



Subject:	ESTABLISHING TRUST FUNDS
Department Name:	Controller's Office
Supersedes:	February 2004 Establishing Trust Funds
Effective Date:	October 2008
Issue Date:	December 19, 2008
Approved by:	Scott Burns, AVP Financial Operations

Introduction

This document summarizes the authorities and defines the procedure for establishing local trust accounts for funds received in connection with sources or purposes defined in the Education Code and Executive Order 1000. The intent of the funds is to carry out the primary functions of San Diego State University, and the California State University as determined by the trustees.

Campus trust funds are self-balancing funds and must maintain a positive cash balance and a positive fund balance. Disbursements from a trust fund shall be made only for the purpose for which the trust was established.

Authority and Definitions

The California Education Code (EC) provides the authority for the majority of the almost sixty CSU Fund types for use within Fund 0948 that have been designated for programs such as student loans and scholarships, Continuing Education, Health Facility, Associated Student Body, Instructionally Related Activities, Parking, Lottery, and Housing.

[Executive Order No. 1000](#) dated July 1, 2007 Delegation of Fiscal Authority and Responsibility supersedes Executive Orders (EO) No. 648, 753 and 919 in their entirety. Included in this Order are definitions of CSU Fund categories and types to be used by campuses for financial transactions and accounting entries recorded in the California State University Trust Fund (State Controller's Fund 0948.)

The University shall report revenues, expenses, and net assets related to state-supported instruction and related programs and operations exclusively in the CSU Operating Fund. Activities that are not reportable in Enterprise or Internal Service Funds shall be reported in the CSU Operating Fund. ([EC 89721\(l\)](#) and CSU Fee Policy [EO 1034](#))

There are three fund types that campuses may use for certain projects, programs or services. The three fund types are Special Projects Fund-Special Projects, Campus Services-Internal Services and Campus Services-Enterprise.

Special Projects Fund-Special Projects: A Special Projects fund may be requested when there is a need to account for moneys received for research, workshops, conferences, institutes and special projects (EC 89721(k)). The source (whether internal or external) and use of these moneys must be clearly articulated. Often this type of fund is for a specific period of time. A special projects trust fund will be subject to an administrative fee which shall not only cover all direct costs associated with the project, but shall also be subject to indirect cost recovery in order to “ensure that costs incurred by the CSU Operating Fund for services, products, and facilities provided are properly and consistently recovered.” These costs shall be allocated either as they occur (direct) or on a quarterly basis (indirect.)

Enterprise Funds: Enterprise Funds are to be used to report any activity for which a fee is charged to external users for goods or services. CSU policies, standards and definitions may also require utilization of Enterprise Funds to meet accounting or reporting requirements. A campus Enterprise Fund may be requested when CSU policies, standards and definitions require that the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service.) These fees are directly related to, although not necessarily equal to, the costs of the goods or services. A campus Enterprise Fund may also be requested if CSU policies, standards and definitions require separate accounting or reporting of revenues, expenses and/or net assets. An Enterprise Fund will be subject to an administrative fee which shall not only cover all direct costs associated with the activity, but shall also be subject to indirect cost recovery in order to “ensure that costs incurred by the CSU Operating Fund for services, products, and facilities provided are properly and consistently recovered.” These costs shall be allocated either as they occur (direct) or on a quarterly basis (indirect.)

Internal Service Funds: Internal Service Funds are established to account 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. An Internal Service Fund may be established by the Vice President of Business and Financial Affairs upon documentation of the purpose, financial objectives and scope of the operation, and may provide goods or services to Auxiliary organizations. 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.

Not all operations requiring the establishment of a trust fund may fall absolutely within one of the three fund types defined. Determination of the fund type shall be based upon the preponderance of activity.

Delegation of Expenditure Authority

Delegation of Fiscal Authority at San Diego State University is a formal, documented authority, managed through the Fiscal Authorization Hierarchy. Specific authority is delegated to individuals based upon the Organization and fund values assigned to their department within the Oracle Financial system. Certain individuals have been delegated limited fiscal authorities and responsibilities, i.e., to submit and/or approve requisitions, expenditure transfers, guest lecturer payments, utility payments, library invoices,

memberships and subscriptions, telephone and cell phone bills, reimbursements under \$50, art model services and freight and travel charges.

Delegated expenditure authority DOES NOT include the authority to enter into any contractual agreements including those described as memoranda of understanding, whether with another agency, auxiliary organization, university, vendor or business. Authority to contract and procure is strictly delegated to the Vice President of Business and Financial Affairs, the Associate Vice President for Financial Operations, and the Contract and Procurement Management Department.

Administrative Charges

Trust funds are subject to a 6% administrative charge, consistent with the rate documented for special funds. Augmented Health fee trust is subject to 8% administrative charge per EO 814. Charges will be assessed quarterly.

In the unlikely event that overall expenditures exceed revenues at any point in time, an additional charge equal to lost interest will be assessed.

Reporting Requirements

On a semi-annual basis (dates to be determined by the University Controller), the department responsible for the trust fund will submit to Financial Operations a statement that the accounts for the fund have been reviewed, that re-affirms the continuing need for the trust, confirms that the budget is still viable, that only allowed expenditures have been made and assert there are no other changes or adjustments necessary.

Procedure

- Submit a request to the Budget & Finance Office. The request should include the source of funds, purpose, responsible department (name and Oracle org value), duration of the account, any requirements that govern its usage and disposition and other essential facts or documents and be submitted by someone with delegated authority for the department submitting the request. (Attachment B) Additionally,
 - Information shall be provided documenting the methodology and calculations used to set any pricing or costing of goods or services
 - A budget for the current year shall be submitted to include all expected revenues and expenses, including administrative fee, direct and indirect cost recovery charges
- After the Budget Office reviews and approves the request, the costing methodology and the budget, the request will be forwarded to the University Controller
- The Controller will review the request to confirm the appropriateness of the request and that the documents are complete and accurate, then determine the appropriate CSU Fund, category and classification
- Upon approval, the requestor will be notified to submit the following:
 - an Account Request Form (ARF) to the Budget Office
 - an updated Fiscal Authorization Hierarchy (FAH) with original wet signatures to include the new fund

Attachments:

A-California Education Code Sections 89230, 89300, and 89721

B-Request to establish a campus trust fund

EDUCATION CODE
SECTION 89230

89230. "Instructionally related activities" means 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.

Instructionally related activities include, but are not limited to, all of the following:

(a) Intercollegiate athletics: costs that are necessary for a basic competitive program including equipment and supplies and scheduled travel, not provided by the state.

Athletic grants should not be included.

(b) Radio, television, film: costs related to the provisions 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 performance: 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.

Pursuant to this section and other provisions of this code, the Chancellor of the California State University shall develop a program of fiscal support and shall consult with the California State Student Association, the Academic Senate, and the Chancellor's Council of Presidents regarding the program.

This section shall not become operative unless funds are appropriated to meet the instructionally related needs of the campuses of the California State University.

EDUCATION CODE
SECTION 89300-89304

89300. A student body organization may be established at any state university under the supervision of the university officials for the purpose of providing essential activities closely related to, but not normally included as a part of, the regular instructional program of the university. The organization may also operate a campus store, a cafeteria, and other projects not inconsistent with the purposes of the university, and property of the university may be leased to the organization for those purposes.

The trustees may fix fees for voluntary membership in the organization established at a state university.

Notwithstanding any law to the contrary, if a student body organization is established at any state university, upon the favorable vote of two-thirds of the students voting in an election held for this purpose, in a manner that the trustees shall prescribe, and open to all regular students enrolled in the university, the trustees shall fix a membership fee which shall be required of all regular, limited, and special session students attending the university. No fees shall be charged to students registering solely in extension classes.

The trustees may approve an increase or decrease in the student body fee only after the fee increase or decrease has been approved by a majority of students voting in a referendum established for that purpose.

The required fee shall be subject to referendum at any time upon the presentation of a petition to the president of the university containing the signatures of 10 percent of the regularly enrolled students at the university. A successful referendum shall take effect with the beginning of the academic year following that in which the election was held.

Payment of membership fees pursuant to this section shall be a prerequisite to enrollment in the university, except that if sufficient funds are available, any state university student, subject to the regulations of the trustees establishing standards in that regard, may agree to work off the amount of the fee at the prevailing rate of the university for student assistants. The trustees may adopt regulations setting standards for determining which students shall be eligible to work off the amount of the fee.

The revenues raised pursuant to this section may, in addition to expenditures for other lawful purposes involved in the operations of the student body organization, be expended to provide for the support of governmental affairs representatives who may be attending upon the State Legislature or upon offices and agencies in the executive branch of the state government.

89302. All money collected by a campus of the California State University on behalf of a student body organization under Sections 89046, 89047, 89300, 89301, and 89750, shall be available for such purposes of the student body organization as are approved by the trustees.

The chief fiscal officer of each campus of the California State University shall be custodian of these moneys and provide the necessary accounting records and controls thereof.

These funds may be expended by the custodian only upon the submission of an appropriate claim schedule by officers of the student body organization.

The campus of the California State University shall be reimbursed by the student body organization an amount to cover the cost of the custodial and accounting services provided by the campus of the California State University in connection with these funds.

Student body funds used for scholarships, grants-in-aid, stipends, loans, and similar expenditures shall conform to the regulations of the trustees. The funds shall be approved by the financial aids office before the funds are expended and shall be reflected on the student's record kept in that office. The student's financial aid record shall include all the funds received by the student.

[Education Code Section 89721](#) specifies the moneys we are authorized to deposit into local trust (State Controller's Fund 0948.)

EDUCATION CODE

SECTION 89721

89721. Notwithstanding any other provision of law, the chief fiscal officer of each campus of the California State University 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 the following sources or purposes:

- (a) Gifts, bequests, devises, and donations received under Section 89720.
- (b) Any student loan or scholarship fund program, including but not limited to, student loan programs of the state, federal government (including programs referred to in Section 89723), local government, or private sources.
- (c) Advance payment for anticipated expenditures or encumbrances in connection with federal grants or contracts.
- (d) Room, board, and similar expenses of students enrolled in the international program of the California State University.
- (e) Cafeteria replacement funds.
- (f) Miscellaneous receipts in the nature of deposits subject to return upon approval of a proper application.
- (g) Fees and charges for services, materials, and facilities authorized by Section 89700 if these fees or charges are required of those persons who, at their option, use the services or facilities, or are provided the materials, for which the fees or charges are made. Fees and charges so received and deposited shall be used solely to meet the costs of providing these services, materials, and facilities.
- (h) Fees for instructionally related activities as defined by the trustees and as authorized by Section 89700 and revenues derived from the conduct of the instructionally related activities. The trustees shall have all authority necessary to administer and use the fees and revenues received and deposited to support such instructionally related activities.
- (i) Fees for parking, health facilities or health services, and for extension programs, special sessions, and other self-supporting instructional programs.
- (j) Revenue received by the trustees from the California State Lottery Education Fund pursuant to Section 8880.5 of the Government Code.
- (k) Moneys received by the trustees for research, workshops, conferences, institutes, and special projects.
- (l) Moneys collected as higher education fees and income from students of any campus of the California State University and from other persons pursuant to Section 89700. The Controller shall have the authority to audit the expenditure of these funds.



SAN DIEGO STATE UNIVERSITY

Date:

To: Budget & Finance Office MC1622

Subject: REQUEST TO ESTABLISH A CAMPUS TRUST FUND

From: (Department Name and Oracle Org value)

Purpose and type:

Suggested Account Name:

Donor/Source of Funds:

Agreements/Restrictions:

Duration: (Indicate expiration date or "Indefinite")

If it should become necessary to close the account, please indicate where any remaining funds should be transferred, to whom returned, or how they should be used: (Specific Oracle account string required):

All accounts are subject to an administrative charge.

My signature below indicates my understanding that if for any reason this trust account falls into and maintains a negative cash balance, departmental funds may be required to cover the shortage and that I understand the reporting requirements.

Request submitted by: _____

Signature

Printed Name

Email address: _____

Phone: _____

Budget & Finance/University Controller approval/denial/comments:

Date: