



# Administrative Guidelines

Number:	Budget 001
Effective:	October 1, 2015
Previous:	May 2013

**Subject:** Campus Reserves and Spending Guidelines for University Funds and Auxiliary Organizations

1.0. **PURPOSE:**

To establish guidelines for University carryforward reserves pursuant to the California State University (CSU) Campus Reserves policy and the campus auxiliary reserve policies.

2.0. **ORGANIZATIONS AFFECTED:**

All organizational units of the University including auxiliary organizations.

3.0. **REFERENCES:**

[Government Code 8880, California State Lottery Act of 1984](#)

[Executive Order 1102 - CSU Student Fee Policy](#)

[Executive Order 1000 - Delegation of Fiscal Authority and Responsibility](#)

[Integrated CSU Administrative Manual \(ICSUAM\) 2001.00 Campus Reserves](#)

[University Auxiliary Services, Inc. \(UAS\) Reserve Policy](#)

[Associated Students, Inc. \(ASI\) Reserve Policy](#)

[Cal State LA Foundation Reserve Policy](#)

[University-Student Union \(USU\) Reserve Policy](#)

4.0. **GUIDELINES:**

California State University, Los Angeles (Cal State LA) is committed to strategic management of all funds to ensure a sustained student-centered quality education. It is required that adequate reserves be maintained to meet current operational needs, working capital, debt service payments, facilities maintenance repair and replacement, and planned future operations as appropriate.

4.1. **Economic Uncertainty Cap - 50% Rule**

In compliance with the CSU Campus Reserves policy stated in the Integrated CSU Administrative Manual, reserves for economic uncertainties may accumulate up to fifty percent (50%) of the projected annual operating budgets for the following funds: Campus Operating, Enterprise, Health Facilities, Lottery, Instructionally Related Activities, International Programs, and Campus Student Union.

In addition, reserves may also be established for purposes determined by the campus chief financial officer and if so designated must be accounted for annually using the appropriate object code. Reserves may be established within the funds listed in the table below for specific capital projects, capital renovation, facilities maintenance, repair and replacement, encumbrances, catastrophic events, or any other specified purpose consistent with the underlying funding requirements and restrictions.

CSU Fund Code	PeopleSoft Fund Code	PeopleSoft Fund Description
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**Operating Funds**

485	SF001 & SFXXX	Operating Fund
481	TLXXX	Lottery Education Fund
441	TE441	CERF - Extended Education
531	TH531	Housing
471	TP471	Parking Fines / Forfeitures
472	TP472	Parking
452	TH452	Health Facilities Fee
464	TF464	International Programs
534	TU534	Campus Union Operations / Revenue
463	IRXXX	Instructionally Related Activities
444	TEPXX	CERF Campus Partners

**Construction Funds and Repair & Maintenance Funds**

442	TE442	CERF Construction - External Sources
443	TE443	CERF Maintenance / Equipment
453	To be created	Health Facilities Revenue Fund - External Sources
454	To be created	Health Facilities Revenue Fund Maintenance / Repair
486	DM100	CSU Operating Deferred Maintenance and Capital Renewal
487	CI100	CSU Operating Capital Improvement Funds
532	TH532	Housing Maintenance / Equipment
533	TH533	Housing Construction - External Sources
473	TP473	Parking Construction - External Sources
474	TP474	Parking Maintenance / Equipment
534	TU534	Campus Union Operations and Revenue
535	TU535	Campus Union Maintenance / Repair

The designated purpose must be accounted for annually using the appropriate object code as follows:

304001	Designated for Bond Retirements	Used to show the amount reserved for debt service payments.
304010	Designated for Capital Improvements/Construction	Used to designate funds for future capital needs, including new construction or improvements to existing facilities. Examples: construction of a new building, addition of a classroom annex, construction of a parking lot.
304011	Designated for Equipment Acquisition	Used to designate funds for future equipment acquisitions. Examples: computer upgrades, furniture, copier and other machinery replacements.
304012	Designated for Program Development	Used to designate funds for future program development activities, which includes the process of formulating, improving, and expanding campus programs.
304013	Designated for Future Debt Service	Used to designate funds for a future year's debt service payments.
304014	Designated for Facilities Maintenance and Repairs	Used to designate funds for future recurring and non-recurring maintenance and repair costs.
304015	Fund Balance-Undesignated/Unallocated	Since the fund balance for CSU funds specified in ICSUAM 2001.00 must be fully allocated to 304XXX object codes, this object code holds any residual value after allocations have been made to all other reserves.
304016	Designated for Outstanding Commitments	Used to designate funds for obligations not recorded as a liability in the legal ledger. These commitments are not supported by purchase orders.
304017	Designated for Catastrophic Events	Used to designate funds to be used in the event of a natural disaster or other catastrophic events.
304018	Designated for Encumbrances	Used to designate funds for encumbrances (i.e. where the commitment is evidenced through issue of a purchase order). The object code balance should match the total on the PeopleSoft Open Encumbrance Report.
304021	Designated for Financial Aid	Used to designate funds for unspent financial aid.
304022	Reserve for Economic Uncertainty	Used to reserve funds up to an amount equivalent to 50% of the current year's operating budget for use in the event of significant budget cuts or late budget authorization by the state.
304023	Designated for EE Campus Partners	Used to designate funds specifically for EE Campus Partners. Includes academic college/department funds from various extended education program agreements. Examples: revenue obligations through internal campus agreements with the academic colleges and departments, academic affairs, and other units.

The campus chief financial officer is responsible for monitoring reserves to ensure that amounts are in compliance with this policy and are consistent with campus plans and requirements.

University divisions should plan effectively to ensure that funds are appropriately expended during the year collected. If there is a surplus, University divisions are required to submit the following forms to be reviewed by the Vice President for Administration and Chief Financial Officer and approved by the President.

- A. [Carry-Forward Request Form](#) – Campus Operating Fund, Lottery Education Fund, and IRA Fund
- B. [Annual Reserve Business Plan](#) – All other Funds

Reserves and expenditures are restricted for Miscellaneous Trust Funds and Cost Recovery Funds based on the trust agreements and the nature of the cost recovery activities respectively. Auxiliary Organization Funds follows the reserve policies established by auxiliary governing boards.

In addition to the overall guidelines stated above, the following details the fund specific requirements.

**1.0. UNIVERSITY OPERATING FUND**

**1.1. Campus Operating Fund**

- A. PeopleSoft Fund(s): SF001
- B. Sources: State Appropriation and Student Fees
- C. Reserve Requirement(s):

Excess tuition fee revenue should be designated specifically for new capital projects, critical facility renewal or replacement projects, maintenance, or for operating capital funds in an amount not to exceed 25% of excess tuition fee revenues.

**1.2. Health Services Fund**

- A. PeopleSoft Fund(s): SF005
- B. Sources: Health Services Fee
- C. Reserve Requirement(s): No Additional Requirements

**1.3. Student Fees (Non-auxiliary)**

- A. PeopleSoft Fund(s): SFXXX
- B. Sources: Athletics Fee, Student Success Fee, Etc.
- C. Reserve Requirement(s):

With the exception of the reserve balance to fund equipment and/or equipment replacements, revenues should be expended in the year collected or by the end of the subsequent fiscal year.

**2.0. LOTTERY FUND**

All funds allocated from the California State Lottery Education Fund shall be used exclusively for the education of pupils and students and no funds shall be spent for acquisition of real property, construction of facilities, financing of research, or any other non-instructional purpose. These funds can only be used for the enhancement of the instructional program. Expenditures must be in accordance with the California State Lottery Act of 1984.

**3.0. MISCELLANEOUS TRUST FUNDS**

Trust funds for the CSU are authorized by Education Code, Sections 89721-89725 and Government Code, Sections 16304-16305. Miscellaneous Trust Funds are inclusive of CSU Fund 496 – Other Trust and CSU Fund 491 – Trust Project. Miscellaneous trust funds are continuously appropriated.

Fund balances for Miscellaneous Trust Funds will be reviewed on an annual basis. Reserve balances that exceed the current year’s revenue will require submission of the Annual Reserve Business Plan to the Vice

President for Administration and Chief Financial Officer. Expenditures must be in accordance with the approved trust agreements.

- A. PeopleSoft Fund(s): TMXXX, CSXXX
- B. Sources: Miscellaneous fees and deposits

#### 4.0. **COST RECOVERY FUNDS**

Cost Recovery Funds are used to account for the costs and reimbursements associated with services provided by designated University departments to internal/external/auxiliary areas. University departments should plan effectively to ensure the recovery of costs is recorded in the period the activities occurred or have an equipment replacement plan in place.

##### 4.1. **Internal Service Fund**

- A. PeopleSoft Fund(s): ISXXX
- B. Sources: Cost Recovery Services provided to other campus units (i.e. Printing Center)

##### 4.2. **Other Cost Recovery Fund**

- A. PeopleSoft Fund(s): EFXXX
- B. Sources: Cost Recovery services provided to auxiliary organizations/3<sup>rd</sup> Party (i.e. University Times, Theater Arts, etc.)

#### 5.0. **AUXILIARY ORGANIZATION FUNDS**

Auxiliary organizations are non-profit organizations which are separate legal entities that have separate governing boards and follow all legal and policy rules established by the CSU system and the campus Administration.

Cal State LA auxiliary organizations include UAS, USU, ASI, and Cal State LA Foundation.

##### 5.1. **University Auxiliary Services, Inc. (UAS)**

The principal activities of UAS are grants and contracts administration and management of food services, campus day care, and campus vending services.

- A. PeopleSoft Fund(s): 0001
- B. Sources: Revenues Generated From Commercial Enterprise
- C. Reserve Requirement(s): (UAS) Reserve Policy

##### 5.2. **University-Student Union (USU)**

The USU operates the University Student Union building and sponsors various campus activities that complement the instructional and recreational programs and initiatives of the University campus.

- A. PeopleSoft Fund(s): 00001
- B. Sources: (USU) Fee

C. Reserve Requirement(s): [\(USU\) Reserve Policy](#)

5.3. **Associated Students, Inc. (ASI)**

The principal activities of the organization are to encourage effective student participation in campus activities and to stimulate the educational, social, physical, and cultural activities at the University.

A. PeopleSoft Fund(s): 00001

B. Sources: ASI Fee

C. Reserve Requirement(s): [ASI Reserve Policy](#)

5.4. **Cal State LA Foundation**

The primary purpose of the organization are to encourage and promote the scientific, literary, educational, and charitable purposes of the University by providing financial assistance through scholarships, grants, gifts, loans, and other means to the University, its support groups, students, faculty, and staff.

A. PeopleSoft Fund(s): 0001

B. Sources: Fund Raising Activities

C. Reserve Requirement(s): [Cal State LA Foundation Reserve Policy](#)