used to record non-financial aid, non-capital grants and contracts. The funding source can be federal, state, or city governments, or private entities

Note: Occasionally, a very small portion of such grants may be for financial aid. As long as the financial aid piece of a grant is insignificant, the grant can be recorded in this fund.

2 CFR 200.430 outlines the regulations governing compensated effort and the reasonableness of allocation of salaries to federally funded projects. Specifically, 200.430 requires Standards for Documentation of Personnel Expenses as follows: Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must: (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy; (v) Comply with the established accounting policies and practices of the non-Federal entity; and (vii) Support the distribution of
the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. Refer to ICSUAM Policy #11003.06 for more specifics on CSU compliance with 2 CFR 200.430.

3.0 **FUND MANAGEMENT AND ACCOUNTING PRACTICES:**

3.1 **Unique FIRMS Object Codes**

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>130465</td>
<td>Due From CSU 465 -TF Contracts and Grants Trust</td>
</tr>
<tr>
<td>131465</td>
<td>Due From CSU 465 - TF Contract and Grants Trust Within Fund 0948 (between agencies)</td>
</tr>
<tr>
<td>230465</td>
<td>Due to CSU 465 -TF Contracts and Grant Trust</td>
</tr>
<tr>
<td>231465</td>
<td>Due to CSU 465 - TF CSU Contract and Grants Within Fund 0948 (between agencies)</td>
</tr>
<tr>
<td>570465</td>
<td>Transfer In From CSU 465 -TF Contracts and Grant Trust</td>
</tr>
<tr>
<td>571465</td>
<td>Transfer In From CSU 465 in State Fund 0948 (Inter-Agency)</td>
</tr>
<tr>
<td>620001</td>
<td>SP-Sub-recipients-w/F&amp;A</td>
</tr>
<tr>
<td>620002</td>
<td>SP-Sub-recipients-NO/F&amp;A</td>
</tr>
<tr>
<td>620101</td>
<td>SP-Interagency Sub-w/F&amp;A</td>
</tr>
<tr>
<td>620102</td>
<td>SP-Interagency Sub-NO/F&amp;A</td>
</tr>
<tr>
<td>620103</td>
<td>SP- Sub-recipient Between Campus/Aux -NO F&amp;A</td>
</tr>
<tr>
<td>620104</td>
<td>SP- Sub-recipient Between Campus/Aux - F&amp;A</td>
</tr>
<tr>
<td>621001</td>
<td>SP-Off-campus Rental-NO/F&amp;A</td>
</tr>
<tr>
<td>622001</td>
<td>SP-Participant Support-w/F&amp;A</td>
</tr>
<tr>
<td>622002</td>
<td>SP-Participant Support-NO/F&amp;A</td>
</tr>
<tr>
<td>623101</td>
<td>SP - Interagency Services w/F&amp;A</td>
</tr>
<tr>
<td>623102</td>
<td>SP - Interagency Services NO F&amp;A</td>
</tr>
<tr>
<td>624001</td>
<td>SP-Scholarships-w/F&amp;A</td>
</tr>
<tr>
<td>624002</td>
<td>SP-Scholarships-NO/F&amp;A</td>
</tr>
<tr>
<td>662001</td>
<td>Sponsored Programs F&amp;A/Indirect Cost</td>
</tr>
<tr>
<td>670465</td>
<td>Transfer Out to CSU 465 -TF Contracts and Grant Trust</td>
</tr>
<tr>
<td>671465</td>
<td>Transfer Out to CSU 465 Within State Fund 0948 (Interagency)</td>
</tr>
</tbody>
</table>

3.2 **Grant Revenue**

**Unearned**
Unearned (previously called deferred) grant revenue, which is recorded in CSU fund 465, should use the object code 205090, Collected in Advance – Operating Revenue and Other. This is the same object code that should be used in other non-governmental funds (e.g., state funds 0948).

**Earned**

For each fiscal year, direct and indirect revenue must balance to the direct and indirect expenditures in CSU fund 465. The following unique FIRMS object codes should be used and associated with funding sources in the PeopleSoft SP module:

<table>
<thead>
<tr>
<th>Source of Grant</th>
<th>Object Code</th>
<th>Description</th>
<th>Object Code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>503107</td>
<td>Federal G&amp;C - Other</td>
<td>530110</td>
<td>G&amp;C Federal F&amp;A Revenue</td>
</tr>
<tr>
<td>State</td>
<td>503290</td>
<td>State G&amp;C - Other</td>
<td>503210</td>
<td>G&amp;C State F&amp;A Revenue</td>
</tr>
<tr>
<td>Local</td>
<td>503301</td>
<td>G&amp;C Local Direct Revenue</td>
<td>503310</td>
<td>G&amp;C Local F&amp;A Revenue</td>
</tr>
<tr>
<td>Non-Governmental</td>
<td>503402</td>
<td>G&amp;Cs Non-Profit Direct Revenue</td>
<td>503410</td>
<td>G&amp;C Non-Governmental F&amp;A Revenue</td>
</tr>
</tbody>
</table>

*Note: Do not use object code 503401 - Contributions Private as this is only for donations and gifts not classified as a grant.*

* F & A costs are those that cannot be identified specifically with a particular project. Such costs may include: general administration expenses, sponsored programs administration expenses, operation and maintenance expenses, library expenses and departmental administration expenses.

### 3.3 Amounts Due To or From State Agencies (not within the CSU)

In the event that a campus has a grant or other contract with another state agency (e.g., CalEMA, etc.), its receivable and the payable recorded by that other state agency must match at the state level. Further instructions related to interagency receivables and payables are provided in Chapter 5.

### 3.4 Cost Recovery

Per ICSUAM 3552.01 on Cost Allocation/Reimbursement, it is the policy of the California State University (CSU) to recover both direct and indirect costs incurred in providing services, products, and facilities to other funds within the university or between the CSU, auxiliary organizations, and external parties. **Refer to Chapter 23 for discussion and guidance on cost recovery activities.**

### 3.5 Cost Sharing

“Cost-Sharing,” “Matching,” or “In-Kind” contributions are defined as the portion of the cost of a sponsored project that is borne by the university as a specific contribution to a project. They can
be represented by both direct and indirect costs. Cost-sharing must be verifiable from university records, and entries should be made to ensure that cost-sharing in properly recognized in the legal financial records.

3.6 Specific Considerations for Program Awards Which Include Funds for Student Scholarships

In some cases, grants received by the university will include funds to be provided to students as financial aid. Those funds may be provided for students of the campus receiving the grant and/or to students at other CSU campuses. The recipients of the scholarships may be determined by the grant, by the campus administering the grant or by the campus actually receiving the scholarship funds.

Please see Section 3.5 of Chapter 32, Financial Aid – Campus/Local/Nongovernmental, for detailed accounting instructions for recording the scholarship portion of the award.

4.0 REPORTING REQUIREMENTS:

4.1 Trial Balance by Award

Per Coded Memorandum FS 2010-07, Sponsored Programs – Financial Accounting and Systemwide Reporting, dated December 21, 2010 and effective July 1, 2011, the campus must establish a business process for its sponsored programs activities that allows for a complete trial balance for each award received from an external sponsor. In order to achieve consistent and meaningful reporting, it is necessary for all entities within the Common Financial System (CFS) to adhere to the standards as defined in the CFS Chart of Accounts position paper issued by the CFS design team. Refer to Chapter 2, CFS, for the CFS Chart of Accounts white paper.

Awards in progress prior to the adoption of this requirement may continue to operate under the previous campus business practice until the award expires or five years, whichever occurs first. Effective with the implementation of CFS, campuses and auxiliary organizations operating within CFS that have sponsored programs activity must adopt the delivered Post-Award Tracking modification. On July 1, 2016, the coding of the modification will be altered to disallow the assignment of a single fund code to multiple sponsor awards.

5.0 FUND BALANCE:
At year-end, direct and indirect revenue must balance to the direct and indirect expenditures in CSU fund 465. If the two do not balance, then the campus needs to record an entry to reclassify unearned revenue to object code 205090, Collected in Advance – Operating Revenue and Other. See Section 3.2, Grant Revenue, above. Therefore, no fund balance should be recognized in CSU fund 465. An entry is also made to move the amount in object code 305022, Fund Balance Clearing, to object code 101100 Short-Term Investments, if the campus has a Campus Sweep Fund. For more information on setting up a Campus Sweep Fund, refer to Chapter 3, Banking and Investments, Section 3.8

6.0 **GAAP IMPACT:**

Effective July 1, 2010, the CSU implemented a guideline on the accounting treatment of costs to be recovered from services provided to both internal and external parties. This guideline covers costs previously known as reimbursed activities, chargebacks, reimbursements, and/or abatements. Furthermore, the guideline is incorporated into ICSUAM 3552.01, Cost Allocation/Reimbursement Plans and is discussed in Chapter 23, Cost Recovery, of the Legal Manual.

For GAAP preparation purposes, certain cost recovery transactions, including indirect cost revenue and expenses generated by the CSU-delivered Sponsored Programs process, need to be eliminated to prevent double-counting, while others do not. Below is a matrix taken from the Systemwide Cost Recovery Guideline regarding the type of transactions that require GAAP elimination by the campus or the Chancellor’s Office. (Also see Chapter 4, GAAP Adjustments and Reclassification Entries, of the GAAP Manual. The link is provided in Section 7.0, Resources.)

<table>
<thead>
<tr>
<th>Object Code</th>
<th>Object Code Description</th>
<th>Campus Eliminate Double Counting</th>
<th>Systemwide Eliminate Double Counting</th>
</tr>
</thead>
<tbody>
<tr>
<td>580094</td>
<td>Cost Recovery from Other CSU Funds within 0948</td>
<td>no</td>
<td>yes (eliminated by campus)</td>
</tr>
<tr>
<td>580095</td>
<td>Cost Recovery from Auxiliary Organizations</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>580096</td>
<td>Cost Recovery from Other State Funds</td>
<td>no</td>
<td>no</td>
</tr>
<tr>
<td>580124</td>
<td>Cost Recovery from Other CSU Funds within 0948 Between Campuses or CO</td>
<td>no</td>
<td>yes</td>
</tr>
<tr>
<td>580196</td>
<td>Cost Recovery from Other State Funds Between Campuses or CO</td>
<td>no</td>
<td>yes</td>
</tr>
</tbody>
</table>

When making a GAAP entry to accrue for expenses resulting from the search of unrecorded liabilities, ensure that the associated indirect costs are also accrued, as well as the offsetting revenue and receivable.
7.0 **RESOURCES:**

**ICSUAM Section 11000 Sponsored Programs**
ICSUAM Policy #11003.06 Compensated Effort

**ICSUAM 3552.01 Cost Allocation / Reimbursement Plans for the CSU Operating Fund**

**FS 2010-07, Sponsored Programs – Financial Accounting and Systemwide Reporting**

**GAAP Manual:**
Chapter 4 – GAAP Adjustments and Reclassification Entries

**Uniform Guidance – 2 CFR 200**

**The National Institutes of Health Grants Policy Statement**

**The National Science Foundation Proposal & Award Policies & Procedures Guide (PAPPG)**
### REVISION CONTROL

<table>
<thead>
<tr>
<th>Document Title:</th>
<th>CHAPTER 37 CONTRACTS AND GRANT TRUST (SPONSORED PROGRAMS) CSU FUND 465</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contributor:</td>
<td>Bon Bitonio</td>
</tr>
<tr>
<td>Reviewer:</td>
<td>Sue DeRosa</td>
</tr>
<tr>
<td>CO Owner:</td>
<td>Sherry Pickering</td>
</tr>
<tr>
<td>Issuance Date:</td>
<td>May 29, 2014</td>
</tr>
</tbody>
</table>

#### Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.0</td>
<td>Updated ICSUAM links.</td>
<td>Michelle Baker</td>
<td>Kristina Randig</td>
<td>R. McNiel</td>
<td>3/23/15</td>
</tr>
<tr>
<td>6.0</td>
<td>Add reference to Chapter 23, Cost Recovery Activities</td>
<td>L. Wang</td>
<td>K. Randig</td>
<td>S. Pickering</td>
<td>1/8/18</td>
</tr>
<tr>
<td>1.0; 2.0; 7.0</td>
<td>1.0: Update references to federal regulations; 2.0: update requirements to allocation of salaries on federally funded projects; 7.0: update all outdated links</td>
<td>S. DeRosa</td>
<td>Lily Wang</td>
<td>S. Pickering</td>
<td>5/25/18</td>
</tr>
</tbody>
</table>
CHAPTER 38
CSU RISK MANAGEMENT AUTHORITY (CSURMA)

1.0 OVERVIEW AND DEFINITIONS:

The California State University Risk Management Authority (CSURMA or the Authority) is an association of the CSU and the auxiliary organizations established for the purpose of protecting member resources through the provision of broad coverage and quality risk management services aimed at stabilizing risk costs in a reliable, economical and beneficial manner.

The Chancellor’s Office staff and representatives of auxiliary organizations within the CSU collaborated to develop a systematic approach to the management of risk exposures prevalent across CSU campuses. Special legislation was obtained that permitted the CSU as a state agency, and auxiliary organizations as separate nonprofit corporations, to create a quasi-public entity to establish and perform pooled group insurance and related risk management functions for the benefit of all who elected to join the CSURMA. On January 1, 1997, the CSURMA was formed by the CSU and those qualified auxiliary organizations that opted to join the entity with the intent to participate in the risk management programs offered by the Authority.

The CSURMA presently has several risk management programs in effect, as detailed in subsection 3.2.

2.0 FUND SPECIFICS:

CSU Fund 547, TF-CSU Risk Management, was deactivated effective July 1, 2013 as CSURMA is now reported as a discretely presented component unit on the CSU’s consolidated financial statements in accordance with GASB Statement No. 61, The Financial Reporting Entity – Omnibus -- An Amendment of GASB Statements No. 14 and No. 34.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Unique FIRMS Object Codes

The object codes specific to CSURMA are:

580092 CSURMA Dividend Revenue - Used by campuses to record dividends granted and distributed by the Authority. The dividends represent a return of premiums paid by the members of the pool which CSURMA management deems to be excess revenue.
3.2 **CSURMA Coverage Programs**

The CSURMA presently has several risk management programs in effect, including the Pooled Liability Program, the Pooled Workers’ Compensation Program, the IDL/NDI/UI Program, the Property Program, the Athletic Injury Medical Expense (AIME) Program, the Auto Liability Program, the Miscellaneous Purchase Insurance Programs, and the Owners Controlled Insurance Program (OCIP).

The **Pooled Liability Program** is designed to cover the general liability and errors and omissions risks of the CSU campuses. The annual premium is collected at the beginning of the fiscal year via a Cash Posting Order (CPO). Campuses are to record the annual premium to FIRMS object code 660010, Insurance Premium Expense, and to NACUBO program code 0606, General Administration. CSURMA’s Liability Coverage Program offers each campus the opportunity to re-evaluate its deductible every three years. Throughout the policy year, CSURMA makes payments on claims on behalf of the campuses. Quarterly, CSURMA Accounting invoices and collects via a CPO from the campuses amounts up to their deductible limit. This function is referred to as the **Deductible Recovery** process. Campuses record the deductible recovery invoice to FIRMS object code 660012, Insurance Claim Deductible, and program code 0606.

The **Pooled Workers’ Compensation Program** is designed to cover both workers’ compensation benefits and employer liability obligations of the CSU campuses. The annual premium is collected at the beginning of the fiscal year via a CPO. Campuses record the annual premium to FIRMS object code 660010, Insurance Premium Expense, and to various program codes based on where payroll expenses are incurred. Campuses will have no further accounting transactions throughout the policy year.

The **Industrial Disability Leave (IDL), Non-Industrial Disability Leave (NDI), and Unemployment Insurance (UI) Program** is designed to cover the CSU employees’ disability leave and unemployment costs of the CSU campuses. The annual premium is collected at the beginning of the fiscal year via a CPO. Campuses record the annual premium to FIRMS object code 660010, Insurance Premium Expense, and to NACUBO program code 0606, General
Administration. Under the IDL and NDI procedure, campuses incur the cost up front and then are reimbursed by CSURMA based on campuses’ quarterly FIRMS data. IDL and NDI payments are made to employees through the payroll system. IDL, corresponding to State paytypes 6 and N, are recorded to FIRMS object code 603008, Industrial Disability. NDI, corresponding to State paytype T, is recorded to FIRMS object code 603009, Non-Industrial Disability. State paytype U, Leave Supplementation Pay should be recorded as 601XXX, Salaries expense. Campuses record reimbursements for NDI/IDL to FIRMS object code 603100, NDI/IDL Claims Reimbursement.

For the UI program, CSURMA Accounting issues payment to the Employment Development Department (EDD) directly. Campuses are not reimbursed by CSURMA.

The Property Program is designed to cover property losses, except for losses resulting from earthquakes, incurred by CSU campuses. The annual premium is collected at the beginning of the fiscal year via a CPO. Effective July 1, 2015, campuses record the annual premium to FIRMS object code 660016, Property Insurance Premium Expense, and to NACUBO program code 0701, Physical Plant Administration.

Throughout the policy year, campuses that incur property losses submit their claims to CSURMA for reimbursement. For property losses in excess of the deductible ($100,000), campuses will be paid either by CSURMA via a CPO or by the property insurance carrier via a check or wire transfer. Campuses are to record the reimbursements for property claims to FIRMS object code 580093, Other Non-Operating Revenues to comply with CSU GAAP Accounting & Reporting Manual Chapter 13, Capital Asset Guide, and GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries.

The Athletic Injury Medical Expense (AIME) Program is designed to cover injuries sustained by regularly enrolled students of the universities who are participants on the intercollegiate team roster. The annual premium is collected at the beginning of the fiscal year via a CPO. Campuses record the annual premium to FIRMS object code 660010, Insurance Premium Expense, and to NACUBO program code 0606, General Administration. Campuses will have no further accounting transactions throughout the policy year.

The Auto Liability Program is designed to cover the liability risks associated with campus-owned vehicles. The annual premium is collected at the beginning of the fiscal year via a CPO. Campuses record the annual premium to FIRMS object code 660010, Insurance Premium
Expense, and to NACUBO program code 0606, General Administration. Campuses will have no further accounting transactions throughout the policy year.

### 3.3 CSURMA Account Coding Overview and Definition

The table below summarizes CSURMA-related account coding for both campuses and CSURMA.

<table>
<thead>
<tr>
<th>,Object Code,</th>
<th>Program Code,</th>
<th>Object Code,</th>
<th>IPEDS Program</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Insurance Premiums Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Liability Premiums, AIME Premiums, Auto Liability Premiums</td>
<td>660010</td>
<td>0606</td>
<td>580090</td>
</tr>
<tr>
<td>Workers’ Compensation Premiums</td>
<td>660010</td>
<td>(A)</td>
<td>580090</td>
</tr>
<tr>
<td>NDI/IDL &amp; Unemployment Insurance Premiums</td>
<td>660010</td>
<td>0606</td>
<td>580090</td>
</tr>
<tr>
<td>Property Premiums</td>
<td>660016</td>
<td>(B)</td>
<td>0701</td>
</tr>
<tr>
<td>Other Purchased Premiums Paid Directly to Alliant or Others</td>
<td>660010</td>
<td>0606</td>
<td>580090</td>
</tr>
<tr>
<td>2</td>
<td>Payroll Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industrial Disability (IDL)</td>
<td>603008</td>
<td>(C)</td>
<td></td>
</tr>
<tr>
<td>Non-Industrial Disability (NDI)</td>
<td>603009</td>
<td>(C)</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Campus Reimbursements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>NDI/IDL Claims</td>
<td>603100</td>
<td>(CR)</td>
<td></td>
</tr>
<tr>
<td>Property Claims</td>
<td>580093</td>
<td>(D)</td>
<td>1500</td>
</tr>
<tr>
<td>4</td>
<td>Deductible Recoveries to CSURMA</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Liability (Reimburse CSURMA for claims paid on behalf of the campus - up to deductible limit per occurrence)</td>
<td>660012</td>
<td>(DR)</td>
<td>0606</td>
</tr>
<tr>
<td>5</td>
<td>Claims Expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Liability Claims (not processed via CSURMA)</td>
<td>660012</td>
<td>0606</td>
<td>(E)</td>
</tr>
<tr>
<td>Workers’ Compensation Claims</td>
<td>580093</td>
<td>(D)</td>
<td>1500</td>
</tr>
<tr>
<td>6</td>
<td>Dividend Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes Payable (Loan Principal)</td>
<td>201005/261003</td>
<td>9002</td>
<td>109010/109710</td>
</tr>
<tr>
<td>Interest on Bonds and Notes (Loan Interest)</td>
<td>660006</td>
<td>1400</td>
<td>508090</td>
</tr>
</tbody>
</table>

(A) Workers’ compensation premiums expenses should be charged to the appropriate funds and programs. It is recommended that prior year payroll be used as a basis for allocating among funds and FIRMS program codes.

(B) As of 7/1/2015, FIRMS Object Code 660016 Property Insurance Premium Expense with Program Code 0701 should be used to record property insurance premiums paid to CSURMA or other external insurers.

(C) Labor Cost Distribution (LCD) should be recorded to the appropriate fund and FIRMS program code based on department ID when payroll expense is incurred. FOCS 603008 and 603009 should be used for IDL and NDI expenses respectively, but any supplementation pay (State paytype U) should be mapped to salaries expense.

(D) FIRMS Object Code has been changed from 660012 to 580093 to comply with CSU GAAP Accounting & Reporting Manual Chapter 13 - Capital Asset Guide and GASB Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. Insurance recovery associated with events resulting in impairment of a capital asset should be netted with the impairment loss. The CSU normally records impairment losses as other non-operating revenue in the GAAP ledger (723006). Insurance recoveries of impaired assets occurring in the subsequent year should be reported as non-operating revenue (FOC 580093).

(E) Non-litigated claims less than the lower of $100K or the deductible amount may be directly settled by campuses.

(F) Workers’ compensation claims expenses are allocated to all FIRMS program codes based on percentages of systemwide benefits.
3.4 CSURMA Dividend

In years when the CSURMA pool has a positive claims history in the campus programs and a fully funded program status, the CSURMA Executive Committee may approve distribution of program dividends. It should be noted that campuses should not rely on CSURMA dividends as they are only distributed when the pool has met its funding requirements.

Effective July 1, 2013, campus members are to record the annual dividend as revenue to FIRMS object code 580092, CSURMA Dividend Revenue.

3.5 CSURMA Cash Posting Order (CPO) Process

CSURMA Accounting utilizes Cash Posting Orders (CPO) to remit/collection payments to/from campus members. (Auxiliary member payments are issued via check or wire). A CPO is a mechanism to move Systemwide Investment Fund Trust (SWIFT) dollars among its members. General guidelines have been developed to assist campuses with their reimbursement requests. Please refer to the CSURMA CPO Process Overview and CSURMA Reimbursement Request Guidelines located on the CO Financial Services-Accounting website. Check this site regularly for any updates to the process.

For more information regarding the year end accrual process for invoices relating to reimbursements and collections issued after June 30 of any fiscal year, please refer to the Year End Instructions for Deductible Recovery.

As mentioned at subsection 3.2, the annual premium for the Pooled Liability Program is collected at the beginning of the fiscal year and each campus selects a deductible limit. Throughout the policy year, CSURMA makes claims payments on behalf of the campuses. Quarterly, CSURMA provides the campuses with a report of all the claims payments made on their behalf. Within 30 days following the issuance of this report, CSURMA Accounting processes a CPO to collect the payments made, up to the deductible limit per occurrence selected by the campus. Campuses record the deductible recovery CPOs with a debit to FIRMS object code 660012, Insurance Claim Deductible, program code 0606, General Administration and a credit to 101100, Cash-Short Term Investments (SWIFT).

4.0 REPORTING REQUIREMENTS:

There are no campus reporting requirements.

5.0 FUND BALANCE:
Not applicable.

6.0 **GAAP IMPACT:**

Effective July 1, 2012, CSURMA changed from a blended to a discretely presented component unit in the CSU Systemwide financial statements in accordance with GASB Statement No. 61 *The Financial Reporting Entity - Omnibus -- An Amendment of GASB Statements No. 14 and No. 34*. As a result, there have been changes in the object codes to be used both by the campuses and CSURMA (refer to section 3.1 above). It is imperative that each transaction is recorded exactly as instructed above for consolidation purposes at the CSU systemwide level. For accurate and consistent systemwide consolidated reporting, specific accounting treatment for CSURMA activities have been developed.

7.0 **RESOURCES:**

If you have any questions regarding the above CPO process please email CSURMA_Acctg@calstate.edu

Helpful websites include:

Enterprise and Chancellor’s Office Financial Reporting Website:

- [IDL/NDI/UI reimbursement general guideline](#)
- [CSURMA CPO Process Overview and CSURMA Reimbursement Request Guidelines](#)
# REVISION CONTROL

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.2</td>
<td>Added accounting treatment for property claims reimbursements</td>
<td>Alice Kim</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>4/15/16</td>
</tr>
<tr>
<td>3.2</td>
<td>Updated accounting treatment for property insurance premiums</td>
<td>Alice Kim</td>
<td>Kelly Cox</td>
<td>R. McNiel</td>
<td>5/19/16</td>
</tr>
<tr>
<td>3.2</td>
<td>Added IDL/NDI payments related with State paytape information</td>
<td>Alice Kim</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>3/27/2018</td>
</tr>
</tbody>
</table>
CHAPTER 39
FIXED ASSETS

1.0 OVERVIEW AND DEFINITIONS:

The Integrated CSU Administrative Manual (ICSUAM) policy 3150.01, Administration of University Property, Section 600, states that all campus legal-basis fixed asset accounting entries will be recorded in state fund 0997, CSU fund 501, General Fixed Assets Memo Fund, regardless of the funding type (Governmental, Proprietary or Fiduciary). (Note: ICSUAM 3150.01 was formerly ICSUAM 3151.01, Fixed Assets Reporting to the State Controller’s Office.) ICSUAM policy 3150.01 also provides guidance for recording the acquisition, maintenance, control, and disposition of property, including land, buildings, improvements other than buildings, other tangible property, and intangible property.

Because the state requires fixed assets funded by proprietary or fiduciary funds to be recorded in those funds (not in state fund 0997), the Systemwide Financial and Reporting Standards group at the Chancellor’s Office is responsible for recording these fixed assets and depreciation in the proper proprietary/fiduciary fund as part of its preparation of the annual consolidated financial reports issued to the SCO. Campuses remain responsible for retaining all data and schedules supporting the information submitted to the Chancellor’s Office in their files in accordance with the CSU Records Retention Policy.

2.0 FUND SPECIFICS:

Not applicable.

3.0 FUND MANAGEMENT AND ACCOUNTING PRACTICES:

3.1 Capital Asset v. Operating Expense

In determining if expenditure is for a capital asset or an operating expense, there are actually two perspectives to be considered: (1) the budgetary and (2) the financial reporting. A facilities department will take the budgetary perspective wherein the source of funds is the driver in the determination. This perspective has relevance when reporting to the state on how appropriated funds were used. Expenditures can only be made from the operating budget or the capital budget in accordance with the terms of the appropriation.
From a financial reporting perspective, however, other criteria are applied in determining whether any given cost is to be expensed or capitalized. Generally, expenditures from a “capital” budget are capital for financial reporting purposes. But, the capitalization criteria when expenditures are made from an “operating” budget need to be carefully examined in determining if such expenditures are to be expensed or capitalized. A good example of this is expenditure for equipment. The source of funds may be the operating budget, but if the equipment costs more than $5,000 and has a life of more than 1 year, it qualifies for capitalization.

The determination as to whether an expenditure is an operating expense or is capitalized for financial reporting purposes depends on the project. In addition to the criteria set forth in the GAAP Manual, Chapter 13, Capital Assets Guide, consideration should be given to whether that expenditure is for repair of an existing deficiency, adds value to an existing asset and/or extends its useful life.

Examples:

- If a new component is able to operate independently of the original equipment (i.e. the new component can remain in service without the functioning of the original equipment), it is treated as a separate asset and depreciated over the life of the component’s estimated useful life, regardless of the life of the original asset.

- If a new component is an improvement in quality to an item of equipment (i.e. adds to its capacity or efficiency) but does not extend its life, it is treated as an addition to the original cost of the equipment. It is depreciated over the remaining life of the original asset.

- If a new component extends the life of the equipment but does not improve its quality, the useful life of the equipment is adjusted.

- If a new component merely replaces an old component of the equipment without improving its quality or extending its useful life, the cost should be expensed.

The fact that materials used in a project, for example a roof replacement, are of a higher quality than the original may not in and of themselves result in a conclusion that there is a capital expenditure. The project may merely represent an effort to maintain the building in a usable state and neither extends its life nor so improves the property as to increase its monetary value.

FIRMS object codes in the 607XXX series generally describe costs associated with construction projects that are capitalized. These codes are generally only allowed in the designated Capital
Improvement Project (CIMP) & Non-Recurring Maintenance & Repair (NRMR) funds. For example, 607XXX FIRMS object codes are allowed in CSU fund 487, Academic Capital Improvement Fund. The use of these object codes is determined by the nature of the expenditure and not the funding source. If the expenditure is for such things as architectural fees and construction, the charge needs to be to a 607XXX FIRMS object code.

For any given project, a PeopleSoft fund and/or project code is established by the campus to record the resources used and the expenses incurred. If construction activity is taking place, the expenses will be charged to 607XXX FIRMS object codes to reflect the payment. The FIRMS object code series of 66006X, Repairs & Maintenance, is used to record the payment of repairs and maintenance costs. The specific object code to be used will be based on the type of R&M activity being performed. This is normally an item of expense and not a capitalized item.

3.2 Recording Capital Assets on the Legal-Basis Books

Each campus must review their expenditures and capitalize those costs meeting the capitalization criteria for tangible and intangible assets: a unit acquisition cost of at least $5,000 (including all costs incurred to acquire and to ready the asset for its intended use, such as purchase price, applicable taxes and freight) and an estimated useful life of more than one year. Prior to GASB Statement No. 72, Fair Value Measurement and Application, donated capital assets were recorded at their estimated fair value at the time of acquisition, plus ancillary charges, if any. Effective July 1, 2016, GASB Statement No. 72 requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. The acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date, or the amount at which a liability could be liquidated with the counterparty at the acquisition date.

The entries to record the capitalization are:

In the fund financing the purchase:

Debit: Expenditures (FIRMS object code 607XXX for capital projects, FIRMS object codes such as 616XXX (IT hardware and software, 619XXX (other types of equipment), 660003 (supplies and services), 613001 (contractual services
Credit: Fund balance clearing (FIRMS object code 305022) or Investments (FIRMS object code 101100), depending on the type of fund
In state fund 0997 (the General Fixed Assets Memo Fund), CSU fund 501:

Debit: Fixed assets (FIRMS object code 1100XX)
Credit: Investment in fixed assets (by funding source) (FIRMS object code 3020XX)

In the GAAP ledger, adjustments will need to be made to reverse the duplicate recording (i.e. once as an expenditure and again as a fixed asset in state fund 0997, CSU fund 501) of the same transaction occurring on the legal books.

Additionally, investment in fixed assets needs to be reduced by the current year’s depreciation amount and the accumulated depreciation needs to be increased by this same amount in state fund 0997, CSU fund 501:

Debit: Investment in fixed assets (by funding source) (FIRMS object code 3020XX)
Credit: Accumulated depreciation (FIRMS object code 1100XX)

No depreciation expense is recorded in the legal books. Instead, the investment in fixed assets is directly reduced in CSU fund 501 (the memo fund). Therefore, an adjustment needs to be made in the GAAP ledger to record the current year’s depreciation expense.

A table of fixed asset and accumulated depreciation FIRMS object codes is provided in Appendix 10.

3.3 Recording Donated Capital Assets on the Legal-Basis Books

Capital assets donated to a non-governmental state fund need to be reported in state fund 0948, CSU fund 550, TF-Restricted Capital Projects. Before CSU fund 550 was established, campuses were directed to use CSU fund 496, TF-Miscellaneous Trust, to record donated capital assets. Since CSU fund 550 is a restricted fund and CSU fund 496 is unrestricted, CSU fund 550 is the more precise choice for recording the donations.

When a donated capital asset is received, it is recorded in Asset Management as follows:

In CSU Fund 501
Debit: Capital Asset
Credit: Investment in General Fixed Assets
Fixed Assets

In CSU Fund 550
   Debit: Expense
   Credit: Revenue

At the time of GAAP derivation, the following automated entries are generated:

In CSU Fund 501
   Debit: Net Investment in Fixed Assets
   Credit: Transfer In

In CSU Fund 550
   Debit: Transfer Out
   Credit: Expense

The legal-basis entry in CSU fund 550 requires a debit to expense as the asset is recorded in CSU fund 501. Campuses should use FIRMS object code 607009, Capital Equipment, to record the charge in CSU fund 550. This object code maps to the correct program code for the fund, 07, Operations and Maintenance of Plant. The following FIRMS object codes are to be used to record the revenue side of the transaction:

- If the donation is from the federal government, use FIRMS object code 503109, Federal Grants and Contracts-Capital.
- If the donation is from the state government, use FIRMS object code 503293, State Grants and Contracts-Capital.
- If the donation is from a municipality, use FIRMS object code 503303, Local Grants and Contracts-Capital.
- If the donation is from a private party, use FIRMS object code 503411, Private Contributions-Capital.

For GAAP purposes, the expense entry in CSU fund 550 is reversed. The surviving entries for GAAP reporting purposes are the debit to capital assets in CSU fund 501 and the credit to grants and gifts, capital (revenue) in CSU fund 550.

4.0 Reporting Requirements:

Submission of Fixed Assets Data for Proprietary and Fiduciary Funds to the Chancellor’s Office
The Chancellor’s Office is responsible for the annual submission to the SCO of financial data relating to the CSU’s proprietary and fiduciary funds on a consolidated basis. This is accomplished by extracting the data submitted by each campus from FIRMS. However, because all fixed asset data reside in state fund 0997 and this information is not recorded for proprietary and fiduciary funds in those individual funds, the campuses must provide the data separately. To facilitate data collection, the Chancellor’s Office has developed a reporting template (see Appendix 11). Original cost, accumulated depreciation and net asset value by state general ledger account must be reported. Campuses are required to compare the data submitted to values reported on SCO Reports 18 and 19 and to resolve all discrepancies before submission of the template to the Chancellor’s Office. See Chapter 4, Year End, for further information.

5.0 FUND BALANCE:

Not applicable.

6.0 GAAP IMPACT:

See GAAP Manual Chapter 4.1.5, Capital Assets, Depreciation and Amortization, Chapter 13, Capital Asset Guide for Capital Assets and Chapter 18 State Controller’s Office GAAP Submission for further discussion on the GAAP reporting relating to fixed assets.

7.0 RESOURCES:

ICSUAM 3150.01 Administration of University Property

General ICSUAM 1202.00 – Athletic Trade Usage (Trade Out)
REVISION CONTROL

Document Title: CHAPTER 36 FIXED ASSETS
Contributor: Alice Kim
Reviewer: Michelle Totten/Kristina Randig
CO Owner: Sherry Pickering
Issuance Date: April 28, 2014

Revision and Approval History

<table>
<thead>
<tr>
<th>Section(s) Revised</th>
<th>Summary of Revisions</th>
<th>Revised By</th>
<th>Reviewed by</th>
<th>Approved by</th>
<th>Revision Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Added accounting treatment for donated capital assets.</td>
<td>Alice Kim</td>
<td>S. Klinthong</td>
<td>R. McNiel</td>
<td>12/11/14</td>
</tr>
<tr>
<td>4.1</td>
<td>Deleted the section as it pertained to Report 18. The SCO no longer requires this report from the CSU.</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>12/11/14</td>
</tr>
<tr>
<td>3.2</td>
<td>Updated the rule regarding placement of value on donated asset.</td>
<td>S. Klinthong</td>
<td>R. McNiel</td>
<td>R. McNiel</td>
<td>3/17/16</td>
</tr>
<tr>
<td>3.1</td>
<td>Updated language to bring section in harmony with chapter 15</td>
<td>N. Bryant</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>1/10/2018</td>
</tr>
<tr>
<td>6.0</td>
<td>Updated chapter reference to Chapter 4.1.5 Capital Assets, Depreciation and Amortization</td>
<td>Cinthia Santamaria</td>
<td>S. Pickering</td>
<td>S. Pickering</td>
<td>2/27/18</td>
</tr>
</tbody>
</table>