The California State University
OFFICE OF THE CHANCELLOR

The California State University GAAP Accounting & Reporting Manual

Financial Services
FY 2014-2015

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CHAPTER 1

OVERVIEW

HISTORY

1994 In 1994, a legislative mandate required that independent financial statement audits be performed of five of the California State University (CSU) campuses. These audits represented the first ever financial statement audits performed at any CSU campus.

The financial activities of the CSU are included in the special revenue funds of the State of California's financial statements. Prior to the audits mentioned above, the CSU's financial statements were subjected only to audit procedures performed in conjunction with the State's financial statement audit.

The legislative mandate mentioned above required that five campuses be audited for the fiscal year ending June 30, 1994 and an additional five campuses for the fiscal year ending June 30, 1995 (a total of 10 in 1995).

1996 In September 1996, Assembly Bill No. 2613 (AB 2613) was passed requiring the financial statement audits be expanded to include an audit of the CSU system as a whole, as well as at least 10 campuses individually each year. Specifically, the campus audit requirements required that at least ten individual campus financial statements be audited on a stand-alone basis each year, with each campus being subjected to a stand-alone financial statement audit at least once every two years. This requirement became effective beginning in fiscal year 1996-97.

The campuses of the CSU currently maintain their financial records on the legal basis of accounting required by the State of California. The legal basis of accounting is not consistent with U.S. generally accepted accounting principles (GAAP). AB 2613 requires that the audited financial statements be presented in accordance with GAAP.

The CSU has successfully complied with the requirements of AB 2613 since its passage. This GAAP Manual has been developed to assist CSU personnel in the conversion of legal basis records to financial statements prepared in accordance with GAAP.

1999 In November 1999, the Governmental Accounting Standards Board issued Statements No. 34 (GASB No. 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, and No. 35 (GASB No. 35), *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*. These statements redefined many of the accounting and reporting requirements for public universities. The effect of these standards was significant, requiring sweeping changes in the format and content of GAAP financial statements.

2002 The CSU was required to implement the requirements of GASB No. 35 for the fiscal year ending June 30, 2002.

The Financial Standards Advisory Committee (FSAC), made up of CSU campus and systemwide personnel, has examined the requirements of GASB No. 35 and subsequent GASB statements. In the Fall of 2000, the FSAC began taking steps to ensure the accurate interpretation and implementation of the new requirements at the CSU. Much of the guidance found in this GAAP Manual is the result of implementation decisions made by the FSAC.

2011 Government Code Section 12440.1(c) changed the financial reporting requirements for the CSU system and its universities beginning fiscal year 2011-2012. The new legislation eliminates the requirement for campus stand-alone financial statements. Instead, the statement of net assets, statement of revenues, expenses, changes in net assets, and statement of cash flows of each campus shall be included as an addendum to the annual Systemwide audit. Summary information on transactions with auxiliary organizations for each campus shall also be included in the addendum.

2012 In fiscal year 2012-2013, the CSU has implemented the requirements of the following GASB pronouncements.

- GASB Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements,* Issued November 2010. Effective for periods beginning December 15, 2011.

  The objective of this Statement is to improve financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. As used in this Statement, an SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a "facility") in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. Additional guidance can be found in Chapter 4.02 of this GAAP Manual.

- GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statement No. 14 and 34*, Issued November 2010. Effective for periods beginning after June 15, 2012.

  This Statement modifies certain requirements for inclusion of component units in the financial reporting entity. Additional guidance can be found on Chapter 8.

- GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,* Issued June 2011. Effective for periods beginning after December 15, 2011.

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Net position category net invested in capital assets, net of related debt will now be called "net investment in capital assets".

Much of the changes made on this GAAP Manual are a result of the implementation of this new GASB standard. Additional guidance can be found in Chapter 4.02.

- GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, Issued March 2012. This is effective for periods beginning after December 15, 2012 (for CSU, effective for fiscal year 2014; **CSU elected early implementation in fiscal year ended June 30, 2013**).

  This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Additional guidance can be found in Chapter 4.03 of this GAAP Manual.

Converting from Legal Basis Accounting to GAAP – An Overview

The State of California continues to require the CSU to report campus and system activities using the legal basis of accounting. In order to prepare financial statements in accordance with GAAP, a conversion process is necessary. This process is outlined under the following sub-sections and is explained in greater detail in the chapters that follow. This manual is designed to take the user methodically through the conversion process.

CHAPTER 2 – BEFORE YOU BEGIN

Please refer to the Legal Manual at the "Year-End Legal GAAP Reporting Workshop" page on the Systemwide Financial Standards and Reporting website at http://www.calstate.edu/SFSR/Workshops/index.shtml for year-end legal basis closing instructions. They are not included in this manual.

CHAPTER 3 – MAPPING LEGAL BASIS ACCOUNTS TO GAAP REPORTING MODEL

Chapter Three describes the first step in the conversion process, which is the mapping of SCO funds, CSU fund (SCO sub-funds), object codes and program codes as reflected in the legal basis financial records to specific net position categories and line items in the GAAP basis financial statements.

CHAPTER 4 – GAAP ADJUSTMENTS AND RECLASSIFICATIONS

Chapter Four describes the timing and permanent adjustments necessary to complete the conversion from legal basis to GAAP. These adjustments include, among others, accruals for compensated absences and faculty salaries, accounting for capital leases, adjustments to fund balance clearing, accounts payable accruals, unearned revenues, depreciating or amortizing capital assets, discounting tuition, and accrual for pollution remediation obligation.

In addition, this chapter addresses other accounting issues that are relevant to the preparation of the financial statements, including the classification of assets and liabilities as current and noncurrent.

CHAPTER 5 – GAAP ADJUSTMENTS OR RECLASSIFICATIONS THAT REQUIRE INFORMATION FROM THE OFFICE OF THE CHANCELLOR

Chapter Five summarizes the adjustments that are passed down from the Office of the Chancellor to the campuses. These adjustments include but are not limited to the current year activities relating to Systemwide Revenue Bonds and Bond Anticipation Notes, investment income accrual, unrealized gain/loss on investment, pension obligation, and other postemployment benefits obligation.

CHAPTER 6 – STATEMENT OF CASH FLOWS

GASB No. 35 introduced a new financial statement to public universities – the Statement of Cash Flows (SCF). The SCF is prepared using the direct method. This chapter provides detailed instructions and sample template to assist in the preparation of the SCF as well as identifying source documents to obtain the necessary data for the statement.

CHAPTER 7 – GAAP REPORTING IN YES (TM1) AND FIRMS

Chapter Seven provides information on the preparation of YES (TM1) reporting package. A reporting package template and a list of standard practices that are commonly used by the reviewers at the CO are included in this chapter. Additionally, GAAP data reporting in FIRMS is also discussed in this chapter.

CHAPTER 8 – PRESENTATION OF COMPONENT UNITS

Chapter Eight includes reporting instructions to discretely presented component units (mostly auxiliary organizations) and their external auditors. These instructions are presented in a memorandum to campus Presidents and Chief Financial Officers. These instructions identify the audit requirements of the component units, as well as, the supplementary information reporting requirements.

Additionally, this chapter provides guidance on reconciling balances between the campus and the component units and coordinating the preparation and inclusion of the component unit' financial statements within the reporting package. Additionally, this chapter also includes various other matters related to the component units (i.e. FIRMS/IPEDS reporting, accounting for underwater endowments, pledge reporting, fair value measurement and disclosure, and contributed services).

CHAPTER 9 – PREPARING FOR THE FINANCIAL STATEMENTS AUDIT

Chapter Nine is designed to provide the user with an understanding of how to prepare for a successful financial statements audit. This chapter discusses the roles of the independent auditors and campus personnel in the audit process. It also lists various terminology specific to the audits as well as the CSU.   Prepared by Client (PBC) listings, sample lead schedules, and the reporting package template are all presented in this chapter.

CHAPTER 10 – GAAP PREPARATION CHECKLIST

Chapter Ten includes a checklist that should be utilized as each of the conversion and preparation steps are completed. Each step in the checklist refers the user to the relevant chapter(s) in this manual where the item is addressed. The checklist is divided between Part A and Part B.

CHAPTER 11 – GAAP FINANCIAL REPORTING CHECKLIST AND DATA INTEGRITY FORM

Chapter Eleven provides a checklist to be used in the final stages of preparing financial statements for an audit. Each step in the GAAP financial reporting checklist is designed to identify common mistakes or to ensure that amounts are consistent among financial statements and footnotes. Each step refers the user to the relevant chapter(s) in this manual where the item is addressed. Additionally, this chapter summarizes the requirement of the GAAP data integrity form that is required for the SCO GAAP submission covered in Chapter 18. A template that is to be used is also included in this chapter.

Chapter 12 – NCAA Agreed Upon Procedures (AUP) Requirements

Chapter Twelve summarizes the financial reporting requirements of the National Collegiate Athletics Association (NCAA) for the member campuses.

Chapter 13 – Capital Assets Guide

Chapter Thirteen is devoted to the Capital Assets Guide, which summarizes the policies and guidelines of the CSU under GASB reporting standards.

Chapter 14 – GASB Updates and Other Information

This Chapter is to be used to include updates received at future dates into the manual and to discuss new GASB pronouncements.

Chapter 15 – Preparing for an Office of Management and Budget (OMB) Circular A-133 Audit

Chapter Fifteen is designed to provide the user with an understanding of how to prepare for a successful OMB circular A-133 audit. A-133 PBC listings and sample schedules are all presented in this chapter.

Chapter 16 – SRB Audit Requirements

Chapter Sixteen is designed to provide the user with an understanding of what, when and why requirements are needed for a successful Systemwide Revenue Bond (SRB) audit. Special instructions for the SRB fluctuation analysis, SRB required lead schedules and the GAAP entries query are all presented in this chapter.

Chapter 17 – Preparing for the Information Technology (IT) Audit

Chapter Seventeen is designed to provide the user with an understanding of how to prepare for a successful IT Audit. IT Audit PBC listing is all presented in this chapter.

Chapter 18 – State Controller's Office (SCO) GAAP Submission

Chapter Eighteen is designed to detail the SCO's GAAP submission requirements and to describe the supplemental information required from campuses in late September each year.

BUSINESS-TYPE ACTIVITIES (BTA) REPORTING MODEL

As a public university, the California State University (CSU) has been directed, in GASB No. 35, paragraph 27, to follow guidance provided for special-purpose governments. Accordingly, under this guidance (GASB No. 34, paragraphs 134-141), public universities can report as one of the following:

- Special-purpose governments engaged only in business-type activities (BTA);
- Special-purpose governments engaged only in governmental activities; or
- Special-purpose governments engaged in both governmental and business-type activities

The evaluating criterion for the use of one of these models depends on the university's ability to levy taxes and its dependence on the adoption of detailed annual budgets by fund. If a university's primary activities were financed through taxes, intergovernmental revenues, such as grants and contracts, and other nonexchange transactions, the university would likely adopt the model for special-purpose governments engaged in governmental activities. On the other hand, those universities that receive state appropriations and also cover a portion of their costs through external user charges for services may use the model for special-purpose governments engaged only in business-type activities. Finally, those universities that have the ability to levy taxes and also have activities that charge fees to external users could choose to use the model that combines both governmental and business-type activities. This model is the one utilized by general-purpose governments, such as states, cities, and counties.

Consistent with the majority of public colleges and universities, the CSU chose to adopt the reporting model for special-purpose governments engaged in only BTA.

For BTA's, the basic financial statements and required supplementary information consist of the following (GASB No. 34, paragraph 138):

1. Management's Discussion and Analysis (MD&A)
2. Basic Financial Statements
    a. Statement of Net Position
    b. Statement of Revenues, Expenses and Changes in Net Position
    c. Statement of Cash Flows
    d. Notes to the Financial Statements
    e. Required Supplementary Information on Modified Approach, if elected

1. MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis (MD&A) should introduce the basic financial statements and provide an analytical review of the university's financial activities. A brief discussion of the basic financial statements and the information they provide as well as analysis of the university's overall financial position, major debt and capital asset activities and currently known facts that are expected to affect the university's future financial position are required in this section.

2. Basic Financial Statements

The following statements should be presented using the economic resources measurement focus and the accrual basis of accounting.

a. Statement of Net Position

This statement reports the university's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. The statement of net position displays assets, plus deferred outflows of resources, less liabilities, less deferred inflows of resources, equals net position and should be displayed in three broad components – net investment in capital assets; restricted; and unrestricted (As amended by GASB 63, paragraph 8). Assets and liabilities must be classified between current and noncurrent. For the purposes of distinguishing between current and noncurrent assets/ liabilities, current assets/liabilities are those that can be reasonably expected to either use or generate cash through liquidation thereof, as part of normal business operations, within one year of the financial statement date.

Current portions of accrued compensated absences must be estimated based upon amounts "used" in the previous year.

Pension and other postemployment benefit obligation will be calculated and passed down from the Office of the Chancellor.

In distinguishing between cash and cash equivalents and investments on the Statement of Net Position, investments that are used for current operations should be classified as short-term investments. The CSU determined that the following are generally classified as short-term investments:

- Local Agency Investment Funds (LAIF)
- Surplus Money Investment Funds (SMIF)
- Systemwide Investment Fund - Trust (SWIFT)

Investments (including those listed above) that are 1) restricted for withdrawal or use for other than current operations (i.e. endowments or Perkins loans), 2) designated or restricted for the acquisition or construction of noncurrent assets, 3) designated or restricted for the liquidation of the noncurrent portion of long-term debt, or 4) restricted as to the liquidity of the investments should be classified as other long-term investments. (ARB 43; ¶ chapter 3A)

All demand deposits and highly liquid investments with an original maturity date of three months or less should be classified as cash and cash equivalents. Uninvested funds included in SWIFT and the Common Fund Short Term Fund should be classified as investments.

Deferred outflows of resources include loss on refunding, which is part of the pass-down entries from the Office of the Chancellor.

Deferred inflows of resources include deferred service concession arrangement receipts. Refer to GAAP Manual Chapter 4.02 and Chapter 5.00 for further details.

Net Position should also be classified in the following categories:

Net investment in capital assets – Includes capital assets (capital assets include land, improvements to land, easements, buildings, building improvements, machinery, personal property, infrastructure, and all other tangible or intangible assets), net of accumulated depreciation or amortization, and reduced by the outstanding balances of any bonds, mortgages, notes, other borrowings or liabilities that are attributable to the acquisition, construction, or improvements of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount (GASB 63, paragraph 9).

Restricted – This category should only include assets that have restrictions that are externally imposed reduced by liabilities and deferred inflows of resources related to those assets (GASB No. 63, paragraph 10). Externally imposed restriction may be by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by constitutional provisions or enabling legislation (GASB No. 34, paragraph 34). Examples are reserve funds that are mandated by bond indentures to be set aside to pay debt service and contributions given by a donor that must be used for a particular purpose.

Unrestricted – This category includes the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position (GASB 63, paragraph 11). Designations of unrestricted net position should not be reported on the face of the statement of net position, but may be presented in the notes to the financial statements if desired by the university.

b. STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

This statement is the operating statement of the university. Revenues are required to be reported by major source (net of any discounts or allowances). This statement also must distinguish between operating and nonoperating revenues and expenses. The following are the categories of the CSU's operating and nonoperating revenues and expenses:

Operating Revenues

Fees and tuition (net of scholarship allowances and bad debt allowances) – Includes mandatory tuition fees paid by students, such as fees paid at the time of registration, lab fees and other fees for educational purposes by the student to attend the CSU or a particular class. Items, such as childcare fees, bowling alley fees and the like **should not** be included in this category. Scholarship allowances are discussed in greater detail in Chapter 4.5.

Grants and contracts, non-capital – Includes all amounts for which eligibility requirements were met on non-financial aid grants and contracts from federal, state, local or private agencies that will be used for non-capital purposes. Examples for the CSU include research and development grants and Head Start program grants.

Sales and services of educational activities (net of bad debt allowances) – Includes revenues that are related incidentally to the conduct of instruction, research and public services and revenues of activities that exist to provide an instructional and laboratory experience for students and that incidentally create goods and services that may be sold to students, faculty, staff and the general public. Examples of revenues of educational activities are intercollegiate athletic revenues, film rentals, sales of scientific and literary publications, testing services, sales of products and services of dairy creameries, food technology divisions and poultry farms.

If sales and services to students, faculty, or staff, rather than training or instruction, is the purpose of an activity, the revenue should be classified as sales and services of auxiliary enterprises, as described further below.

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 child-care 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 4.05.

Other operating revenues – This category should include all sources of revenues not included in other classifications that pertain to the current primary operations of the CSU. Examples would be subsidized childcare centers, travel agencies, bowling alleys and barber shops that are not considered self-supporting. Moreover, cost recovery between campuses and external parties including auxiliary organizations is also included in this category. Cost recovery between campuses is eliminated at the systemwide level. GASB No. 34, Paragraph 102 states that a consideration for defining operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a Statement of Cash Flows using GASB Statement No. 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income.

Operating Expenses

Instruction – This category should include expenses for all activities that are part of an institution's instruction program, with the exception of expenses for remedial and tutorial instruction, which should be categorized as student services. Expenses for credit and non-credit courses, for academic, occupational, and vocational instruction, and for regular, special, and extension sessions should be included. Expenses for departmental research and public service that are not separately budgeted should be included in this classification. Expenses in an academic department which are primarily administrative in nature (e.g., academic deans) **should not** be included in this category but in academic support.

Research – This category should include all expenses for activities specifically organized to produce research outcomes. This category includes expenses for individual and/or project research as well as that of institutes and research centers. This category does not include all sponsored programs (for example, training grants should be included in public service) nor is it necessarily limited to sponsored research, since internally supported research programs, if separately budgeted, might be included in this category.

Public service – This category should include funds expended for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs (excluding instructional activities) and cooperative extension services. Examples of activities that belong to this category are conferences, institutes, general advisory services, reference bureaus, radio and television, consulting, and similar non-instructional services to particular sectors of the community.

Academic support – This category should include funds expended primarily to provide support services for the institution's primary missions – instruction, research, and public service. It includes: (1) the retention, preservation, and display of educational materials (e.g., libraries, museums, and galleries); (2) the provision of services that directly assist the academic functions of the institution, such as demonstration schools associated with a department, school, or college; (3) media, such as audiovisual services, and technology(e.g., computing support); (4) academic administration (including academic deans, but not department chairperson(s),) and personnel development that provides administrative support and management direction to the three primary missions; and (5) separately budgeted support for course and curriculum development. For institutions that currently charge certain expenses (e.g., computing support) directly to the various operating units of the institution, these expenses are not reflected in this category.

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 wellbeing 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.

Institutional support – This category should include expenses for: (1) central executive-level activities concerned with management and long-range planning of the entire institution, such as the governing board, planning and programming, and legal services; (2) fiscal operations, including the investment office; (3) administrative data processing; (4) space management; (5) employee personnel and records; (6) logistical activities that provide procurement, storerooms, printing, and transportation services to the institution; (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relations, including development and fund raising.

Operation and maintenance of plant – This category should include all expenses for the administration, supervision, operation, maintenance, preservation and protection of the physical plant. It includes all expenses for operations established to provide services and maintenance related to grounds and facilities, such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operations of buildings and other plant facilities; security, earthquake and disaster preparedness; fire protection, safety, hazardous waste disposal, pollution remediation, property, liability and all other insurance relating to property; space and capital leasing; facility planning and management, central receiving, and similar items. Interest expense on capital related debt and depreciation on capital assets should not be recorded in this category.

Student grants and scholarships – This category should include expenses for direct payments of grants and scholarships to students. It includes expenses for scholarships and fellowships from restricted or unrestricted funds in the form of grant to students, resulting from selection by the institution or from an entitlement program. This category also includes trainee stipends, prizes, and awards. It should also include institutional loan cancellations.

Auxiliary enterprises – This category includes all expenses relating to the operation of auxiliary enterprises, including expenses for operation and maintenance of plant, and for institutional support related to the auxiliary enterprise revenues; also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other departments or units.

Depreciation and amortization – This category includes depreciation and amortization on all capital assets, tangible and intangible, recorded by the university.

Nonoperating Revenues (Expenses)

State appropriations, non-capital – This category includes amounts received from, or made available to, an institution by legislative acts to support operations. For the CSU, this would include appropriations received for the general funds. SWAT's (Systemwide Allocation Transfers) to the campus to fund special programs as a result of RMP should also be included in this financial statement line item. Refer to Chapter 4.05 for more details about RMP changes. This category does not include governmental grants and contracts except the State University Grant (SUG) and State Educational Opportunity Program (SEOP).

Financial aid grants, noncapital – This category includes Federal, State, Local, and Nongovernmental financial aid grants that the CSU have administrative involvement and are nonexchange transactions. It includes all amounts for which eligibility requirements were met, such as Pell Grant, Cal Grant, Federal Supplemental Education Opportunity Grant (FSEOG), Work Study, and SMART grant, etc.

Other Federal nonoperating grants, noncapital – This category includes other Federal grants CSU has received that are nonexchange and nonfinancial aid related. The major program recorded in this line was the one time State Fiscal Stabilization Fund (SFSF) and federal subsidies which partially reimburse certain systemwide revenue bond's interest expenses provided by Build America Bonds program (BABs) under the American Recovery and Reinvestment Act (ARRA).

Gifts, non-capital – Includes contributions received for non-capital purposes, such as for research or to subsidize a particular program of the university.

Investment income (loss), net – Includes investment income or loss, dividends, realized gains or losses and changes in unrealized gains or losses on *non-endowment* assets. Investment expenses, such as investment service charges and interest payback to the State from no longer remitting the student fees to the State are netted against this revenue.

Endowment income (loss) – This category includes investment income or loss and any realized gains or losses and changes in unrealized gains or losses on endowment assets.

Interest expense – This category includes all interest expense related to both noncapital and capital related debts.

Other nonoperating revenues (expenses) – Any revenues or expenses that do not directly relate to the CSU's current primary operation should be recorded here. This category includes items that do not fit into one of the operating revenue (expense) categories above. Examples include lottery income, gain (loss) on sales or disposal of assets, CSURMA dividends, revenue from legal settlements, prior period corrections and other miscellaneous revenues or expenses.

Other Line Items

State appropriations, capital – This category includes amounts received from, or made available to an institution by legislative acts for capital purposes. For the CSU, this would include capital outlay appropriations.

Grants and gifts, capital – This category would include federal, state, or private grants, contracts, and gifts that are for the purchase of equipment or the construction of a building or facility. Examples of such items are grant funds received from the Federal Emergency Management Agency (FEMA) to reconstruct buildings, or private contributions to purchase computers or buy library books. This category would also include any donated assets received by the university, such as computer equipment, software, etc.

Additions (reductions) to permanent endowments – This category would include any private contributions received by the university to increase or establish a permanent endowment fund and losses resulting from underwater endowments. For most CSU campuses, campus foundations, not the university, receive contributions for endowments.

c. STATEMENT OF CASH FLOWS

This statement classifies cash activities into four categories – operating activities, noncapital financing activities, capital financing activities, and investing activities. Under GASB No. 34, the direct method of cash flows is required. For the statement of cash flows preparation process and requirements, please refer to Chapter 6.

d. NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to the full understanding of the financial statements. For footnote disclosure requirements, please refer to the campus reporting package template in Chapter 7.

REVISION CONTROL

Document Title: CHAPTER 1 – OVERVIEW

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Section II	▪ Removed reference to Year-End Instructions in the Legal manual in "Chapter Two – Before You Begin" ▪ Added descriptions for Chapter Seven – GASB Standards Implementation Tools and Chapter Twelve – NCAA Compliance as these are new chapters this year.	April 2014
Converting from Legal Basis Accounting to GAAP – An Overview	▪ Changed Chapter Seven to GAAP Reporting in YES (TM1) and FIRMS from GASB Standards Implementation Tools	April 2015

CHAPTER 2

BEFORE YOU BEGIN

OVERVIEW

Please refer to the Legal Manual at the "Year-End Legal & GAAP Reporting Workshop" page on the Systemwide Financial Standards and Reporting website at http://www.calstate.edu/SFSR/Workshops/index.shtml for year-end legal basis closing instructions. They are not included in this manual.

REVISION CONTROL

Document Title: CHAPTER 2 – BEFORE YOU BEGIN

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Overview	Removed reference to Year-End Instructions.	April 2014

CHAPTER 3

MAPPING LEGAL BASIS ACCOUNTS TO GAAP REPORTING MODEL

OVERVIEW

Once all legal basis year-end closing entries have been recorded in the financial records of the campus and year-end procedures have been performed, the GAAP derivation process can begin. The first step of the GAAP derivation process is the classification or "mapping" of all campus CSU funds and accounts, as reflected in the legal basis financial records, to specific net position groups and financial statement line items for two of the three required financial statements. The GAAP derivation process was further enhanced by adding a step to read the program code override on the AAT key first before using the program code posted to the campus CSU business unit (BU).

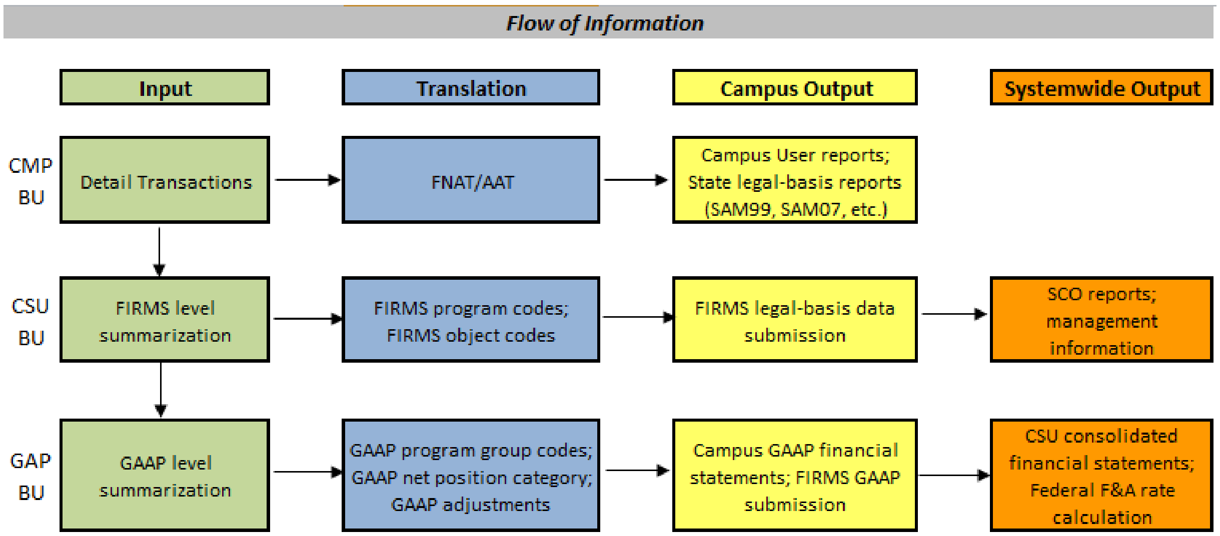
The conversion of data from the FIRMS object code used in the legal-basis financial records to the GASB 35 natural class code used for external financial reporting occurs automatically in the financial system. The natural class equivalents for each FIRMS object code are described in the *Table of Object Codes* located at the Systemwide Financial Standards & Reporting (SFSR) website. This table also shows the state General Ledger Account Number (GLAN) equivalents.

The SFSR website also holds the Excel version of the *GAAP Edits Table*. This table resides in its electronic form in the Central Financial System (CFS) and in FIRMS and is used by these systems to validate the combinations of CSU fund, the GAAP natural classification code, the program code and net position group. The Excel version is organized by net position category and shows the valid combinations for each state fund and CSU fund.

It should be noted that the *GAAP Edits Table* operates slightly differently in CFS and in FIRMS. In CFS, certain combinations are allowed solely to facilitate the posting of GAAP adjusting entries. The combinations established for this purpose are identified within the Excel version of the table. Such combinations are invalid in FIRMS as the balances reported in that system must represent the final values shown in the campus reporting packages (values ultimately flowing to the consolidated financial statements) and will generate FIRMS errors if used.

Instructions for preparing the Statement of Cash Flows, the third required statement, are presented in Chapter 6.

The following chart shows the flow of information from transactions recorded in the campus accounting records to the SCO reports and the GAAP financial statements.



GAAP Derivation Templates

For GAAP derivation purposes, the campus will prepare legal to GAAP derivation templates/trial balances for each of the following net position groups and for agency funds by CSU fund:

Net Investment in Capital Assets
Restricted, Unexpendable – Endowments
Restricted, Expendable – Scholarships and Fellowships
Restricted, Expendable – Research
Restricted, Expendable – Loans
Restricted, Expendable – Capital Projects
Restricted, Expendable – Debt Service
Restricted, Expendable – Other
Unrestricted
Agency Funds – Depository Accounts
Agency Funds – Grants Refundable

The GAAP derivation templates are used to map legal basis net activity account balances during the year to the GAP BU by net position category, by CSU fund, and to record GAAP adjustments and reclassifications (see Chapters 4 and 5). After all the necessary adjusting entries are posted, the GAP BU ledger trial balance will reflect the adjusted GAAP year-end account balances by net position category, by CSU fund. The adjusted GAAP balances on the GAP BU trial balance by net position category, by CSU fund (the totals column), will be reported on the GAAP financial statement lines.

For CSU audit purposes, the legal to GAAP derivation is included as delivered reports in PeopleSoft 9.2. A list of the delivered reports is provided in Chapter 9.

ACCOUNT MAPPING OF LEGAL BASIS ACCOUNTS

Use the Excel version of the *GAAP Edits Table* for classification of CSU funds from the campus SAM07 report to the proper net position derivation template. The *Table of Object Codes* should be used for mapping of balance sheet accounts on the SAM07 report to the Statement of Net Position line items. Use this table for mapping of State general ledger (GL) accounts and FIRMS object code account balances to GAAP financial statement line items (e.g. cash and cash equivalents, investments, accounts receivable, etc.) on the SNP.

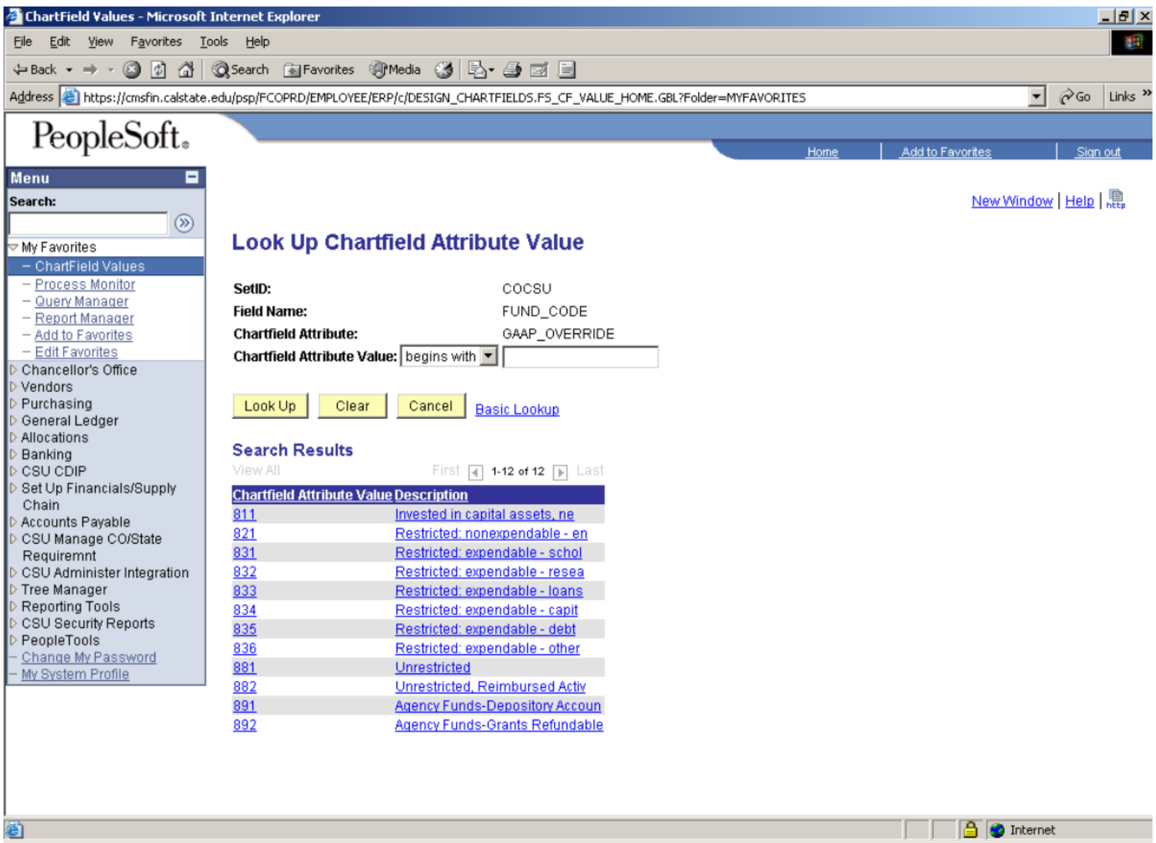
The *Table of Object Codes* should also be used for mapping of revenues, expenses and transfer accounts on the SAM07 report to the Statement of Revenues, Expenses, and Changes in Net Position line items. The *GAAP Edits Table* shows the FIRMS program codes that map to specific GAAP revenue and transfer line items on the financial statements.

A query report can be developed locally by the campus to map state general ledger revenue, expense and transfer accounts by FIRMS object codes or FIRMS program codes to GAAP financial statement line items.

Because of their custodial nature, agency funds should never have net position on the post-closing trial balance or revenue and expense activity on the pre-closing trial balance. Therefore, the state general ledger fund balance and the revenue and expense accounts for agency funds, except for funds 0948-403, 0948-406, and 0948-407 (Perkins and Nursing loans), should be mapped to depository accounts during the derivation process. Funds 0948-403, 0948-406 and 0948-407 should be mapped to grants refundable.

Analysis of Certain CSU Funds and Accounts

Most CSU funds at the campus level can be mapped to the proper net position group directly by reference to the *GAAP Edits Table*. However, certain CSU funds, as indicated by a (1) next to the fund description on the table, must be analyzed at the campus level to determine the proper net position classification based on the type of activity flowing through the accounts. It may be necessary to classify activity in a CSU fund into more than one net position group. Campuses can change the default net position classification of a CSU fund to a more appropriate category, if necessary, using the GAAP Override feature in PeopleSoft.



Although state general ledger accounts have been mapped on the *Table of Object Codes* to a specific asset or liability line item, certain account balances must be analyzed at the campus level to determine if the account balance contains a current or noncurrent portion. “Current” can reasonably be expected to either use or generate cash as part of normal business operations within 12 months of the financial statement date. Accounts should be analyzed and a portion of the balance reclassified to current or noncurrent, if applicable.

For derivation purposes, financial line items for Due to Other Funds, Due from Other Funds, and Transfers among funds can be added to the derivation template. However, Due to Other Funds and Due from Other Funds accounts for intra-agency transactions should always agree in total at the campus level and balances should be eliminated on a GAAP basis. Due to Other Funds and Due from Other Funds accounts for inter-agency transactions do not net to zero at the campus level. The campus should 1) analyze the accounts for purposes of reclassification to accounts receivable or accounts payable in the campus reporting package and 2) reconcile with the corresponding balances at the Chancellor's Office so that they can be properly eliminated in the CSU consolidated financial statements. Transfers among CSU funds should also net to zero in total. Since transfers within the campus should net to zero at the campus level, the only balances that should remain in the transfer line item after mapping are inter-agency transfers. These inter-agency transfers should be eliminated or reclassified in the campus reporting package, as described in Chapter 4 and Chapter 5, and reconciled with the corresponding balances at the Office of the Chancellor so that they can be properly eliminated in the CSU consolidated financial statements. The adjusted GAAP balance for these derivation template line items must net to zero.

CONCLUSION

It is imperative that each campus follow the mapping protocol in order to achieve accuracy and consistency in financial reporting on a system-wide basis. If accounting personnel at the campus level are unsure how to classify a specific CSU fund or legal basis account, inquiries should be directed to the Office of the Chancellor for clarification and guidance.

Mapping of CSU funds to the proper net position group and mapping of legal basis net account activity balances to the GAP BU ledger should be performed ***before*** recording any GAAP adjustments and reclassifications.

Revision Control

Document Title: Chapter 3 – Mapping Legal Basis Accounts to GAAP Reporting Model

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
Matrix 1	Deleted reference "SRB" from CSU 461 as the fund is not a SRB fund.	May 2014
General	Deleted references to matrices 2.2 and 3.2 as these tables have been replaced by the GAAP Edits Table, which is separately described in the chapter.	April 2014
Page 3.0-1	Added information regarding GAAP Edits Table.	April 2014
Page 3.0-6	Deleted section *GAAP Combination Edits Table* since the information is now on pg. 3.0-1.	April 2014
Matrix 2.2 and 3.2	Deleted – replaced by GAAP Edits Table residing in CFS and FIRMS.	April 2014
Matrices 1, 2 and 3	Deleted – information formerly on these matrices has been incorporated in the *Table of Object Codes* and the *GAAP Edits Table.*	March 2015
Throughout text	Deleted references to Matrices 1, 2 and 3 and substituted references to *Table of Object Codes* and the *GAAP Edits Table.*	March 2015
FIRMS GAAP Submission section	Deleted section and moved information to separate chapter, 7.02.	March 2015

CHAPTER 4

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

OVERVIEW

Once the derivation process from the legal basis of accounting to the line items of the Business-Type Activities Model has been completed, the next step in the process is to convert the account balances from legal (modified accrual) to GAAP (full accrual) basis. This step is accomplished by a series of adjustments, only a few of which require information that is provided by the Office of the Chancellor (described in Chapter 5). These adjustments include, among others, accruals for compensated absences and faculty salaries, accounting for capital leases, adjustments to fund balance clearing, accounts payable accruals, unearned revenues, depreciating and/or amortizing capital assets, tuition discounting and accrual for pollution remediation obligations.

The types of GAAP adjustments that can be prepared are solely based upon information available at the campus are detailed in the sections of this chapter. The GAAP adjustments discussed in this Chapter are not <u>all inclusive</u>. Campuses should analyze its balances to determine if there are any other campus specific adjustments.

TYPES OF GAAP ADJUSTMENTS

There are two major types of GAAP adjustments:

1. **<u>Permanent adjustments</u>**: Required to reflect for GAAP reporting purposes accounting activity that is *always* recorded differently, not at all, or only under the legal basis of accounting. Such adjustments may result in a change to net position. The following are different types of "permanent" adjustments:
   a. <u>Reclassifications</u>: Required for accounting activity that is recorded under the legal basis of accounting as well as under GAAP basis, for the *same* dollar amounts, in the *same* fiscal year, but in *different financial statement categories*. Such adjustments occasionally result in a change in net position between legal and GAAP basis. (Recurring reclassifications may be automated by using the CDIP "GAAP_OVERRIDE" Account Attribute feature.)
   b. <u>GAAP Only</u>: Required to reflect for GAAP reporting purposes accounting activity that is *never* recorded under the legal basis of accounting. Such adjustments may result in a change to net position between legal and GAAP basis. An example of this adjustment is depreciation and amortization of capital assets.
   c. <u>Eliminations (Legal Only)</u>: Required for accounting activity that is recorded under the legal basis of accounting, but is *not* reported under GAAP. Such adjustments occasionally result in a change in net position between legal and GAAP basis. (Recurring eliminations may be automated by using the CDIP "GAAP_OVERRIDE" Account or Fund Attribute feature.)

2. **Timing adjustments**: Required for accounting activity that is recorded under the legal basis of accounting as well as under GAAP basis, but at *different times*. Such adjustments typically result in the creation of an accrued asset and/or liability and probably a change in net position between legal and GAAP basis. Their effect must be reversed next year in the process of deriving legal activity to GAAP basis activity.

BEGINNING GAAP TRIAL BALANCE

Before any GAAP adjustments and reclassification entries are to be made, validate the current fiscal year's beginning GAAP Trial Balance for the Statement of Net Position (SNP), and verify that it agrees to the ending "Post Closing" GAAP Trial Balance for the SNP from the preceding fiscal year.

Previous fiscal year's ending GAAP balances in PeopleSoft must be the same as this fiscal year's beginning GAAP balances for each net position category by CSU fund in PeopleSoft. In addition, the GAAP beginning balances in PeopleSoft should equal to the beginning balances in the reporting package in the Year-End System (YES).

If the beginning GAAP Trial Balance does not agree to the preceding year's final "Post Closing" Trial Balance, this situation indicates a problem with the Year-End Closing process for the preceding year GAAP Ledger. The problem could be the result of the following circumstances:

- Not all prior year GAAP adjustments were posted before the Year-End Closing process was run.
- The Year-End Close Rules have not been set up correctly.
- The "Account Types" "Roll-Forward" checkbox has been incorrectly configured.
- There is an application problem ("bug").

After correcting the circumstances, the Year-End Close Request should be reprocessed and the beginning Trial Balance re-validated.

If the beginning GAAP Trial Balance in PeopleSoft disagrees with the beginning SNP balances in the reporting package, then campus needs to determine why. If the difference is due to a campus stand-alone entry booked after the final reporting package submission in the prior fiscal year, then the entry must be reflected in the current year's reporting package as a prior period adjustment (note 15.1 and 15.2 in YES). Moreover, if the difference is due to an accounting change from the new GASB pronouncements, then the entry must be reflected in the separated Excel file (note 15.3, exhibit 21 in the GAAP manual).

MAPPING OF TOPICS IN CHAPTER 4 (OLD VS. NEW)

Effective FY14/15, the contents in Chapter 4 have been arranged by financial statement line item. In the previous years' GAAP Manual, they were arranged by topic. Due to this change, a mapping of the topics to the new sub-chapters within Chapter 4 has been created for users' reference.

Mapping of GAAP Manual Chapter 4.xlsx

REVISION CONTROL

Document Title: CHAPTER 4 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Beginning Trial Balance	Previously in Chapter 4.1	April 2015
Table of Contents	Provides the mapping of the new chapter 4 arrangement based on prior year GAAP Manual.	April 2015

CHAPTER 4.1.1

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

ASSETS: CASH, CASH EQUIVALENTS AND INVESTMENTS

1 GAAP POLICIES AND PROCEDURE

Accounting Policies

Cash and cash equivalents consisted of demand deposit held at the State Treasury, commercial banks and petty cash.

The University considers highly liquid investments with an original maturity date of three months or less to be cash and cash equivalents. The University considers amounts included in the CSU Consolidated Investment Pool to be investments.

Investments are reflected at fair value using quoted market prices. Realized and unrealized gains and losses are included in the accompanying Statement of Revenues, Expenses, and Changes in Net Position as a component of investment income, net.

Investments that are used for current operations are classified as short-term investments. Investments that are restricted for withdrawal or use for other than operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt , and restricted as to the liquidity.

Investment Policy

State law and regulations require surplus monies of the University must be invested. The primary objective of the University's investment policy is to safeguard the principal. The secondary objective is to meet the liquidity of the University. The third objective is to return an acceptable yield. The University's investment policy authorizes funds held in local trust accounts under Education Code Sections 89721 and 89724 to be invested in any of the securities authorized by Government Code Section 16430 and Education Code Section 89724, subject to certain limitations. In general, the University's investment policy permits investments in obligations of the Federal and California state governments, certificates of deposit, high quality domestic corporate and fixed income securities, and certain other investment instruments.

2 RELEVANT ACCOUNTING LITERATURE

Per GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpandable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*

3 OBJECTIVE OF GAAP ADJUSTMENTS

The objectives of the GAAP adjustments that may be necessary at June 30 related to cash, cash equivalents and investments are as follows:

- To record General Fund Appropriations and Systemwide Allocation Transfers (SWATs).
- To reclassify Short-Term Investment to Other Long-Term Investments if they are restricted for withdrawal or use for other than current operations, designated or restricted for the acquisition or construction of noncurrent assets, designated or restricted for the liquidation of the noncurrent portion of long-term debt, and restricted as to the liquidity of the investments.
- To reclassify establish the cash and cash equivalent balance from Short-Term Investments.
- To record CSU Consolidated Investment Pool Investment Income and Unrealized Gain/Loss (Systemwide Investment Funds Trust (SWIFT) and State Money Investment Fund (SMIF) in SCO fund 0948 (4^{th} Quarter).
- To record Investment Held by CO adjustments in SCO fund 0576 and 0578 (passed down by CO).
- To record underwater endowment (if necessary).

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

711101 – Cash and cash equivalents

711102 – Short-term investments

711205 – Endowment investment

711206 – Other long-term investments

4.2 HISTORY: REVENUE MANAGEMENT PROGRAM (RMP)

The California State University (CSU) implemented the Revenue Management Program (RMP) on July 1, 2006. The RMP allowed the CSU to invest and record its collected student fees in local trust accounts, rather than remitting it to the State to increase its budget spending authority. The program has reduced the CSU's dependency on the State of California for fiscal tasks, increased working efficiencies and reduced delays to the year-end closing process. All RMP implementation documents finalized in FY 2007-08 are available on the Office of the Chancellor's (CO) RMP website at https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/mapo/rmp/Pages/default.aspx.

In FY 2012-13, the applicable RMP documents have been incorporated into the Legal Manual and updated as needed. Going forward, the Legal Manual will house these documents and will be continuously updated as needed.

The documents on the RMP website will remain on the website, however, they will not be updated and should only be used as a historical reference.

4.3 General Fund Appropriations and Systemwide Allocation Transfers

Since the implementation of RMP, general fund (GF) appropriations are used for payroll related expenses. As the campus' annual payroll expenses exceed the general fund budget appropriations, there should be no state appropriations receivable-current balance remaining at the end of the year.

Campuses will continue to have state appropriations receivable-noncurrent for capital outlay appropriations.

As mentioned above, a campus' annual payroll expenses exceed the GF appropriation. In order to resolve this issue and to comply with RMP (to use the available GF appropriation for payroll), the CO must distribute its unallocated GF appropriation to the campus via a supplemental allocation order (AO) to fund the campus' payroll. In exchange for the supplemental AO, the campus must give up its cash/investments held in the Systemwide Investment Fund Trust (SWIFT) pool. This is called the Systemwide Allocation Process (SWAP). When a campus receives a supplemental AO, it records a debit to GF Payroll Allocations/Expenditure-690003 and a credit to Cash-Short Term Investments (SWIFT)-101100 on its legal basis records, while the CO debits Cash-Short Term Investments (SWIFT)-101100 and credits GF Payroll Allocations/Expenditure-690003.

For GAAP financial statement purposes, the GF Payroll Allocations/Expenditure-690003 will map to State Appropriations, Noncapital-723001, which will offset the supplemental AO recorded as a GAAP adjustment to state appropriations, noncapital. This entry prevents the over/understatement of state appropriations, noncapital as the campus gave up its cash/investments (held in the SWIFT pool) in exchange for additional GF appropriation.

Now that GF appropriation must be fully used for payroll related expenses, special programs (e.g. Student Outreach, Summer Arts, and the like) previously funded by GF appropriations (prior to the implementation of RMP) are now being funded by the CO through the CO's cash/investments held in the SWIFT pool that were previously received from issuance of supplemental AOs (as discussed above). To fund these special programs, the System Budget Office issues a SWAT notice and a Cash Posting Order (CPO) to transfer the CO's cash/investments held in the SWIFT pool to the campus' cash/investments held in the SWIFT pool. The campus records a credit to interagency SWAT transfer in-506100 and a debit to Cash-Short Term Investments (SWIFT)-101100, while the CO records a debit to inter-agency SWAT transfer out-680100 and a credit to

Cash-Short Term Investments (SWIFT)-101100 on its legal basis records. For GAAP financial statement purposes, both transfer object codes map to state appropriations, noncapital.

The legal and GAAP entries that take place during fiscal year by CSU fund are illustrated below:

1. ***Received base budget***

   State appropriations are allocated to the campuses via allocation orders (AO) and are recorded by campuses in **CSU fund 001** as budget entries only. The appropriations are not recognized in legal basis accounting for purpose of reporting financial results to the SCO.

2. ***Estimated payroll to SCO***

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723001*	State appropriations, noncapital	881-Unrestricted	50	001	$1,000,000
713899	Fund Balance Clearing	881-Unrestricted	90	001	($1,000,000)
713899	Fund Balance Clearing	881-Unrestricted	90	485	$1,000,000
723001*	State appropriations, noncapital	881-Unrestricted	50	485	($1,000,000)
Journal Description	**To record ADNOAT for estimated payroll.**				

*690003-GF Payroll allocations/expenditures derives to 723001, State appropriations, noncapital.

3. ***Actual payroll***

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722001	Salaries	881-Unrestricted	various	485	$800,000
722002	Benefits	881-Unrestricted	various	485	$200,000
713899	Fund Balance Clearing	881-Unrestricted	90	485	($1,000,000)
Journal Description	**To record the actual payroll.**				

4. *General fund appropriation SWAP*

In the last quarter of the fiscal year, the CO will issue AOs and cash posting orders (CPOs) to SWAP fee money (SWIFT) among campuses so that the campuses' GF payroll is more than their base budget will get more GF appropriation. Campuses will record the supplemental AO to the budget ledger in CSU fund 001 and SWAP CPO in CSU fund 485.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722001	Salaries	881-Unrestricted	various	485	$800,000
722002	Benefits	881-Unrestricted	various	485	$200,000
713899	Fund Balance Clearing	881-Unrestricted	90	485	($1,000,000)
Journal Description	**To record the actual payroll.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723001	State appropriations, noncapital	881-Unrestricted	50	485	$400,000
711102	Short-term investments	881-Unrestricted	90	485	($400,000)
Journal Description	**To record SWAP CPO.**				

5. *Estimated payroll to SCO*

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723001	State appropriations, noncapital	881-Unrestricted	50	001	$400,000
713899	Fund Balance Clearing	881-Unrestricted	90	001	($400,000)
713899	Fund Balance Clearing	881-Unrestricted	90	485	$400,000
723001	State appropriations, noncapital	881-Unrestricted	50	485	($400,000)
Journal Description	**To record ADNOAT for estimated payroll.**				

6. *Actual payroll*

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722001	Salaries	881-Unrestricted	various	485	$300,000
722002	Benefits	881-Unrestricted	various	485	$100,000
713899	Fund Balance Clearing	881-Unrestricted	90	485	($400,000)
Journal Description	**To record the actual payroll.**				

7. *GAAP Adjustments*

For GAAP reporting, adjustments are necessary at June 30 to recognize current year general fund appropriation and appropriation receivable.

7a. Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Accounts receivable, net	881-Unrestricted	90	001	$1,400,000
723001	State appropriations, noncapital	881-Unrestricted	50	001	($1,400,000)
Journal Description	**To record current year general fund appropriation.**				

7b. Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713899	Fund Balance Clearing	881-Unrestricted	90	001	$1,400,000
711103	Accounts receivable, net	881-Unrestricted	90	001	($1,400,000)
Journal Description	**To reclassify Fund Balance Clearing to accounts receivable.**				

The above manual GAAP entries are similarly discussed in Chapter 4, *Receivables and Fund Balance Clearing.*

The T-accounts below summarize the transactions and show the surviving transactions (highlighted in gray) in CSU fund 001 and 485 at June 30 after GAAP adjustments.

CSU 001
723001-State appropriations, noncapital

	Dr.	Cr.	
2.	1,000,000		
5.	400,000		
		1,400,000	7a.

CSU 001
713899-Fund Balance Clearing

	Dr.	Cr.	
		1,000,000	2.
		400,000	5.
7b.	1,400,000		

CSU 001
711103-Accounts receivable, net

	Dr.	Cr.	
7a.	1,400,000		
		1,400,000	7b.

CSU 485
723001-State appropriations, noncapital

	Dr.	Cr.	
		1,000,000	2.
4.	400,000		
		400,000	5.
		1,000,000	

CSU 485
713899-Fund Balance Clearing

	Dr.	Cr.	
2.	1,000,000		
		1,000,000	3.
5.	400,000		
		400,000	6.

CSU 485
711102-Short-term investments

	Dr.	Cr.	
		400,000	4.
		400,000	

CSU 485
722001-Salaries

	Dr.	Cr.
3.	800,000	
6.	300,000	
	1,100,000	

CSU 485
722002-Benefits

	Dr.	Cr.
3.	300,000	
6.	100,000	
	400,000	

In summary, the state appropriations, noncapital GAAP balance is comprised of the GF base budget plus the swap entries and any special programs funding via SWATs and is comparable to pre-RMP state appropriations, noncapital. Unlike the GF base budget AO and the supplemental AO, the SWAT notice does not require an entry in the GAAP ledger.

4.4 Reclassification of Other Long-term Investments from Short-term Investments

Investments is to be reclassified from current to other long-term if they meet the following criteria:

- Restricted for withdrawal or use for other than current operations (i.e. endowments or Perkins loans).
- Designated or restricted for the acquisition or construction of noncurrent assets (i.e. SCO 0576 funds).
- Designated or restricted for the liquidation of the noncurrent portion of long-term debt.

- Restricted as to liquidity of the investments (i.e. investments in the common fund).

Example below is a GAAP adjustment at June 30 to reclassify short-term investments to long-term investments due to funds that have been set aside by the Board of Trustees for a capital construction project.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711206	Other long-term investments	881-Unrestricted	90	532	$X,XXX,XXX
711102	Short-term investments	881-Unrestricted	90	532	($X,XXX,XXX)
Journal Description	**To reclassify funds designated for housing construction project from short-term investments to long-term investment.**				

Short-term investments and other long-term investments with restrictions should be classified under "Restricted" net position.

Example below is a GAAP adjustment at June 30 to reclassify Perkins loans from short-term investments to long-term investments. Based on nature of the CSU fund, the reclassification is necessary as Perkins loans is not used for current operations.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711206	Other long-term investments	892-Agency Funds-Grants Refundable	90	403	$XXX,XXX
711102	Short-term investments	892-Agency Funds-Grants Refundable	90	403	($XXX,XXX)
Journal Description	**To reclassify short-term investments to long-term investment for Perkins loans.**				

4.5 Reclassification of Net Cash Balance from Short-Term Investments

With the implementation of RMP, campuses are required to record all operating and investment activities within FIRMS object code 101100-Cash/Short-Term Investments (SWIFT), which is mapped to short-term investments on a GAAP basis.

On legal basis:

- The net cash balance does not require a year-end adjustment, and
- The balance reflects accurately that the campus is fully invested.

However, this approach is not in accordance with GAAP. A GAAP reclassification entry is required to reclassify the net cash balance from short-term investments to cash (or accounts payable if negative balance, as discussed below) in order to properly reflect the cash and investments balances at 6/30/CY. The resulting effect of this reclassification entry is that the CSU Consolidated investments balance will agree to the SWIFT balance at 6/30/CY (ending SWIFT Bank balance plus 4th quarter accrual and unrealized gain /

loss) provided in the **Rollforward Summary** by CO under the passdown schedules in this website: http://www.calstate.edu/sfsr/gaap.

The reclassification entry needs to be reversed in the following year. In order to determine the amount to reclassify from short-term investments, a calculation must be performed to derive the net cash balance at year-end. The net cash balance per books equals the balance per bank in the Bank of CSU - WFB account plus deposits in transit (DIT – deposits recorded by the campus but not yet posted by the bank) and cash on hand (amounts recorded by the campus but not yet deposited), less outstanding checks (bank reconciliation).

After performing the bank reconciliation and determining the net cash balance per books, an individual CSU fund may have either a positive or negative net cash balance. In order to determine the necessary reclassification entry, the campus must look at the calculated net cash balance in total, not by individual CSU fund, as follows:

- If the calculated **total net cash balance is positive**, a reclassification entry is required to *reclassify the net cash balance from short-term investments to cash* for each CSU fund, regardless of whether an individual CSU fund has a positive or negative balance.
- If the calculated **total net cash balance is negative**, a reclassification entry is required to *reclassify the net cash balance from short-term investments to accounts payable* for each CSU fund, regardless of whether an individual CSU fund has a positive or negative balance.

Below is an illustration of cash and investment account balances at year-end

I. Bank Balance at 6/30/CY	**Dep/Disb - Checking** WFB	**Bank of CSU** WFB	**Bank of CSU** SWIFT
Deposit	1,500		
Daily sweep to Concentration	(1,500)	1,500	
To investments to max earnings **(a)**		(1,400)	1,400
Checks presented	(700)		
Investment to concentration to cover checks presented		700	(700)
Concentration to Checking to cover checks presented	700	(700)	
Balance per bank at 6/30/CY	**$ -**	**$ 100**	**$ 700**

(a) There is a $100 float that is not available to transfer immediately to investments.

II. Book balance at 6/30/CY	**(b)** Operating Activity in 101100		**(b)** Investment Activity in 101100	
Deposit	1,500	$100 in Bank of CSU WFB acct not yet invested		
To investments to max earnings	(1,400)		1,400	
Checks issued - Ck1 (cleared)	(400)			
Checks issued - Ck2 (cleared)	(300)			
Checks issued - Ck3 (outstanding)	(600)	Outstanding check		
Investments to Checking to cover checks presented	700		(700)	
Cash recorded in GL and deposited on 6/30, but not posted by WFB on 6/30 - DIT	220	Cash on hand and DIT		
Cash recorded in GL but not deposited at 6/30	80			
Balance per books at 6/30/CY - before June accrual	**$ (200)**		**$ 700**	
June earnings distribution (GAAP entry)	-		50	
Balance per books at 6/30/CY - after June accrual	**$ (200)**		**$ 750**	**(c)**

(b) Operating and Investing activities within object code 101100 are intentionally separated for illustration purpose.

(c) Should agree to balance in the annual SWIFT Rollfoward Summary provided by CO at 6/30/CY.

To determine the necessary GAAP adjustment:

Calculate the net cash balance at 6/30/CY

	The balance per bank in the Bank of CSU WFB account
+	Deposit in transit (deposits recorded by the campus but not yet posted by the bank)
+	Cash on hand (amounts recorded by the campus but not yet deposited)
-	Outstanding checks
=	**Net cash balance at 6/30/CY**

In this illustration, the net cash balance is the negative $200 (sum of green highlighted numbers) that needs to be reclassified from short-term investments to accounts payable, leaving the true investment balance of $750 in short-term investments".

CSU delivered "CSU_UNRECON_CHK_CSH_BAL" query identifies outstanding checks by net position and CSU funds. The CSU funds returned are based on accounts payable distribution. In a case of claimable fund, the invoice is first paid out of the revolving fund 499, and then the claim is sent to the State for reimbursement. The claimed CSU fund will appear on the query result, not the paid CSU fund.

Example

6048.321			**0948.499**	
Debit	Credit		Debit	Credit
Expense (1)	FBC		A/R	Cash (2)
(1) Query will return CSU fund 321 based on the AP distribution.				
(2) However, cash is paid out of SWIFT revolving fund 499.				

Campus should perform the same calculation to determine whether the net cash in the claimable fund is positive or negative to reclassify to cash or accounts payable using the revolving CSU fund 499, as that is the fund that is owed and reimbursed by the State.

Hence, state appropriated funds e.g. 0574, 6028, 6041, 6048, etc. should not have cash or investment balances. Campuses need to make sure there is no reclassification to these state funds. Any CSU funds in the query that are outside state fund 0948 should be replaced with CSU fund 499 instead when reclassifying net cash balance from short term investment to AP or cash to maintain SWIFT within state fund 0948.

At year-end, the following GAAP reclassification entry is required:

If the calculated total net cash balance at 6/30/CY is positive, then:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711101	Cash and cash equivalents	8XX	90	XXX	$XX,XXX
711102	Short-term investments	8XX	90	XXX	($XX,XXX)
Journal Description	**To reclassify cash from short-term investments to cash and cash equivalents in order to properly state the cash and investments balances at year-end.**				

If the calculated total net cash balance at 6/30/CY is negative, this represents a negative book balance (i.e. amount owed to the bank) and the following entry is required:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investments	8XX	90	XXX	$XX,XXX
712101	Accounts Payable	8XX	90	XXX	($XX,XXX)
Journal Description	**To reclassify the negative cash balance per books from short-term investments to accounts payable in order to properly state the cash and investments balances at year-end.**				

4.6 CSU Consolidated Investment Pool Investment Income (SWIFT and SMIF in SCO fund 0948) and 4th Quarter Income Accrual

Investment income in SWIFT and SMIF for SCO fund 0948 is issued to the campuses on a quarterly basis. The distribution schedule as follows:

Q1	Q2	Q3	Q4
July	October	January	April
August	November	February	May
September	December	March	June

For GAAP reporting purposes, campuses must accrue the 4th quarter investment income each year subject for reversal in the beginning of the next fiscal year. Information for the CSU Consolidated Investment Pool 4th quarter accrual GAAP adjustment entry will be provided under the passdown schedules in this website: http://www.calstate.edu/sfsr/gaap.

Refer to Chapter 5, *GAAP Adjustments and Reclassification Requiring Information from CO.*

Example

GAAP Basis Adjusting Entry (SWIFT)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investments	8XX	90	XXX	$XX,XXX
723003	Investment Income (loss), net	8XX	50	XXX	($XX,XXX)
Journal Description	**To record 4th quarter SWIFT investment income.**				

GAAP Basis Adjusting Entry (SMIF)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Accounts Receivable	8XX	90	XXX	$XX,XXX
723003	Investment Income (loss), net	8XX	50	XXX	($XX,XXX)
Journal Description	**To record 4th quarter SMIF interest accrual.**				

Note: SWIFT 4th quarter accrual should be recorded as short-term investments instead of account receivables since it is usually received by the CO already at year-end. It is different from the SMIF interest accrual which is still kept by the State at year-end, and therefore, is recorded as account receivables instead.

Since the GAAP adjustment recorded in one fiscal year is a timing adjustment, its effect must be reversed in the following fiscal year to offset the legal basis entries that will be made upon receipt of the investment income.

Manual GAAP Entry (SWIFT) (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723003	Investment Income (loss), net	8XX	50	XXX	$XX,XXX
711102	Short-term investments	8XX	90	XXX	($XX,XXX)
Journal Description	**To reverse SWIFT investment income accrued for the three months ended June 30, 20PY.**				

Manual GAAP Entry (SMIF) (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723003	Investment Income (loss), net	8XX	50	XXX	$XX,XXX
711103	Accounts Receivable, current	8XX	90	XXX	($XX,XXX)
Journal Description	**To reverse SMIF investment income accrued for the three months ended June 30, 20PY.**				

4.7 SWIFT UNREALIZED GAIN/LOSS

Unrealized gain/loss in SWIFT are recorded by the CO centrally in legal basis reporting. For GAAP reporting purposes, the unrealized gain/loss in SWIFT needs to be allocated to campuses. Campuses must accrue the unrealized gain/loss each year and reverse the prior year's accrual. Information for the SWIFT unrealized gain/loss GAAP adjustment entry will be provided under the passdown schedules in this website: http://www.calstate.edu/sfsr/gaap. Refer to Chapter 5, *GAAP Adjustments and Reclassification Requiring Information from CO.*

Below is an example of the GAAP adjustment entry:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investments	8XX	90	XXX	$XX,XXX
723003	Investment Income (loss), net	8XX	50	XXX	($XX,XXX)
Journal Description	**To record SWIFT unrealized gain/loss.**				

4.8 INVESTMENT HELD BY CO IN STATE FUND 0576 AND 0578

State fund 0576, CSU Dorm Construction Fund is used to record the proceeds from bond and BAN issuances; state fund 0578, the Dormitory Interest and Redemption Fund is used by the CO only to record and pay the principal and interest on Systemwide Revenue Bond (SRB) to the State controller's Office. GAAP adjustments related to Investment Held by CO are through CO pass down schedules.

Please refer to Chapter 4, *Long Term Debt Obligation* and Chapter 5, *GAAP Adjustments and Reclassification Requiring Information from CO* for detailed information.

4.9 Underwater Endowments

Underwater endowment occurs when the value of donor-restricted endowment funds decline below the corpus, consideration of various accounting issues is required. The decrease in value must be determined and accounted for on a fund by fund basis and not based on the endowment funds in total. As the majority of CSU's endowment funds are held by discretely presented component units (mostly auxiliary organizations), required accounting and disclosures for endowments of both Financial Accounting Standards Board (FASB) and Governmental Accounting Standards Board (GASB) reporting entities are discussed in more detail in Chapter 8 of this manual.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 the Office of the Chancellor's (CO) RMP website

https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/mapo/rmp/Pages/default.aspx

Revision Control

Document Title: CHAPTER 4.01.1 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – ASSETS: CASH, CASH EQUIVALENTS AND INVESTMENTS

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
3	Removed bullet point "To eliminate transactions related to Internal Campus Service Providers".	May 2015
4	Removed discussion related to "Internal Campus Service Providers" as the same information is covered in Section *Cost Recovery* of Chapter 4, *Operating Expenses* and does not affect cash, cash equivalents and investments.	May 2015

CHAPTER 4.1.2

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

ASSETS: FUND BALANCE CLEARING ACCOUNTS

1 GAAP POLICIES AND PROCEDURES

The Fund Balance Clearing (FBC) account is used to record transactions that flow through the State Controller Office's account. In governmental funds (e.g. General and Capital Outlay), it is also used to close legal basis revenues and expenses at the end of each year. It does not represent a true fund balance or net position.

It is important to understand that, except for the cash held in SCO Fund 0948, the CSU is required to maintain its available funds in the State Treasury, and the way to access these funds is to spend them. All cash received at the campus, in funds other than the SCO Fund 0948, as revenue or reimbursement is sent to the State in the form of a remittance advice. Any expenses or disbursements are ultimately made through the State in the form of payroll charges, plan of financial adjustments, or claim for reimbursement.

It is also important to understand that for legal basis, state appropriations are not recorded as revenues either by the State or by the campuses, and are not recorded in the FBC account. State appropriations are recorded as budget entries in the SCO's accounts and in the campus accounts in the legal basis ledger.

During the fiscal year, transactions that are posted to revenue, reimbursement, and expense accounts will ultimately be offset by an entry in FBC in governmental funds. This will be the case if all revenues and reimbursements are remitted, if all expenses are claimed for reimbursement, AND if all the documents have cleared the SCO. Entries for these transactions will be recorded in the campus agency's account identified by a 4 digit code for each campus on the SCO's financial records.

The above transactions are covered in the legal basis ledger, refer to the CSU Legal Manual for more information and discussion.

The FBC account must be reclassified to appropriate line items in the Statement of Net Position (SNP) and must be zero at June 30 for GAAP reporting purposes.

2 RELEVANT ACCOUNTING LITERATURE

Not applicable.

3 OBJECTIVE OF GAAP ADJUSTMENTS

The objective of the GAAP adjustments is to reclassify the current year activities (Periods 1 – 12) in the FBC account to the appropriate account in SNP (i.e. accounts receivable or investments) and zero out the balance at June 30.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 GAAP ACCOUNT(S)

713899 – Fund Balance clearing (must be zero)

CLASSIFICATION OF FUND BALANCE CLEARING

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. The following is a brief discussion of what the FBC account means within the various types of funds.

4.2 CLASSIFICATION AS ACCOUNTS RECEIVABLE

In the case of governmental funds or funds for which allocation orders are issued, the State does not actually give the CSU cash, but rather appropriates the money via allocation orders (or authority to spend). The State holds the cash and only releases the cash as the CSU spends it.

Those SCO funds for which the CSU does not receive actual cash but instead receives allocations are as follows:

General Fund	**0001**
Public Building Construction Fund	**0660**
Public Building Construction Fund Subaccount	**0668**
HECOBF 2002	**6028**
HECOBF 2004	**6041**
HECOBF 2006	**6048**

In funds that receive state capital appropriations, or that are used for construction, the current year activities (Periods 1 – 12) in FBC should be reclassified for GAAP reporting to **non-current accounts receivable** because these funds will be used to create other non-current assets.

For other appropriated funds (i.e. Fund 0001), the current year activities (Periods 1 – 12) in FBC should be reclassified to **current accounts receivable** as these will be used for current operations.

Note: The state appropriations (capital and noncapital) receivable at June 30 should agree to the June 30 Budget Balance Available (BBA) on the SCO tab run by SCO fund for all unreverted years.

EXAMPLE

Campus X had a net credit balance resulting from current year activity (Periods 1 – 12) in FBC per its legal basis “pre-closing” accounting records at 6/30/CY of $1,511,230 in Fund 0001-001. Campus X would reclassify FBC as follows:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713899	Fund balance clearing	881-Unrestricted	90	001	$1,511,230
711103	Accounts receivable-current	881-Unrestricted	90	001	($1,511,230)
Journal Description	**To zero out fund balance clearing.**				

If the net credit activity were in Fund 6028, the entry would be as follows:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713899	Fund balance clearing	834-Restricted: Expendable-Capital Projects	90	319	$1,511,230
711202	Accounts receivable-noncurrent	834-Restricted: Expendable-Capital Projects	90	319	($1,511,230)
Journal Description	**To zero out fund balance clearing.**				

4.3 CLASSIFICATION AS INVESTMENTS

In the following SCO funds, FBC represents the amount held by the State on behalf of the CSU campuses. These funds are held on deposit by the State in the Surplus Money Investment Fund (SMIF), or otherwise earn interest. As such, the current year FBC activity (Periods 1-12) should be reported **as short-term investments** for GAAP reporting purposes.

Lottery Fund	**0839**
Trust Fund	**0948**

The short-term investment balance at June 30 should agree to the June 30 BBA on the SCO tab run by SCO fund, unless it is invested locally in the CSU Consolidated Investment Pool (also known as SWIFT).

EXAMPLE

Campus X had net debit current year activity (Periods 1 - 12) in FBC per its legal basis "pre-closing" accounting records at 6/30/CY of $250,150 in Fund 0839-341. Campus X would reclassify FBC activity as follows:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investments	881-Unrestricted	90	341	$250,150
713899	Fund balance clearing	881-Unrestricted	90	341	($250,150)
Journal Description	**To zero out fund balance clearing.**				

Dorm Construction Fund 0576

FBC balance in SCO fund 0576 should be reported as **other long-term investments** held by CO in YES, note 3.2 as the funds are used to construct a non-current asset. The long-term investments held by the CO for SCO fund 0576 should agree to the ending balance on the "Investments Held by CO" schedule provided by the CO, before any passdown reclassifications between net position categories.

EXAMPLE

Campus X had net credit current year activity (Periods 1 - 12) in 305022, Fund Balance Clearing (derives to 713899) per its legal basis "pre-closing" accounting records at 6/30/CY of $750,000 in Fund 0576-221. Campus X would reclassify FBC activity as follows:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713899	Fund balance clearing	834-Restricted: Expendable-Capital Projects	90	221	$750,000
711206	Other long-term investments	834-Restricted: Expendable-Capital Projects	90	221	($750,000)
Journal Description	**To reclassify fund balance clearing to other long-term investments**				

Dorm Interest and Redemption Fund 0578

Although campuses do not have SCO fund 0578 recorded on legal basis, it is reported on GAAP basis as **short-term investments** held by Office of the Chancellor (CO) in the Year-End System (YES), this is included in the passdown schedules provided by CO as the funds are used for current year portion of debt service payments. The short-term investments held by CO for SCO fund 0578 should agree to the ending balance on the "Investments Held by CO" schedule provided by the CO, **before** any passdown reclassifications between net position categories.

The Investment Held by CO passdown schedule is posted on the CO's website at http://www.calstate.edu/sfsr/gaap/. Click on GAAP Reporting, then select the fiscal year and schedule from the drop-down menu under Passdown Schedules.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.1.2 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – ASSETS: FUND BALANCE CLEARING ACCOUNTS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
4.2	Removed state fund 0574 from the fund list as it is closed as of 06/30/2015	April 2015
4.3	Removed state fund 0575, 0580, 0581 and 0583 from the fund list as they are closed in FY 14/15	April 2015
4.3	Updated the examples for reclassification to short-term and long-term investment.	May 2015

CHAPTER 4.1.3

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

ASSETS: RECEIVABLES

1 GAAP POLICIES AND PROCEDURES

Below are the various types of receivables recognized by the campus and the Office of the Chancellor (CO):

Accounts receivable

Accounts receivable of the University generally consists of State appropriations (including those related to State Public Work Board (SPWB) Lease Revenue Bond Program), discretely presented component units (mostly recognized auxiliary organizations), student accounts, government grants and contracts, intra-agency (i.e. other CSU campuses and the CO), and others. Intra-agency receivables and payables are eliminated at Systemwide level.

Please see Legal Manual Chapter 28, *Accounts Receivable* for more details related to the account.

Lease receivable

Lease receivable of the University arise mainly from capital lease agreements with certain discretely presented component units to lease existing and newly constructed facilities to the discretely presented component unit.

Notes receivable

Notes receivable of the University arise mainly from note agreements with certain discretely presented component units to finance existing and newly constructed facilities for the discretely presented component units. This type of notes receivable is carried in the books of the CO as the agreement is entered into by the CSU Trustees and the discretely presented component units.

Pledges receivable

Pledges receivable of the University represent promises from donors to make a gift or philanthropic grant in the future. At the CSU, most of the pledges are managed by discretely presented component units.

Please see GAAP Manual Chapter 8.7, *Pledge Reporting Guidelines* for more detailed information.

Student loans receivable

Student loans receivable generally do not meet the definition of a current asset, as the related payments to be received within 12 months of the Statement of Net Position (SNP) date are not available for liquidation of current liabilities. Therefore, the entire student loans receivable balance should be classified as a noncurrent asset in the SNP, unless the funds collected on the receivable are expected to be available for current operations within 12 months.

Policy on Allowance for doubtful accounts

The University maintains an allowance for doubtful accounts for estimated losses inherent in its accounts receivable based on type of receivables and expectations of repayment. In establishing the required allowance, management considers one or more of the following: type of receivable, state guidelines, historical losses adjusted to take into account current market conditions, the amount of receivable in dispute, the current receivable aging, and current payment patterns. The University reviews its allowance for doubtful accounts annually. Past-due balances over 90 days and over a specified amount are reviewed individually for collectability.

Allowance for doubtful accounts are recorded in legal basis records. Please refer to Legal Manual Chapter 28, *Accounts Receivable* for detailed discussions of contra receivable accounts.

Policy on classification of current and noncurrent assets

The University considers its assets to be current if it can reasonably be expected, as part of its normal business operations, to be converted to cash and be available for liquidation of current liabilities within 12 months of the SNP date (June 30). All other assets should be considered noncurrent.

2 Relevant Accounting Literature

GASB Statement No. 33, *Accounting and Financial Reporting For Nonexchange Transactions*

GASB Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenue*

GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* (which covers lease accounting and classification between current and noncurrent assets.)

3 OBJECTIVES OF GAAP ADJUSTMENTS

The objectives of the GAAP adjustments necessary at June 30 related to receivables are:

Accounts Receivable

- To record current year net appropriations and appropriations receivable for those funds appropriated by the State.
- To record the reduction in state appropriations receivable for funds received during the current year.
- To properly classify accounts receivable between current and noncurrent.

Student Loans Receivable

- To properly classify student loan receivable to Grants refundable account for recognizing the reserve allowance.

Lease Receivables

- To set up lease receivable (for campus originated capital leases that are non-Systemwide Revenue Bonds (SRB) related).
- To apply collection of lease payments against lease receivables.
- To properly classify lease receivable between current and noncurrent.

Notes Receivables

- To set up notes receivable (for campus originated note agreements that are non-SRB related).
- To apply collection of note payments against notes receivables.
- To properly classify notes receivable between current and noncurrent.

Pledge Receivable

- To record pledge receivable at June 30 when the pledge commitments meet all eligibility requirements (this line item is not available in the legal-basis records).

Allowance for Doubtful Accounts

- To adjust the allowance for doubtful accounts (if necessary).

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

711103 – Accounts receivable, net (current)

711202 – Accounts receivable, net (noncurrent)

711105 – Leases receivable, current portion

711209 – Leases receivable, net of current portion

711110 – Notes Receivable, current portion

711210 – Notes receivable, net of current portion

711106 – Pledges receivable, net (current)

711204 – Pledges receivable, net (noncurrent)

711203 – Student loans receivable, net

4.2 Accounts Receivable

Overview

The accounts receivable are mainly recorded in the legal-basis books as mentioned above and it derives properly to GAAP account 711103 *Accounts Receivable, Net*, except for state appropriation receivables, which is recorded only in the GAAP ledger. As such, the discussion below is focused on state appropriation receivables.

The State appropriates funds to the University on an annual basis. The appropriations are, in turn, allocated among the campuses by the Systemwide Budget Office. Appropriations are recognized as revenue/receivable in general when authorization is received and are reported as either noncapital appropriations when used to support general operations or capital appropriations when used for capital projects.

In legal basis accounting, state appropriations are allocated to the campuses via allocation orders and 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 encumbrances. Therefore, in these funds (governmental funds), revenue for appropriations is not recognized on the SAM07 *Pre-closing Trial Balance*.

Appropriated SCO Funds

0001	**General Fund**
0660*	**Public Building Construction Fund**
0668*	**Public Building Construction Fund Subaccount**
6028	**2002 Higher Education Capital Outlay Bond Fund (HECOBF)**
6041	**2004 Higher Education Capital Outlay Bond Fund (HECOBF)**
6048	**2006 Higher Education Capital Outlay Bond Fund (HECOBF)**

*Funding provided by the State for the construction projects under the Public Work Board (PWB) program is recorded as state appropriation revenue, capital by the campuses in GAAP. A corresponding contra state appropriation revenue, capital is recognized by the CO in order to self-eliminate upon systemwide consolidation. This is not a true state appropriation, the account is simply used as mechanism to facilitate the consolidation.

Campuses no longer receive allocation orders from the CO related to the Lottery Fund, and as a result it is no longer reported as state appropriations revenue/receivable in GAAP.

GAAP Accounting Treatment

Current Year State Appropriation

For GAAP financial reporting purposes, current year state appropriations represent a receivable of the University from the State. A receivable and revenue must be recorded for GAAP purposes at June 30.

The first step in developing state appropriations revenue is to identify all allocation orders, de-allocation orders, and allocation orders pending, which make up the total current year appropriations to the campus. It will be necessary to distinguish the Capital Outlay allocations from those for the General Fund (0001), because the GAAP adjustments for these two groups of funds are recorded in different net position categories.

Current year state appropriations to the campus in State fund 0660 and 0668 usually are for the construction projects funded by the SPWB. Campuses usually recognize this as state appropriation revenue, capital in GAAP in the current year. In fact, the state will usually turn around and set up a capital lease arrangement with the CO in subsequent years.

Additionally, the CO issues Systemwide Allocation Transfers (SWAT) to the campus to fund special programs. The SWAT's are mapped to and must be recorded as state appropriations revenue, noncapital in GAAP. The CO will issue "*General Fund Noncapital Appropriation Support Summary*" by campus for each campus to reconcile its state appropriations revenue, noncapital. This summary is included in the "State Appropriations Revenue, Noncapital Summary" that is distributed at year-end by the CO (as discussed in GAAP Manual Chapter 5). Campus will continue to use the "**Capital Outlay Allocations Summary**" issued by the CO to reconcile its state appropriations revenue-capital (also discussed in GAAP Manual Chapter 5).

The journal entry to record a receivable and revenue from the State for current year appropriations would be as follows:

State appropriation, noncapital for General Fund (0001)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Accounts receivable, net (current year net amount)	881-Unrestricted	90	001	$X,XXX
723001	State appropriations, noncapital (current year net amount)	881-Unrestricted	50	001	($X,XXX)
Journal Description	**To record FY 201X-1X state appropriation for General Fund (0001).**				

State appropriation, capital for HECOBF fund

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711202	Accounts receivable-noncurrent (current year net amount)	834-Restricted: Expendable-Capital Projects	90	320	$X,XXX
724001	State appropriations, capital (current year net amount)	834-Restricted: Expendable-Capital Projects	50	320	($X,XXX)
Journal Description	**To record FY 201X-1X state appropriation for HECOBF fund.**				

Collection of State Appropriation Funds

The collection of the state appropriation funds are recorded in the legal-basis books as a credit to Fund Balance Clearing (FBC) account as these are actual transactions that have cleared the State Controller's Office (SCO) during the fiscal year.

In GAAP, the current year activity (Periods 1 -12) in the FBC account will be reclassified as a reduction of the Accounts Receivable for Appropriations due from the State. See related discussion in GAAP Manual Chapter 4 *Fund Balance Clearing.*

In appropriated funds (governmental funds), the accounts receivable for state appropriations equals:

Beginning state appropriations receivable (BBA on Tab Run at June 30, 20PY)
+ Current year net appropriations revenue (SRECNP)
- Current year FBC activity (Periods 1-12)
+/- Any other adjustments (e.g. reverted BBA)
= State appropriations receivable at June 30, 20CY

Other Funds that receive Allocation Orders

In addition to the governmental funds listed above, there are other SCO funds for which campuses receive allocation orders from the State via the CO. These funds are normally used for construction of assets from the proceeds of revenue bonds or from net revenues of auxiliary enterprise operations. An example of such a fund is SCO Fund 0576 (CSU Funds 221 through 229). **While it may appear from review of SCO accounting information that the campus has received an appropriation for such a fund and therefore must record appropriation revenue and a State Appropriation receivable, this is not the proper accounting treatment**. See GAAP Manual Chapter 4 *Long-Term Debt Obligation.*

4.3 LEASES RECEIVABLE

Overview

Prior to January 1, 2008, to facilitate the debt financing for a discretely presented component unit construction project, the campus enters into a ground and facilities lease agreement with the discretely presented component unit prior to the SRB issuance. The term and payment schedule under the ground and facilities lease agreements mirrors the term and debt service schedule of the related SRB debt issued by the campus.

Effective January 1, 2008, the campus no longer issues a ground and facility lease agreement with the discretely presented component units, but rather the CO enters into a note agreement with the participating discretely presented component unit for financing debt under the revenue bond or revenue bond anticipation notes program.

GAAP Accounting Treatment

The GAAP accounting treatment is discussed in the memorandum AD06-06, see copy in Section 5.0 *Reference Tools.*

Per the memorandum, the ground and facilities lease agreement meets the capital lease criteria per GAAP. As the lessor in the arrangement, the campus shall recognize Lease Receivables, Noncurrent in GAAP. This account is not recognized in the legal-basis books, as such manual GAAP adjusting entries are required.

Below are the GAAP entries, both derived and manual, to record the collection of lease payments from discretely presented component unit.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711101	Cash and cash equivalents	881-Unrestricted	90	537	$X,XXX
723006 [(a)]	Other nonoperating Revenue (Expense)	881-Unrestricted	15	537	($X,XXX)
Journal Description	**Accounting records derived from legal for recording periodical lease payments from discretely presented component unit.**				

[(a)] Object code 580098-Auxiliary Program Lease Principal Payment is used in legal for recording the principal payment on debt issued prior to January 2008.

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723006	Other nonoperating Revenue (Expense)	881-Unrestricted	15	537	$X,XXX
711105	Leases receivable, current portion	881-Unrestricted	90	537	($X,XXX)
Journal Description	**To properly reclassify the principal payment derived from legal basis as reduction of lease receivable.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711105	Leases receivable, current portion	881-Unrestricted	90	537	$X,XXX
711209	Leases receivable, net of current portion	881-Unrestricted	90	537	($X,XXX)
Journal Description	**To re-establish the current portion of leases receivable balance.**				

Please refer to Chapter 10, *Auxiliary Organizations* of the legal manual for more details about the legal accounting entry.

4.4 Notes Receivable

Effective January 1, 2008, there is no ground and lease agreement signed between the campus and the discretely presented component units for financing the latter's construction, refunding of old debt and purchase of capital assets. The note agreement is actually signed between the discretely presented component units and the CSU Trustees directly (carried in the books of the CO). The campus may be involved through the following scenarios:

a. Acts as a pass-through to collect payments of debt service from discretely presented component units and to transfer it to the CO (see GAAP Treatment Scenario 1 below).
b. Acts as a capital project manager on behalf of the discretely presented component unit (see GAAP Treatment Scenario 2 below).
c. No involvement as proceeds and payments of debt service are directly between CO and discretely presented component units. No campus entries.

GAAP Treatment

Scenario 1 – Campus is acting as an agent only

No manual GAAP adjusting entry by campus is required for the periodic principal payments from the discretely presented component unit as payments have already been recorded and derived as other liability in the campus' legal accounting records. Object code 250002 "Uncleared Collections" is derived to GAAP account 712109 "Other liabilities – current". The CO should create a manual GAAP entry to apply the payments against Notes Receivable.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investment	881-Unrestricted	90	537	$X,XXX
712109[b]	Other liability-current	881-Unrestricted	90	537	($X,XXX)
Journal Description	**Accounting records derived from legal-basis books for recording periodical debt service payments collected from discretely presented component unit.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712109[b]	Other liability-current	881-Unrestricted	90	537	$X,XXX
711102	Short-term investment	881-Unrestricted	90	537	($X,XXX)
Journal Description	**Accounting records derived from legal-basis books for transferring discretely presented component unit's debt service payment to the CO.**				

[b]Object code 250002-Uncleared collection is used in legal for recording auxiliary debt service payment after the SB 855.

Please refer to the legal manual, Chapter 10, *Auxiliary Organizations* for more details about the legal accounting entry.

Scenario 2 – Campus is acting as a project manager

Discretely presented component unit **construction** projects after the Senate Bill 855.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881-Unrestricted	Various	537	$X,XXX
713899	Fund Balance Clearing	881-Unrestricted	90	537	($X,XXX)
Journal Description	**Accounting records derived from legal for recording vendor payments.**				

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711206	Other long-term investment	881-Unrestricted	90	537	$X,XXX
712208	Other liabilities-noncurrent	881-Unrestricted	90	537	($X,XXX)
Journal Description	**To properly record the authority to spend the SRB proceeds and establish liability to the discretely presented component unit.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713899	Fund Balance Clearing	881-Unrestricted	90	537	$X,XXX
711206	Other long-term investment	881-Unrestricted	90	537	($X,XXX)
Journal Description	**To properly reclassify construction expenses charged to fund balance clearing recorded in legal basis to investments.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711208	Other liabilities-noncurrent	881-Unrestricted	90	537	$X,XXX
722004	Supplies and other services	881-Unrestricted	Various	537	($X,XXX)
Journal Description	**To properly reclassify the construction expenses recorded in legal basis to reduce other liabilities.**				

The CO will provide passdown entries for campuses and their discretely presented component units that utilized SRB financing. The above examples are simplified in the GAAP manual. Actual transactions in the passdown entries are more complicated and require more thoughtful communications between the campus, the discretely presented component units and the CO.

If the campus is a party to such a transaction, the campus should contact the discretely presented component units as soon as possible to verify that both parties are properly recording the transaction. Additionally, the campus and the discretely presented component units **must** also consult with the CO, the independent auditors of the discretely presented component unit, and the independent auditors of the campus in order to determine 1) the proper accounting treatment for the transaction and 2) consistency in accounting treatment within the CSU as a whole.

Note that in certain situations, the total construction costs of the asset may ultimately be more or less than the SRB issuance amount. In these situations, the campus and the related discretely presented component units would need to come to agreement on how to handle the resulting "excess" or "shortfall" and consider this aspect in determining the proper accounting treatment

In addition to construction, the discretely presented component units is able to participate in the refunding of its senior bonds through the SRB, also discussed in AD 06-06.

4.5 Pledges Receivable

GASB Statement No. 33 requires that the pledge receivable should be recognized as assets on the University's SNP if it meets all applicable eligibility requirements.

Example

In the current year, a donor makes a promise to give the CSU $240,000 each year for five years starting 06/30/CY. This promise to give is unconditional and can be recorded when received.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711101	Cash and cash equivalents	881-Unrestricted	90	491	$240,000
711103[c]	Accounts receivable, net (current)	881-Unrestricted	90	491	$240,000
724002	Grants and gifts, capital	881-Unrestricted	50	491	($480,000)
Journal Description	**Accounting records derived from legal for recording pledge payments from donors.**				

[c]Object code 103007-Accounts Receivable-Other is used in legal as pledges receivable is not available in legal.

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711106	Pledges receivable, net (Current)	881-Unrestricted	90	491	$240,000
711204	Pledges receivable, net (Noncurrent)	881-Unrestricted	90	491	$720,000
711103	Accounts receivable, net (Current)	881-Unrestricted	90	491	($240,000)
724002*	Grants and gifts, capital	881-Unrestricted	50	491	($720,000)
Journal Description	**To reclassify accounts receivable, net (current) to pledges receivable (current) and to record year-end gross pledges.**				

*If the pledges are for noncapital purposes, 723002-Gifts, noncapital should be used.

Please refer to **Chapter 8.7**, *Pledge Reporting Guidelines of GAAP Manual*, for detailed discussion of pledge reporting.

4.6 STUDENT LOANS RECEIVABLE

GAAP Treatment

Federally Guaranteed Student Loans

Under the William Ford Direct Loan Program and the Federal Family Education Loan Program (FFELP), the CSU acts as an agent in disbursing money provided by the lenders and the Federal government to the students. Accordingly, the direct loan program and FFELP should be reported as agency transactions; no revenue or expense should be recognized and the SNP should contain only assets or liabilities for these programs.

Other Loan Programs

The Federal Perkins and Nursing Loan Programs also shall be reported as agency transactions. Prior to fiscal year 2001/02, these programs were reported as loan programs with revenues, expenses and net position. However, any cash, investments and receivable balances that are carried in these programs at the end of the fiscal year are considered to represent a refundable grant liability to the Federal government, as they must be repaid to the government if they are not continually loaned out to students.

At a minimum, an allowance for the portion of student loans receivable deemed uncollectible in the Perkins or Nursing Loan Programs is required for GAAP purposes. There appears to be some inconsistency in the method each campus uses to obtain this estimate, but the idea is that a reserve allowance is recorded. One common method used to estimate the allowance amount at fiscal year-end is to obtain the annual Fiscal Operations Report and Application to Participate (FISAP) report under Part III-Federal Perkins Loan Program which contains the loan balances in default 240 or more days (lines 5.2, 5.3 and 5.4 in the A-133 Input Sheet of TM1 reporting package).

GAAP entry to recognize the reserve allowance is as follows:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712203	Grants refundable	892-Agency funds: Grants Refundable	90	406	$X,XXX
711203*	Student loans receivable, net	892-Agency funds: Grants Refundable	90	406	($X,XXX)
Journal Description	**To properly record the reserve allowance for the current fiscal year.**				

*Object code **104015**, Allowance Uncollectible Accounts-Student Loans Receivable, derives to 711203, Student loans receivable, net.

On an ongoing basis, only the incremental change in the allowance from the prior year to the current year is recorded. The campus may also reverse the gross amount of the GAAP adjustment from the prior year and record the full amount of the current year uncollectible allowance as a current year GAAP adjustment if that is more practical.

5 Reference Tools

5.1 AD06-06 Systemwide Revenue Bond Program – Auxiliary Organization Debt Refinancing and Construction Financing

AD06-06.pdf

5.2 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.3 Campus Passdown Schedules

http://www.calstate.edu/sfsr/gaap/

Revision Control

Document Title: CHAPTER 4.1.3 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – ASSETS: RECEIVABLES

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
4.2.1	Removed state fund 0574 from the fund list as it is closed as of 06/30/2015	April 2015

CHAPTER 4.1.4

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

ASSETS: PREPAID EXPENSES AND OTHER ASSETS

1 GAAP POLICIES AND PROCEDURES

PREPAID EXPENSES AND OTHER ASSETS (CURRENT ASSETS)

Prepaid expenses are goods or services paid for and recorded in advance of their use or consumption in the course of business, which represent expenses for the next fiscal year and, therefore, should properly be reported as a current asset at June 30.

Typical types of prepaid expenses in most business entities include insurance, rent, and multi-period service contracts. CSU campuses should analyze expenses, and consider the following item

- Library subscriptions or periodicals
- Multi-year equipment service contracts
- Significant amounts of postage purchases, especially near year-end
- Any types of advance paid to a third party or employees

Similar to prepaid expenses, inventories on the statement of net position (SNP) represent items purchased but not yet used in the course of business by year-end. These inventory items represent an expense of a future period and, therefore, should properly be reported as a current asset at June 30.

For legal-basis accounting, campuses generally expense all inventoriable items. For GAAP financial reporting purposes, a determination of the amount of inventoriable goods on hand at June 30 will need to be made by each campus. In order to make this determination, campuses will need to identify potentially significant inventories. Also, each campus must determine if the aggregate cost of its inventory at June 30 is material.

Note that the $5,000 capitalization threshold for capital assets would not apply to individual items of inventory. Rather, the cost of <u>all</u> inventory items in the aggregate should be used in assessing materiality.

The following are some common locations on campus where inventory may be located:

- Plant operations (various maintenance items)
- Campus bookstores
- State stores (campus office supplies)
- Health center and pharmacy (medicines and supplies)
- Print shop and computer center (quantities of paper and printing supplies)
- Campus newspaper or radio station offices

Other Assets (noncurrent assets)

Other assets contain noncurrent minor assets that do not naturally fit into any of the main asset categories.

2 Relevant Accounting Literature

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, paragraph 225 and Appendix D covers the reporting and treatment of expenses including prepaid insurance.

3 Objectives of GAAP Adjustments

The objectives of the GAAP adjustments that may be necessary at June 30 are as follows:

Prepaid Expenses and Other Assets (current)

- To amortize the beginning prepaid expenses and other assets for the portion consumed or used during the current fiscal year (see Example 1 below).
- To identify and record expenses for goods or services paid in the current fiscal year with future economic benefits as prepaid expenses and other assets (see Example 1 below).
- To identify and record expenses relating to inventory-type items purchased in the current fiscal year but not used at June 30 as prepaid expenses and other assets (see Example 2 below).

Other Assets (noncurrent)

- To identify and record expenses for goods or services relating to future periods with long-term economic benefits as other assets (see Example 3 below).
- To reclassify current portion to prepaid expenses and other assets account for portion to be consumed or used in the next fiscal year (see Example 3 below).
- To reclassify account balances that automatically derived to Other Assets account to the appropriate GAAP account (see Example 4 below).

Certain campuses elected to book the above adjustment in the legal basis books (based on the business process followed by the campus). If this is the case, then no GAAP adjustment is further required.

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

711107 - Prepaid expenses and other assets (current)

711208 - Other assets (noncurrent)

4.2 Prepaid Expenses

At year-end, an analysis should be performed and entries should be made to record prepaid expenses and other assets as current assets on the Statement of Net Position (SNP).

Example

At the end of the current year, the campus determined that prepaid expenses for the CSU Operating fund totaled $1,200,000. At the end of the prior year, the campus recorded an adjustment for prepaid CSU Operating fund expenses in its GAAP basis financial statements in an amount totaling $1,000,000.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004*	Supplies and other services	881-Unrestricted	04	485	$600,000
722004*	Supplies and other services	881-Unrestricted	06	485	$400,000
711107	Prepaid expenses and other assets	881-Unrestricted	90	485	($1,000,000)
Journal Description	**To amortize the beginning prepaid expenses and other assets for the portion consumed or used during the current fiscal year.**				

*Expenses (various) by functional and natural classifications

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711107	Prepaid expenses and other assets	881-Unrestricted	90	485	$1,200,000
722004*	Supplies and other services	881-Unrestricted	04	485	($700,000)
722004*	Supplies and other services	881-Unrestricted	06	485	($500,000)
Journal Description	**To properly record prepaid expenses for those expenses prepaid as of year-end but not yet used/incurred.**				

*Expenses (various) by functional and natural classifications

4.3 Other Current Assets

Other current assets includes "inventories" which are collections of goods maintained for use or for sale and should be recorded as assets if the amounts are material. Inventories for use may be maintained by a physical plant department, central stores or other departments. Inventories for sale may be maintained by bookstores or food service operations.

There are two commonly used systems of inventory maintenance for purposes of determining the appropriate level of inventory which are described as follows:

- **Periodic**

  Inventory is determined by a physical count as of a specific date. The inventory shown on the statement of net position is determined by a physical count as of the statement of net position date.

- **Perpetual**

  Inventory is determined based on inventory records that are maintained and updated on a regular basis. This system has the advantage of providing inventory information on a timely basis but requires the maintenance of a full set of inventory records. GAAP requires that a physical count of inventory be made periodically in order to verify the perpetual inventory records. Campuses may use either method to account for their inventory. However, records should be maintained as supporting source documentation of the cost of the inventory at June 30. If it is determined by the campus that the aggregate cost of the inventory is not material, no additional work or journal entries will be necessary. If the cost is material, the campus will need to record entries to recognize existing inventories at June 30 as assets on the statement of net position. If a date other than June 30 is used to determine the value of inventory (i.e. May 31) the campus should analyze their June purchases and uses to determine if an adjustment to their May 31 calculation is required.

Example

At the end of the current year, the campus determined that inventory purchased from CSU Operating fund sources totaled $2,000,000. At the end of the prior year, the campus recorded an adjustment for CSU Operating Fund inventory in its GAAP basis financial statements in an amount totaling $1,800,000.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004*	Supplies and other services	881-Unrestricted	01	485	$800,000
722004*	Supplies and other services	881-Unrestricted	04	485	$1,000,000
711107	Prepaid expenses and other assets	881-Unrestricted	90	485	($1,800,000)
Journal Description	**To properly record inventory expense in the current year and reverse the prior year inventory balance.**				

*Expenses (various) by functional and natural classifications

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711107	Prepaid expenses and other assets	881-Unrestricted	90	485	$2,000,000
722004*	Supplies and other services	881-Unrestricted	01	485	($900,000)
722004*	Supplies and other services	881-Unrestricted	04	485	($1,100,000)
Journal Description	**To properly record inventory (other current assets) balance on a GAAP basis.**				

*Expenses (various) by functional and natural classifications

4.4 Other Assets (noncurrent)

Example

One April 01, 20X0, the campus paid $24,000 for a two-year insurance coverage which will run from April 01, 20X0 to March 31, 20X2. At June 30, 20X0, unused prepaid insurance expense of $21,000 (21 month: July 01, 20X0 to June 30, 20X2) will be split into two parts. The current asset portion will be for the 12 months after June 30, 20X0 (July 01, 20X0 to June 30, 20X1). The noncurrent asset portion will be for the 9 months for the period after June 30, 20X1 (July 01, 20X1 to March 31, 20X2).

The GAAP basis accounting adjusting entries at **June 30, 20X0**

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711107	Prepaid expenses and other assets (current)	881-Unrestricted	90	441	$12,000
711208	Other assets (noncurrent)	881-Unrestricted	90	441	$9,000
722004[(a)]	Supplies and Other Services	881-Unrestricted	01	441	($10,500)
722004[(a)]	Supplies and Other Services	881-Unrestricted	04	441	($10,500)
Journal Description	**To reclassify derived insurance payment to prepaid expenses (current portion) and other assets (noncurrent portion).**				

[(a)] Object code 660010, Insurance Premium Expense, derives to 724004, Supplies and Other Services.

The GAAP basis accounting adjusting entries at **June 30, 20X1**

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and Other Services	881-Unrestricted	01	441	$6,000
722004	Supplies and Other Services	881-Unrestricted	04	441	$6,000
711107	Prepaid expenses and other assets (current	881-Unrestricted	90	441	($12,000)
Journal Description					

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711107	Prepaid expenses and other assets (current)	881-Unrestricted	90	441	$9,000
711208	Other assets (noncurrent)	881-Unrestricted	90	441	($9,000)
Journal Description	**To reclassify current portion of the insurance to prepaid expenses for the coverage will be used in the next fiscal year.**				

Example

Below is an example of the GAAP adjusting entries to reclassify balances automatically deriving to account 711208, Other Assets into more appropriate accounts. In this example, the collection of notes receivable was derived to 711208, Other Assets, as such a reclassification in GAAP is required.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711208[b]	Other assets	881-Unrestricted	90	496	$95,000
711110	Notes receivable, current portion	881-Unrestricted	90	496	($95,000)
Journal Description	**To reclassify derived collection of notes receivable.**				

[b]Object code 109004, Loans Receivable-Other, derives to 711208, Other assets

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 FIRMS Data Element Dictionary

http://www.calstate.edu/es/intranet/applications/fob/firms/firms-data-element-dictionary/program-code.shtml

Revision Control

Document Title: Chapter 4.1.4 – GAAP Adjustments and Reclassification Entries – Assets: Prepaid Expenses and Other Assets

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
	Previously in Chapter 4.6	April 2015

CHAPTER 4.1.5

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

ASSETS: CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

1 GAAP POLICIES AND PROCEDURES

Capital assets are stated at cost or estimated historical cost, if purchased, or if donated, at estimated fair value at date of donation. Capital assets, including infrastructure and intangible assets, with an original value of $5,000 or more and with a useful life of one year or more, are capitalized. Such cost includes, where applicable, interest capitalized as part of the cost of constructed capital assets. Title to all assets, whether purchased, constructed, or donated is held by the State. Although the title is not with the University for land and buildings, the University has exclusive use of these assets and is responsible for the maintenance of these assets and thus has recorded the cost of these assets in the accompanying financial statements. Capital assets, with the exception of land and land improvements, works of arts and historical treasures, construction work in progress, and certain intangible assets, are depreciated or amortized on a straight-line basis over their estimated useful lives, which ranges from 3 to 45 years. Library books, unless considered rare collections, are capitalized and depreciated over a 10-year period. Periodicals and subscriptions are expensed as purchased. Works of art and historical treasures are valued at cost, if purchased, or the fair market value at the date of donation, if contributed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its life are expensed as incurred.

Depreciation and amortization expense is shown separately in the Statement of Revenues, Expenses and Changes in Net Position rather than being allocated among other categories of operating expenses.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*

GASB Statement No. 37 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34*

GASB Statement No. 42 *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*

GASB Statement No. 51 *Accounting and Financial Reporting for Intangible Assets*

GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

3 OBJECTIVES OF GAAP ADJUSTMENTS

The objectives of the GAAP adjustments (through Asset Management module or manual GAAP entries) necessary at June 30th related to capital assets, depreciation/ amortization are:

- To record capital asset additions not recognized in legal basis accounting.
- To record capital asset disposal/retirement.
- To record depreciation/amortization of the capital assets.
- To capitalize interest expense that meets certain criteria.
- To capitalize pollution remediation obligation expenditures as part of the cost of a capital asset when it meets certain criteria.
- To recognize capital asset impairment in the accounting books.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELEVANT GAAP ACCOUNTS

711207 – Capital assets, net

713811 – Net investment in capital assets

722005 – Depreciation

The campus must record the cost of **all** capital assets that it owns. This includes the cost of all qualified library materials and all capital assets that meet the definition of "infrastructure" (effective FY2001-2002) or "intangible assets" (effective FY2009-2010). Campuses are also required to capitalize the costs incurred by the Office of the Chancellor (CO) related to construction projects managed on behalf of the campuses by the CO. These costs are provided to the campuses via annual Accounting Department Notice of Accounting Transactions (ADNOAT) from the CO.

See Chapter 13 Capital Assets Guide, for detailed information on establishing useful lives, asset category definitions, capitalization thresholds, and methods for depreciation/ amortization, guidelines for leasehold improvements and construction work in progress as well as impairment of capital assets.

The Integrated CSU Administrative Manual (ICSUAM) Policy 3150.01, *Administration of University Property*, Section 600 states that all campus fixed asset accounting entries will be recorded in State Fund 0997, CSU Fund 501, General Fixed Assets Memo Fund.

The PeopleSoft Asset Management module is used to track capital assets. As the campus enters relevant information in the Asset Management module, the journal entry creation to the CSU Fund 501 for both legal reporting requirement and the reclassification entries required in

GAAP are automated through the usage of the accounting entry templates and the derivation from campus to xxCSU to xxGAP business unit.

4.2 Current Year Additions

The expenditures made by the campus for capital assets during the current year (acquisition cost of at least $5,000) are recorded in the legal accounting books when paid. The entries related to capital asset additions are as follows:

Derived GAAP Entry –in the fund financing the purchase

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881-Unrestricted	07	532	$xxx
711102	Short-term investment	881-Unrestricted	90	532	($xxx)
Journal Description	**Accounting records derived from legal for recording the payment for the acquisition of capital asset.**				

Derived GAAP Entry –if the capital asset is acquired by donation

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881-Unrestricted	07	550	$xxx
711102	Grants and gifts, capital	881-Unrestricted	50	550	($xxx)
Journal Description	**Accounting records derived from legal for recording the acquisition of capital assets through donation.**				

Derived Asset Management automated Legal Memo Journal Entry in CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711207	Capital assets, net	811-Net investment in capital assets	90	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)

In order to eliminate the double counting of the cost or carrying value of an acquired, constructed, or donated capital asset, Asset Management will generate an elimination entry by reflecting the transaction as a transfer of resources between net position categories.

Asset Management Automated GAAP Entry

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
724004	Transfers to/from other CSU campuses, net	811-Net Investment in Capital Assets	13	501	($xxx)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	881-Unrestricted	13	532	$xxx
722004	Supplies and other services	881-Unrestricted	07	532	($xxx)

CWIP Additions

Construction work in progress (CWIP) is not included and is being tracked outside of the Asset Management module. Entries to CWIP are initially recorded in the legal memo journal entry in CSU Fund 501 and a GAAP manual adjustment is made to reverse the credit to Net Investment in capital asset.

Derived GAAP Entry –in the fund financing the purchase

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881-Unrestricted	07	221	$xxx
711102	Short-term investment	881-Unrestricted	90	221	($xxx)
Journal Description	**Accounting records derived from legal for recording the payment for the acquisition of capital asset.**				

Derived GAAP Entry – in CSU fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711207*	Capital assets, net	811-Net investment in capital assets	90	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)
Journal Description	**Accounting records derived from legal for recognizing the CWIP additions to CSU Fund 501.**				

* Use FIRMS Object Code 110008 Construction Work in Progress.

Manual GAAP Entry – in the fund financing the purchase

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	881-Unrestricted	13	221	$xxx
722004	Supplies and other services	881-Unrestricted	07	221	($xxx)
Journal Description	**Entry to reverse the supplies and other services that are related to construction work in progress.**				

Manual GAAP Entry – in CSU fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
724004	Transfers to/from other CSU campuses, net	811-Net Investment in Capital Assets	13	501	($xxx)
Journal Description	**Entry to reverse the net investment in capital assets related to construction work in progress.**				

4.3 Completed Capital Asset Projects

When capital assets are completed, CWIP outstanding balance in the legal memo journal entry needs to be zeroed out as it will duplicate the capital asset addition automatically entered by Asset Management.

Derived GAAP Entry –in CSU fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
711207*	Capital assets, net	811-Net investment in capital assets	90	501	($xxx)
Journal Description	**Accounting records derived from legal to zero out CWIP balance in CSU Fund 501.**				

* Use FIRMS Object Code 110008 Construction Work in Progress.

When the information about the completed capital asset are transferred to the Asset Management module, it creates automated entries as if such capital assets are purchased. Please refer to the section 4.2 *Current Year Additions* section for the derived AM entries.

In order to reverse the entry made by AM crediting supplies and services because portions of the expenses capitalized in CWIP have occurred over a series of fiscal years, manual GAAP adjusting entries need to be performed.

Manual GAAP Entry – in the fund financing the purchase

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881-Unrestricted	07	221	$xxx
724004	Transfers to/from other CSU campuses, net	811-Net Investment in Capital Assets	13	221	($xxx)
Journal Description	**Entry to reverse the supplies and other services entry made by AM in relation to the completed CWIP.**				

Manual GAAP Entry – in the CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	811-Net Investment in Capital Assets	13	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)
Journal Description	**Entry to reverse the net investment in capital asset entry made in legal to zero out CWIP.**				

4.4 Capital Asset Disposal

For capital assets disposed of during the current fiscal year, the cost of the capital asset and accumulated depreciation/amortization must be removed from the ledger.

Derived Asset Management automated Legal Memo Journal Entry in CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
711207*	Capital assets, net	811-Net investment in capital assets	90	501	($xxx)

*Should equal the net book value of the capital asset which includes both equipment and accumulated depreciation.

Asset Management <u>Automated</u> GAAP Entry

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723006	Other nonoperating revenues (expenses)	811-Net investment in capital assets	50	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)

In certain cases where cash proceeds were received as part of the capital asset disposal, a legal entry is derived that will offset the AM entry recognizing the other nonoperating revenues (expenses) account:

Derived GAAP Entry –in the source fund that received the proceeds

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investment	881-Unrestricted	90	532	$xxx
723006	Other nonoperating revenues (expenses)	811-Net investment in capital assets	50	532	($xxx)
Journal Description	**Accounting records derived from legal for recording the payment received from disposal of capital asset.**				

4.5 Depreciation/Amortization of Capital Assets and Intangibles

Campuses are also required to report in its GAAP financial statements the depreciation/amortization expense and the corresponding accumulated depreciation/ amortization related to its capital assets.

To meet different reporting requirements, no depreciation expense is recorded in the legal books. Instead, the net investment in capital assets is directly reduced in the memo fund through AM CSU Fund 501 Accounting Entries process. The Asset Management module for depreciation calculation must be run to calculate the depreciation/amortization for a certain period

the necessary journal entries related to depreciation/amortization. This process can be run more than once during an accounting period.

Derived Asset Management automated Legal Memo Journal Entry in CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
711207	Capital assets, net	811-Net investment in capital assets	90	501	($xxx)

Asset Management Automated GAAP Entry

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722005	Depreciation	811-Net investment in capital assets	12	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)

Library Materials

For purposes of legal basis accounting as well as GAAP financial reporting, the cost and accumulated depreciation of library materials are to be recorded and reported. However, these amounts normally are captured in total by fiscal year; so a “perpetual inventory” of library materials costs and depreciation would show one net entry for each fiscal year rather than one entry for each individual library book.

4.6 Additions to Library MAtERIALS

Additions to the capitalized costs of library materials can be obtained from a campus’ legal basis accounting records (object code 608001). Campuses must record *annual additions* to library materials costs *prior to the close of their legal basis records*. Legal and GAAP accounting entries related to library materials will be the same as that of in a regular capital asset addition as per the topic noted above. If the campus typically does not receive donations, there may be nothing to record. Inquiries with the library staff should also be made of significant donations during the fiscal year to review the accuracy of library inventory. If timely information cannot be obtained, reasonable estimates can be substituted as long as the basis for them is fully documented. Donations are normally supported by letters between the donor and the gift recipient; libraries receiving any major donation should be able to readily produce this correspondence. If donations have been relatively minor in the past and can be demonstrated, the low value items of these prior donations should be noted in the non-GAAP policy document with the estimated amount as of the year then ended.

The following is a snapshot of the library material section of the report and what can be capitalized:

	A	B	I	J	K
55	**10**	**Books, serial backfiles, other materials**	Yes	Capital Asset	GASB Q&A 7.9.2 and 7.9.8
58	**11**	**Current serials- print (sum of 11a, 11b)**	No	Expense	NACUBO 307.36
61	**12**	**Current serials- microform**	No	Expense	NACUBO 307.36
62	**13**	**Audiovisual materials**	No	Expense	NACUBO 342.143
63	**14**	**Computer files and search services-incl current e-serials**	No	Expense	NACUBO 307.36
65	**15**	**Document delivery/interlibrary loan**	No		
66	**16**	**Other**	No		
68	**17**	**Preservation/binding**	No	Expense. Capitalized only if the books are considered as rare books or collections like arts.	GASB Q&A 7.9.2 and par. 27 GASB 34

4.7 Depreciation of Library Materials

Campuses are expected to record annual depreciation of library materials as if each year's total acquisition of library materials represents the acquisition of one capital asset. Rules for computing depreciation are included in Chapter 13, *Capital Assets Guide*.

Depreciation of library materials are also done in the Asset Management module similar to the other types of capital assets. Please refer to the entries in the section depreciation of capital assets for the entries in depreciating library materials.

4.8 Disposition of Library Materials

The number of volumes of capitalized library materials that are removed from the collection each year should be based off of campus library records. If timely information cannot be obtained, reasonable estimates can be substituted as long as the basis for them is fully documented. The dispositions are to be recorded as manual GAAP adjustments for the current fiscal year, and as legal basis adjustments in the following fiscal year when actual amounts are already determinable.

Dispositions are presumed to occur on a FIFO (First In, First Out) basis calculated based on the annual adjusted average cost. That is, the costs to be removed from the campus' accounting records are presumed to relate to the oldest remaining library materials acquired. Therefore, it is likely that these materials will be fully depreciated, and there will be no gain or loss on their disposal.

Supposing timely information cannot be obtained, the entries to be made for current year dispositions of library materials would be as follows:

Manual GAAP Entry – in CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723006	Other nonoperating revenues (expenses)	811-Net investment in capital assets	50	501	$xxx
711207	Capital assets, net	811-Net investment in capital assets	90	501	($xxx)
Journal Description	**Entry to record the estimated disposal of library materials.**				

The following fiscal year, the GAAP entries made recording the dispositions of library materials should be reversed as they are considered timing adjustments. Entry is as follows:

Manual GAAP Entry – in CSU Fund 501

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711207	Capital assets, net	811-Net investment in capital assets	90	501	$xxx
723006	Other nonoperating revenues (expenses)	811-Net investment in capital assets	50	501	($xxx)
Journal Description	**Entry to reverse the recording of the estimated disposal of library materials.**				

Entries for both legal and GAAP basis accounting will be the same as that of a regular disposal of a capital asset on the fiscal year that actual amounts of the disposition of library materials have been made certain.

4.9 Construction Work in Progress (Non-Delegated Projects)

Non-delegated projects are capital projects managed centrally by the CO on behalf of another campus. The construction projects managed, may be financed by specific debt issued for construction, by capital outlay funds appropriated to the CSU from the State, by campus contributions, by donations, or by other debt that is not allocated to the campus. The funds for these non-delegated projects remain at the CO to pay for the non-delegated project expenses. However, since the physical construction takes place at the campus, the costs incurred each year must be allocated to the campus in order to be properly recorded in its accounting records.

Current year CWIP expenses are allocated to the campuses via ADNOAT before the end of the fiscal year close to enable campuses to record them into their legal-basis accounting records. The legal and GAAP entries related to the CWIP are provided via the ADNOAT to the campus. The cumulative CWIP balance as of June 30, 20PY should already be in the campuses' legal basis accounting records as a carryforward.

Derived GAAP Entry (via ADNOAT)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711207*	Capital assets, net	811-Net investment in capital assets	90	501	$xxx
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	($xxx)
Journal Description	**Entry to record additions to CWIP for the current year.**				

* Use FIRMS Object Code 110008 Construction Work in Progress.

Manual GAAP Entries (via ADNOAT)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811-Net investment in capital assets	90	501	$xxx
724004	Transfers to/from other funds	811-Net investment in capital assets	13	501	($xxx)
Journal Description	**Entry to reverse the net investment in capital assets.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other funds	811-Net investment in capital assets	13	532	$xxx
723006	Other nonoperating revenues/expenses	811-Net investment in capital assets	15	532	($xxx)
Journal Description	**Entry to reclassify the transaction to other nonoperating revenues/expenses for systemwide elimination.**				

4.10 Completed Construction Projects (Non-Delegated)

After a non-delegated construction project is completed, the CO provides the campus with the final cost of the completed project via an ADNOAT called "Statement of Capitalization / Statement of Fixed Asset Additions" prior to fiscal year-end close. Upon receipt of the ADNOAT, the campus will reclassify the asset from CWIP to the proper capital assets category in its legal basis accounting records through the Asset Management module. Please refer to the section *4.3 Completed Capital Asset Projects* for the sample journal entries.

4.11 Capitalized Interest

Interest costs (including amounts resulting from periodic amortization of discount or premium and issue costs on debt) shall be capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time to get them ready for their intended use.

The campus needs to determine if the capitalization of interest is required for projects that are included in its CWIP accounts. Usually, the projects within its CWIP accounts can be broken out into 4 key categories:

a. Projects acquired using gifts, grants or State of California capital appropriations
b. Projects that are self-funded by the campus
c. Projects funded with taxable debt
d. Projects funded with tax-exempt debt

Recognition for Capitalized Interest in Key Categories

a. Projects acquired using gifts, grants or State of California capital appropriations

No interest cost should be capitalized as the projects were acquired using gifts or grants that are restricted by the donor or grantor to acquire those assets to the extent that funds are available from such gifts or grants. Similar to the gifts or grants, the State of California capital appropriations should not have a capitalized interest to the extent that funds are available from the appropriation.

b. Projects that are self-funded by the campus

The amount of interest cost to be capitalized by the campus shall be the portion of the interest cost incurred during the period that could have been avoided if the assets had not been constructed. The total amount of interest capitalized during the fiscal year should not exceed the actual interest cost incurred by the campus for the fiscal year. No interest capitalization is required if immaterial.

c. Projects funded with taxable debt (e.g. Build America Bonds)

Similar to projects self-funded by the campus, the amount of interest to be capitalized is intended to be the portion of the interest cost incurred during the assets' acquisition periods that theoretically could have been avoided if outlays for the assets had not been made. The capitalized interest amount for the year should not exceed the actual interest cost incurred during the fiscal year.

d. Projects funded with tax-exempt debt (e.g. regular SRB bonds)

The amount of interest cost capitalized on qualifying assets acquired with proceeds of tax-exempt borrowings that are externally restricted should be all interest cost of the borrowing less any interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowings from the date of the borrowing until the assets are ready for their intended use. Interest cost of a tax-exempt borrowing should be eligible for capitalization on other qualifying assets of the entity when the specified qualifying assets are no longer eligible for interest capitalization.

This is the category that most likely would result in interest capitalization at a campus. As noted above, the amount to capitalize shall be all interest cost of those borrowings less any interest earned on temporary investment of the proceeds of those borrowings from the date of borrowing until the specified qualifying assets acquired with those borrowings are ready for their intended use.

The CO passes down to the campus information regarding interest costs and interest earnings on the tax-exempt debt that it manages. The amount of interest costs and interest earnings that are related to this category of CWIP and the amount of interest costs and interest earnings that are related to assets which have been placed in service are provided in separate lines (by project) in the passdown entries. (Refer to Chapter 4 *Long-term Debt Obligations* for further discussion of the passdown entries.)

For the portion of interest costs and interest earnings that are related to assets which have been placed in service, the pass down entries should be recorded by the campus as presented in the pass down entries. For the portion of interest cost and interest earnings that are related to CWIP, the campus needs to capitalize such amounts, (i.e. to record the net amount as an addition to CWIP.)

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 Accounting Department Notice of Accounting Transaction (AD NOAT) Coded Memos

https://csyou.calstate.edu/Divisions-Orgs/bus-fin/Financial-Services/accounting/Coded-Memos/codedmemosaccounting/Forms/adnoat.aspx

5.3 Presentation Slides

- Capitalization of Interest Cost (August 2008)

  (Note: The presentation slides have been prepared prior to GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements* and thus references to the presentation were for FASB Statement No. 34 *Capitalization of Interest Cost*, however, there should be no differences between the FASB and GASB treatment of capitalized interest.)

  Capitalized_Interest_8_25_08_Rev.ppt

The California State University
OFFICE OF THE CHANCELLOR

REVISION CONTROL

Document Title: CHAPTER 4.1.5 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – ASSETS: CAPITAL ASSETS, DEPRECIATION AND AMORTIZATION

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
4.9, 4.10 & 4.11	Previously in Chapter 5	May 2015

CHAPTER 4.2.1

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

1 GAAP POLICIES AND PROCEDURES

Deferred outflows/inflows of resources are defined as follows:

> A deferred outflow of resources is a consumption of net position by the government that is applicable to a future reporting period. It has a positive effect on net position, similar to assets.
>
> A deferred inflow of resources is an acquisition of net position by the government that is applicable to a future reporting period. It has a negative effect on position, similar to liabilities.

The University classifies unamortized loss/gain on debt refunding as deferred outflows/inflows of resources and amortizes such amounts as component of interest expense over the remaining life of the old debt, or the new debt, whichever is shorter.

Payments received or to be received by the University from service concession arrangements are reported as deferred inflows of resources.

Resources received in advance from nonexchange transactions by the University that met all eligibility requirements except for the time requirements are reported as deferred inflows of resources.

Changes in net pension liability not included in pension expense are reported as deferred outflows of resources or deferred inflows of resources. Employer contributions subsequent to the measurement date of the net pension liability are reported as deferred outflows of resources.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 53 *Accounting and Financial Reporting for Derivative Instruments*

GASB Statement No. 60 *Accounting and Financial Reporting for Service Concession Arrangements*

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position*

GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities*

GASB Statement No. 68 *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27*

GASB Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB Statement No. 68*

3 Objectives of GAAP Adjustments

- To recognize new deferred outflows of resources and deferred inflows of resources.
- To record amortization of deferred outflows of resources and deferred inflows of resources.
- To adjust deferred outflows of resources and deferred inflows of resources (i.e. related to net pension obligation as it is based on actuarial valuations).
- To reverse deferred inflows of resources after time requirements are met in nonexchange transactions (i.e. grants related).

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

711301 – Deferred outflows – unamortized loss on debt refunding(s)

711302 – Deferred outflows – net pension obligation

711303 – Deferred outflows – others

712301 – Deferred inflows – service concession arrangements

712302 – Deferred inflows – net pension obligation

712303 – Deferred inflows – unamortized gain on debt refunding(s)

712304 – Deferred inflows – nonexchange transactions

712305 – Deferred inflows – others

The following discussion covers the various transactions that would result to Deferred Outflows of Resources and Deferred Inflows of Resources:

4.2 Advance Debt Refunding - Unamortized Gain/Loss on Debt Refunding

In an advance debt refunding, the difference between the reacquisition price (equals the proceeds from new debt deposited in escrow to defease an old debt) and the net carrying amount of the old debt as of date of defeasance should be reported as a **deferred outflows of resources** or a **deferred inflows of resources** and amortized as interest expense in a systematic and rational manner over the remaining term of the old debt or the term of the new debt, whichever is shorter.

Please refer to Chapter 4 *Long-term Debt Obligation* for further discussion on the calculation and amortization of unamortized gain/loss on debt refunding. Unamortized gain/loss on debt refunding related to Systemwide Revenue Bonds is calculated and amortized by the CO and passed down to the campuses (refer to Chapter 5 *GAAP Adjustments and Reclassifications That Require Information from CO).* Due to the timing of the release of passdown schedules from the CO and the fact that these accounts are not required for legal basis reporting, the adjustments related to unamortized gain/loss on debt refunding are recorded in the GAAP books only.

4.3 Resources Received in Advance from Nonexchange Transactions

Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as unearned revenues (current or noncurrent) by recipients. If all eligibility requirements are met except for the time requirement, then the resources transmitted in advance should be reported as deferred inflows of resources rather than unearned revenues.

Use FIRMS object code 712304 "Deferred inflows – Nonexchange transactions". This object code maps to deferred inflows of resources in the financial statements.

Please refer to Chapter 4 *Grants and Contracts* for further discussion on the recognition of deferred inflows of resources related to nonexchange transactions.

4.4 Service Concession Arrangements

Under GASB Statement No. 60, governmental transferors will record deferred inflows of resources for the following:

a. the difference between fair value, when placed in operation, of a new facility or improvements made to an existing facility and any contractual obligations or
b. the difference between an up-front payment or present value of installment payments and any contractual obligations.

Use FIRMS object code 712301 "Deferred inflows – Service concession arrangements". This object code maps to deferred inflows of resources in the financial statements.

See Section 5 Reference Tools at the end of this chapter for *Examples, Flowcharts and Definitions* that will help campuses in identifying potential service concession arrangements.

See also Chapter 4.2.1.1 for the required GASB Statement No. 60 Questionnaire to be completed for new service contracts entered in the current year or if there are any significant modifications or amendments to the contracts evaluated in the prior year that would potentially change the conclusion reached.

4.5 Changes Related to Net Pension Obligation

Under GASB Statement No. 68, the following amounts related to pensions should be recognized and classified as either deferred outflows of resources or deferred inflows of resources accordingly:

a. Differences between expected and actual experience in the measurement of the total pension liability;
b. Changes of assumptions or other inputs;

c. Net difference between projected and actual earnings on pension plan investments;
d. Changes in the employer's proportion and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the pension plan) and the employer's proportionate share of contributions; and
e. Contributions to the pension plan from the employer subsequent to the measurement date of the collective net pension liability and before the end of the employer's reporting period should be reported as a deferred outflow of resources related to pensions.

Use FIRMS object code 711302 "Deferred outflows – Net pension obligations" and/or 712302 "Deferred inflows – Net pension obligations". These object codes map to deferred outflows and deferred inflows of resources in the financial statements accordingly.

Please refer to Chapter 4 *Pension Obligation* for further discussion on pension and the recognition of deferred outflows and inflows of resources for pension.

4.6 SALE OF FUTURE REVENUES AND INTRA-ENTITY TRANSFERS OF FUTURE REVENUES

In a sale of future revenues, the transferor should report the proceeds as a deferred inflow of resources except for instances wherein recognition as revenue in the period of sale is appropriate.

For intra-entity sales of future revenues, the transferee government should not report an asset and related revenue until recognition criteria appropriate to that type of revenue are met. Instead, the transferee government should report the amount paid as a deferred outflow of resources to be recognized over the duration of the sale agreement. The transferor government should report the amount received from the intra-entity sale as a deferred inflow of resources in its government-wide and fund financial statements and recognize the amount as revenue over the duration of the sale agreement.

4.7 GAIN/LOSS ON SALE-LEASEBACK TRANSACTIONS

The gain or loss on the sale of property that is accompanied by a leaseback of all or any part of the property for all or part of its remaining economic life should be recorded as a **deferred inflow of resources** or a **deferred outflow of resources** and recognized in a systematic and rational manner over the lease term in proportion to the recognition of the leased asset if a capital lease or in proportion to the related gross rental charged to expense over the lease term of an operating lease unless:

a. The seller-lessee relinquishes the right to substantially all of the remaining use of the property sold (retaining only a minor portion of such use)
b. The seller-lessee retains more than a minor part but less than substantially all of the use of the property through the leaseback and realizes a gain on the sale

c. The fair value of the property at the time of the transaction is less than its undepreciated cost.

4.8 Loan Origination Fees and Costs

Loan origination fees, except any portion related to points, should be recognized as **revenue** in the period received. Points received by a lender in relation to a loan origination should be reported as a **deferred inflow of resources** and recognized as revenue in a systematic and rational manner over the duration of the related loan. Direct loan origination costs should be recognized as an **expense** in the period incurred.

4.9 Fees Relating to Loans Held for Sale

Fees paid to permanent investors to ensure the ultimate sale of the loans should be recognized as an **expense** in the period when the loans are sold to permanent investors or when it becomes evident the commitment will not be used. Prior to the sale of the loans, the fees paid to permanent investors should be recorded as a **deferred outflow of resources** until the sale of the loan occurs.

4.10 Change in Fair Value of Hedging Derivative Instrument

Under GASB Statement No. 53, the changes in fair values of the hedging derivative instrument are reported as either deferred inflows or deferred outflows in the SNP.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 Tools for Accounting and Financial Reporting of Service Concession Arrangements

- Examples of service concession arrangements

  Examples.docx

- Flowchart for Determining the Applicable Accounting and Financial Reporting Guidance for Public-Private or Public-Public Partnership Arrangements

  Flowcharts and Definitions.docx

Revision Control

Document Title: CHAPTER 4.2.1 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES: DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	Added the new GAAP accounts.	May 2015

GASB Statement No. 60 Service Concession Arrangements

This is a survey to identify potential service concession arrangements (public-private or public-public partnerships) that will be submitted to external auditor, KPMG, for audit. Additional procedures or information might be needed after the survey. Please read the "flowcharts and definitions" and the "examples" document before filling out the survey.

1. Please enter the contact information for the person filling out this survey.

Name:

Department and Title

Email Address:

Telephone Number:

Briefly describe departmental duties for your department:

2. Does your department know or reasonably believe that the campus has an arrangement involving a transferor conveying an operator the right and obligation to provide a service in exchange for significant consideration (up-front payment, installment payments, a new facility or improvements to an existing facility)? Please describe your rationale in the textbox below.

☐ **Yes**
☐ **No**

If NO, the arrangement does not have the potential to be a service concession arrangement (SCA). Please continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form. If YES, describe the arrangement (i.e. nature of services and parties involved) and continue to Question 3.

3. Is a capital asset (infrastructure or other public asset) existing or to be constructed or acquired, used in providing the services? Please describe your rationale in the textbox below.

☐ **Yes**
☐ **No**

If NO, the arrangement is a service, management, or service and management agreement (SMA), and existing guidance for accounting for revenues and expenses should be applied. Please continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form. If YES, continue to Question 4.

4. Is the operator compensated by the transferor or by users or service recipients? Please describe your rationale in the textbox below.

☐ **Transferor**
☐ **Users or service recipients**

If TRANSFEROR, then the arrangement is a SMA or construction contract. The service and management portion should be accounted for using existing guidance for revenues and expenses. The construction or acquisition portion should be accounted for using existing guidance for construction activities and capital assets. Please continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form. If USERS OR SERVICE RECIPIENTS, continue to Question 5. However, if there is an agency relationship, an arrangement in which an operator accepts payments from 3rd parties and remits those payments to the transferor for an established fee, then this is beyond the scope of GASB 60. Therefore, continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form.

5. Does the transferor determine or have the ability to modify or approve the services the operator can provide, to whom the operator can provide the services, and the rates that can be charged? Please describe your rationale in the textbox below.

☐ **Yes**
☐ **No**

If NO, the transferor does not retain control over the facility and the arrangement should be accounted for using lease accounting, if appropriate. Please continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form. If YES, continue to Question 6.

6. Does the transferor retain a significant residual interest in the asset? Please describe your rationale in the textbox below.

☐ **Yes**
☐ **No**

If NO, the arrangement is a privatization, potentially with regulatory oversight, which is accounted for as a sale/purchase of a capital asset and a regulatory arrangement. Please continue to Question 8 and choose Number 3 (GASB 60 not applicable) and submit this form. If YES, the arrangement is an SCA within the scope of GASB 60. Continue to Question 7.

7. Is the campus the operator or transferor in the arrangement?

☐ **Operator**
☐ **Transferor**

If the campus is the TRANSFEROR, continue to Question 8 and choose Number 1. If the campus is the OPERATOR, continue to Question 8 and choose Number 2.

8. Accounting, recognition and F/S disclosure requirement - check only 1

Note disclosures include a general description of the arrangement and information about the associated assets, liabilities, and deferred inflows, the rights granted and retained, guarantees and commitments.

Accounting, recognition and F/S disclosure requirement	Choose
1. **Financial Statements and Note Disclosure – Transferor** (if YES TO ALL of 2 – 6) EXISTING CAPITAL ASSET: If the facility associated with a SCA is an existing facility, the campus should continue to report the facility as a capital asset. NEW FACILITY: New facilities constructed or acquired by the operator or improvements to existing facilities are reported at fair value by the campus when it is placed in operation. A liability is recognized contractual obligations, along with a corresponding deferred inflow of resources (equal to the difference between the fair value of the capital asset and the contractual obligations). LIABILITIES: Transferor should recognize a liability for certain obligations to sacrifice financial resources under the terms of the arrangement. It should be recorded at their present value if significant and meets either of the following: a) contractual obligation directly relates to the facility, b) contractual obligation relates to a commitment made by the transferor to maintain a minimum or specific level of service in connection with the operation of the facility. Liability should be reduced as the transferor's obligations are satisfied. As obligations are satisfied, a deferred inflow of resources should be reported and the related revenue should be recognized in a systematic and rational manner over the remaining term of the arrangement. DEPRECIATION: Capital asset is subject to depreciation, impairment, and disclosures. However, if arrangement requires the operator to return the facility to the transferor in its original or an enhanced condition, there should be NO depreciation. The corresponding deferred inflow of resources should be reduced and revenue should be recognized systematically over the term of the arrangement, beginning when the facility is placed into operation. IMPROVEMENTS: Improvements to the facility by the operator during the term of the SCA should be capitalized as they are made and also are subject to requirements for depreciation, impairment and disclosures. UP-FRONT OR INSTALLMENT PAYMENTS: If SCA requires up-front or installment payments from the operator, the transferor should report the following: a) up-front payment or present value of installment payments as asset, b) any contractual obligations as liabilities, c) related deferred inflow of resources equal to the difference between a) and b). Additional accounting guidelines: If the SCA is a REVENUE SHARING AGREEMENT, a government operator that shares revenue with a transferor should report all revenue earned and expenses incurred - including the amount of revenues shared with the transferor - that are associated with the operation of the facility. The transferor should only recognize its portion of the shared revenue when earned in accordance with the	☐

Accounting, recognition and F/S disclosure requirement	Choose
arrangement. If the transferor receives unconditional arrangements regardless of revenues earned (for example, annual installments in fixed amounts), then the present value of these amounts should be reported by the transferor and governmental operator as if they were installments at the inception of the arrangement. Disclosures: a. A general description of the arrangement in effect during the reporting period, including management's objectives for entering into it and, if applicable, the status of the project during the construction period. b. The nature and amounts of assets, liabilities and deferred inflows of resources related to an SCA that are recognized in the financial statements. c. The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement. d. For those that include guarantees and commitments, each period in which guarantee or commitment exists, disclosures should be made about it, including identification, duration, and significant contract terms of the guarantee or commitment. Please provide SFSR with a copy of the agreement.	
2. **Financial Statements and Note Disclosure - Operator** (if YES TO ALL of 2 – 6) The campus will record an intangible asset at cost for its right to access the facility and collect third-party fees. The campus will amortize the intangible asset in a systematic and rational manner over the term of the arrangement. For existing facilities, the campus' cost may be an up-front payment or the present value of installment payments. For new or improved facilities, the campus' cost may be its cost of improving the existing facility or constructing or acquiring a new facility. Intangible assets are not subject to the provision of GASB 51 and should be reported outside of the capital asset classification. Some agreements require a facility to be returned in a specified condition. If information that is prominent indicates the facility is not in the specified condition and the cost to restore the facility to that condition is reasonably estimable, then a liability and, generally, an expense to restore the facility should be reported. Additional accounting guidelines: If the SCA is a REVENUE SHARING AGREEMENT, a government operator that shares revenue with a transferor should report all revenue earned and expenses incurred - including the amount of revenues shared with the transferor - that are associated with the operation of the facility. The transferor should only recognize its portion of the shared revenue when earned in accordance with the arrangement. If the transferor receives unconditional arrangements regardless of revenues earned (for example, annual installments in fixed amounts), then the present value of these amounts should be reported by the transferor and governmental operator as if they were	☐

Accounting, recognition and F/S disclosure requirement	Choose
installments at the inception of the arrangement. Disclosures: a. A general description of the arrangement in effect during the reporting period, including management's objectives for entering into it and, if applicable, the status of the project during the construction period. b. The nature and amounts of assets, liabilities and deferred inflows of resources related to an SCA that are recognized in the financial statements. c. The nature and extent of rights retained by the transferor or granted to the governmental operator under the arrangement. d. For those that include guarantees and commitments, each period in which guarantee or commitment exists, disclosures should be made about it, including identification, duration, and significant contract terms of the guarantee or commitment. Please provide SFSR with a copy of the agreement.	
3. **GASB 60 not applicable.** (if NO TO ANY of 2 – 6)	☐

CHAPTER 4.3.1

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: ACCOUNTS PAYABLE

1 GAAP POLICIES AND PROCEDURES

The components of accounts payable are as follows:

- ***Obligations –*** represent true accounts payable for which goods or services have been received as of June 30th, and for which a related expense has been incurred and recorded but no payment has been made.
- ***Retentions –*** represent a percentage (usually 10%) that is withheld from payment of each invoice of a construction project to be paid upon completion of that project (typically non-current).

Invoices that have already been paid via claims scheduled for reimbursement will not be included as accounts payable because they have already been paid and are no longer outstanding as of year-end. The amount now becomes a balance due from another fund.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, paragraph 110.

3 OBJECTIVE OF GAAP ADJUSTMENTS

- To manually adjust 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 (search for unrecorded liabilities).
- To reclassify accounts payable derived from legal basis to noncurrent liabilities (i.e. retention for construction projects).
- To reverse accounts payable pertaining to goods or services that were not received in the current year.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712101 – Accounts Payable

4.2 Accounts Payable

For GAAP financial reporting purposes, only the amounts representing goods or services received as of 6/30/CY (obligations) should be included in accounts payable.

In order to ensure that accounts payable obligations are properly reported for GAAP, the following review procedures:

1. Review components of current year legal basis accounts payable obligations for prepaid items

Current year legal basis accounts payable obligations must be reviewed to ensure that no accruals or expenses are recorded in the current year for any goods or services to be received in the subsequent year. Legal basis accounts payable obligations generally include; accounts payable, claims filed, accrued obligations, sales and use tax payable, and manual obligations.

2. Review open invoices subsequent to legal basis year-end close

Perform a search for unrecorded accounts payable obligations by reviewing open invoices received subsequent to legal basis close to identify payments when goods or services were received before 6/30/CY. If the campus decides to set a dollar threshold when performing the search, an analysis and estimate will be required for this non-GAAP procedure (Note: Campuses need to provide their analysis of the impact of all non-GAAP accounting policies and procedures in PBC #8). A GAAP adjustment entry is necessary if current year invoices are identified in the search. Since this adjusting entry represents a timing difference between the amounts reported on legal and GAAP basis, a GAAP reversing entry will be needed in the subsequent year.

3. Reconcile campus and related party records

Accounts payable obligations to related parties such as discretely presented component units recorded by the campus must agree to accounts receivable from campus recorded by the discretely presented component units. However, note that amounts recorded by the campus as accounts payable obligations to discretely presented component units should only relate to purchases of goods and services rendered. Any other items included in the discretely presented component units' accounts receivable from campus balance that do not relate to the purchase of goods or services rendered should be recorded by the campus as deemed appropriate based on the nature of the related transaction. For example, investments held by the campus on behalf of a discretely presented component units are recorded as accounts receivable from campus by the discretely presented component units and, accordingly, should be recorded as depository accounts (rather than accounts payable) by the campus. A reconciliation should also be prepared for any accounts payable obligations to the Office of the Chancellor (please refer to PBC #20). Please also refer to Note 14 *Transactions with Related Entities* of the reporting package template (YES) and the GAAP financial reporting checklist in Chapter 11 *GAAP Financial Reporting Checklist and Data Integrity Form* for further information.

The journal entry to record additional accounts payable obligations at 6/30/CY is as follows:

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004*	Supplies and other services	881 – Unrestricted	04	485	$200,000
722004*	Supplies and other services	881 – Unrestricted	06	485	$300,000
712101	Accounts Payable	881 – Unrestricted	90	485	($500,000)
Journal Description	**To properly record additional obligation based on the search for unrecorded liabilities at 6/30/CY.**				

*Expenses (various) by functional and natural classifications

Certain accounts payable that is derived in GAAP from legal must be reclassified to a more appropriate long term liability account such as Other liabilities, noncurrent (example is retention payable). An example journal entry to reclassify a long term payable to other liabilities, noncurrent at 6/30/CY is as follows:

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712101	Accounts Payable	881 – Unrestricted	90	485	$500,000
712208	Other liabilities, noncurrent	881 – Unrestricted	90	485	($500,000)
Journal Description	**To properly reclassify accounts payable to Other Liabilities, noncurrent.**				

Certain accounts payable that is derived in GAAP from legal must be reversed as the goods or services has not be received or performed at year-end. An example journal entry to reverse accounts payable is as follows:

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712101	Accounts Payable	881 – Unrestricted	90	485	$100,000
711107	Prepaid expenses and other assets	881 – Unrestricted	90	485	($100,000)
Journal Description	**To properly reclassify accounts payable to Other Liabilities, noncurrent.**				

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title:	Chapter 4.3.1 – GAAP Adjustments and Reclassification Entries – Liabilities: Accounts Payable

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
	None.	

CHAPTER 4.3.2

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: ACCRUED SALARIES AND BENEFITS

1 GAAP POLICIES AND PROCEDURES

Accrued salaries and benefits are payments made to staff and faculty in a subsequent year for services performed in the year that must be accrued as current year expenses. They are salaries earned in academic year (Fall and spring academic term) over the ten-month period from September through August. This also applies to the cost of faculty payroll for Summer session days taught during the current year (prior to June 30).

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*.

3 OBJECTIVES OF GAAP ADJUSTMENTS

The objectives of the GAAP adjustments necessary at June 30 related to staff and faculty payroll accruals are:

- To accrue faculty salaries and benefits for academic year as of June 30 (not recorded in legal ledger).
- To accrue faculty salaries and benefits for summer session days taught prior to June 30.
- To accrue staff positive payroll expenses for the month of June.
- To reverse accrual beginning balance.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712103 – Accrued salaries and benefits payable

GAAP ACCOUNTING TREATMENT

The implementation of the Revenue Management Program (RMP) resulted to the following:

- Campus will not accrue staff positive payroll expenses for the month of June on legal basis reporting.
- NO accruals for faculty salaries and benefits for the July and August pay periods are to be made in the legal basis reporting.

For GAAP financial reporting purposes, payments made to staff and faculty in the following fiscal year for services performed in the current fiscal year must be accrued as current fiscal year expenses. The same is true for the cost of faculty services incurred related to summer session days taught during the current fiscal year but paid subsequently. On an annual basis, these accruals should be reversed, since payments for these accruals will be included in the legal basis expense for that fiscal year. Beginning in 2014/15 fiscal year, campuses that operate summer session through Extended Education are required to record accrued revenue for the earned portion of the summer session revenue in the Legal ledger. However, accrued expenses related to the earned revenue for summer session do not need to be recorded in the Legal ledger since the information is not available before Legal closing but will be recorded in the GAAP ledger so that both accrued revenue and expenses for the summer session incurred prior to the yearend are fully recognized in the GAAP ledger. Campuses that operate summer session on the state side do not need to record accrued revenue in the Legal ledger but record both accrued revenue and expenses in the GAAP ledger because the information is not available prior to Legal closing and it does not affect the Extended Education report.

4.2 ACADEMIC YEAR FACULTY SALARY ACCRUAL

Academic year (fall through spring academic term) faculty salaries are earned over the ten-month period from September through June, but are paid by the State over a twelve-month period from September through August. An accrual is necessary in the campus' GAAP financial statements at June 30 to record the salary amounts to be paid in July and August as salary expense of the current fiscal year in which the salary was earned. They are timing adjustments that will need to be reversed in the following fiscal year unless the campus chooses to adjust for only the change in the salary accrual between the prior and current fiscal year.

EXAMPLE

At the end of the current fiscal year, the faculty salary accrual was determined to total $4,000,000. At the end of the prior fiscal year, the amount of faculty salary accrual recorded in the GAAP basis financial statements totaled $3,500,000.

Reverse Prior Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712103	Accrued salaries and benefits payable	881 – Unrestricted	90	441	$3,500,000
722001	Salaries	881 – Unrestricted	01	441	($3,500,000)
Journal Description	**To properly reverse the prior year accrual for salaries paid in the current year.**				

Current Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722001	Salaries	881 – Unrestricted	01	441	$4,000,000
712103	Accrued salaries and benefits payable	881 – Unrestricted	90	441	($4,000,000)
Journal Description	**To properly record current year accrued salaries.**				

4.3 EMPLOYEE BENEFITS RELATED TO ACADEMIC YEAR FACULTY SALARY ACCRUAL

The related cost to the campus for the benefits associated with the July and August academic year faculty salaries, as detailed above, should also be accrued. The average total benefit rates for state support faculty or for all employees, as determined by the Office of the Chancellor or the campus, may be used to calculate the cost of benefits associated with the faculty salary accrual. This benefits rate (percentage of salary) may vary from campus to campus.

EXAMPLE

At the end of the current fiscal year, the estimated benefits cost associated with the faculty salary accrual was determined to total $800,000. At the end of the prior fiscal year, the corresponding amount recorded in the GAAP basis financial statements totaled $700,000.

Reverse Prior Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712103	Accrued salaries and benefits payable	881 – Unrestricted	90	441	$700,000
722002	Benefits	881 – Unrestricted	01	441	($700,000)
Journal Description	**To properly reverse the prior year accrual for benefits paid in the current year.**				

Current Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722002	Benefits	881 – Unrestricted	01	441	$800,000
712103	Accrued salaries and benefits payable	881 – Unrestricted	90	441	($800,000)
Journal Description	**To properly record current year accrued benefits.**				

4.4 SUMMER SESSION FACULTY SALARY AND BENEFITS ACCRUAL

The cost of faculty payroll for summer session days taught during the current fiscal year but paid the following fiscal year should also be accrued. The summer session calendar would need to be reviewed to determine the number of days of the session or sessions that had occurred in the current fiscal year. Once this has been determined, the amounts paid to faculty for the contractual period that overlaps the current fiscal year and the following fiscal year should be pro-rated. This pro-ration would apply to all faculty salaries and benefits for summer sessions that is earned prior to June 30th but paid after June 30th, whether the sessions are State-supported or self-supported (i.e. offered through Continuing Education).

Pro-rata Method

The pro-rated percentage of the number of days of the session that occurred in the current fiscal year would be applied against faculty compensation for the entire session for which the faculty contract has been prepared in order to determine the amount of expense to be accrued for the current fiscal year. For example, a session running from June 2nd through July 11th (40 days) would relate 73% (29 days) to the current fiscal year and 27% (11 days) to the subsequent fiscal year, and faculty salary and benefits expense for that session should be allocated accordingly. Accrued salaries and benefits would be recorded using the same accounts as for the July and August pay periods that relate to previous fiscal year's academic terms.

4.5 STAFF POSITIVE PAYROLL

These payments are related to work performed in the month of June, but not paid until after July 1st of the subsequent fiscal year. Both salary and benefits need to be accrued for the current fiscal year and reversed in the subsequent fiscal year.

Gathering Data to Calculate the Appropriate Accrual

Campuses have several options for gathering payroll data to use as a source to support their calculation of the accrual estimate. A query over the CSU_LABOR_DIST table in the PeopleSoft Human Resources (HR) module is one approach. Other options include payroll reports from Personnel/Payroll Information Management System (PIMS) (H43) and PIMS (H46) or Absence Management System (AMS) standardization reports in the CMS HR module, would support additions to and reductions of accrued compensated absence and current portion of accrued compensated absences. Each of these sources has the ability to provide information from the payroll file provided by the State.

REMINDERS FOR CAMPUSES

Campuses should only record payroll accruals in the CSU funds that have recorded payroll expenses. For instance, the general fund (CSU fund 001) usually does not record payroll expenses, therefore should not have any payroll accruals recorded.

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.3.2 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: ACCRUED SALARIES AND BENEFITS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date

CHAPTER 4.3.3

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: ACCRUED COMPENSATED ABSENCES

1 GAAP POLICIES AND PROCEDURES

Compensated absences is a liability that is attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee should be accrued as employees earn the rights to the benefits. Compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those services are rendered or those events take place.

Vacation Leave

GASB Statement No. 16, paragraph 7 requires that vacation leave should be accrued as a liability as the benefits are earned by the employees if **both** of these conditions are met:

a. The employees' rights to receive compensation are attributable to service already rendered.

b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means; such as cash payments at termination or retirement.

A liability should be accrued for vacation leave that were earned but not used during the current or prior periods and for which employees can receive compensation in a future period. Benefits that have been earned but are not yet available for use as paid time off or as some other form of compensation because employees have not met certain conditions (for example, a minimum service period for new employees) should be accrued to the extent it is probable that the employees will meet the conditions for compensation in the future. Benefits that have been earned but are expected to lapse and thus not result in compensation to employees should not be accrued as a liability.

ACCRUAL RATE: Calculation of the compensated absences liability should be calculated based on the pay or salary rates in effect as of July 1st of the following fiscal year.

Other salary related payments

GASB Statement No. 16, paragraph 11 states that, an additional amount should be accrued as a liability for salary-related payments associated with the payment of compensated absences, using the same accrual rate as of the SNP date. The salary-related payments subject to this accrual are those items for which an employer is liable to make a payment directly and incrementally associated with payments made for compensated absences on termination. Such salary-related payments include the following:

a. The employer's contribution of social security

b. The employer's contribution of medicare taxes

c. The employer's contribution to the employee's retirement benefit (defined benefit pension plans)

The accrual should be based on the entire liability for each type of compensated absence to which the salary-related payments apply. That is, payments associated with termination payments of vacation leave should be accrued for the entire vacation leave liability, including leave that might be taken as paid time off rather than paid as termination payments.

The benefit rate in either the H46 report, from The California Leave Accounting System (CLAS), or the standard reports generated from the Absence Management System (AMS) has included the above employer's contributions.

Sick Leave

Paid time off for earned sick leave is contingent on a specific event (illness) that is outside the control of the employer and employee. Based on GASB Statement No. 16, compensated absences that are contingent on a specific event that is outside the control of the employer and employee should be accounted for in the period those events take place. Since sick pay for the CSU is contingent only upon an employee's future sickness and will be forfeited on employee's termination, the accumulated sick hours are excluded in the calculation of the compensated absences liability. Besides, sick pay has already been added as part of calculation of the employer's contribution to employees' retirement benefit (defined benefit pension plans) because unused sick time will be incremented as time worked in the calculation of retirement (pension plan) benefits.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*

GASB Statement No. 16 *Accounting for Compensated Absences*

3 OBJECTIVE OF GAAP ADJUSTMENTS

- To reverse accrual for compensated absences at June 30, 20PY.
- To record an accrual for compensated absences at June 30, 20CY.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712104 – Accrued compensated absences, current portion

712201 – Accrued compensated absences, net of current portion

GAAP Accounting Treatment

4.2 Compensated Absences

The GAAP adjustments made to record compensated absences liability are timing adjustments, since salary expense ultimately is recorded in a campus' legal basis accounting records as employees use vacation, CTO or holiday credits and will need to be reversed in the subsequent year unless a campus chooses to adjust for only the change in compensated absences amounts between the prior and current years.

Campuses are required to disclose in the SNP, the current and non-current portion of the compensated absences liability at the end of the fiscal year. The current portion of the liability is the amount that is expected to be paid out as salary over the next 12 months to employees who use vacation or other leave credits during that period of time. It has been determined that either the dollar value of compensated absences paid out during the current fiscal year or, where a campus determines it to be more accurate, an average of amounts paid out over the past few fiscal years, are reasonable methods to estimate the current portion of the ending liability.

Measurement And Required Data

The cost of vacation and other compensated absences must be accrued in the period in which the absences were earned on a GAAP basis. Since academic year faculty positions do not accrue vacation, these positions are not subject to this analysis. Staff and management personnel who remain employed at the end of the fiscal year constitute the population for whom the cost of accrued compensated absences must be computed. The data necessary to calculate the compensated absences liability includes:

Name of Employee

Vacation or Personal (Holiday) Leave Accrued (hours)

Compensated Time-Off (CTO) Accrued (hours)

Salary Rate for Vacation

Benefit Rate

CLAS accumulates this information for campuses using that system. A report (H46) has been developed using data from CLAS that will allow campuses to determine the number of hours and dollar value of vacation, CTO, and holiday leave credits earned, used, and remaining at the end of the fiscal year. Campuses may download this information into an Excel spreadsheet and calculate the total amount of the compensated absences accrual, usage and ending liability.

There are 22 campuses and Office of the Chancellor currently using AMS in CMS Human Resources module as it maintains similar leave accounting data.

The data for calculating the compensated absences liability using AMS can be retrieved through the standard reports developed by the CMS team. Below is the website which provides step by step instructions to run the standard reports in PeopleSoft:

https://csyou.calstate.edu/Projects-Initiatives/CMS/AppDevelopment/Pages/default.aspx

The number of hours of accrued compensated absences, multiplied by the salary rate per hour, plus benefits (employer's share of social security, medicare and retirement contributions) calculated at the current rate (percentage of salary) yields the compensated absences accrual amount. **Note: For campuses using the H46 report, the benefits are already built into the "new base salary" amounts, which are used to determine the "hourly rate", which in turn is multiplied by the "total hours" to derive the accrual amount**. These total dollars must be allocated to the appropriate CSU funds and programs.

EXAMPLE

The campus determines that the liability for compensated absences at the end of the current year is $8,000,000. At the end of the prior year, the campus recorded a corresponding amount of $7,000,000 as a GAAP adjustment, where the noncurrent amount is $5,200,000 and the current amount is $1,800,000. The dollar amount of accrued compensated absences paid out during the current year was determined to be $2,000,000, and is believed to be a reasonable estimate of the portion of this year's ending liability that will be paid out next year.

Reverse Prior Year Balance – Unrestricted

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712104	Accrued compensated absences, current portion	881 – Unrestricted	90	485	$1,800,000
712201	Accrued compensated absences, net of current portion	881 – Unrestricted	90	485	$5,200,000
722001	Salaries	881 - Unrestricted	Various	485	($5,000,000)
722002	Benefits	881 - Unrestricted	Various	485	($2,000,000)
Journal Description	**To properly reverse the prior year accrued compensated absences balance recorded in PY for GAAP basis.**				

Current Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722001	Salaries	881 - Unrestricted	Various	485	$6,500,000
722002	Benefits	881 - Unrestricted	Various	485	$1,500,000
712104	Accrued compensated absences, current portion	881 – Unrestricted	90	485	($2,000,000)
712201	Accrued compensated absences, net of current portion	881 – Unrestricted	90	485	($6,000,000)
Journal Description	**To properly record 6/30/CY accrued compensated absences balance on a GAAP basis.**				

REMINDERS FOR CAMPUSES

Campuses should record compensated absences liability in the CSU funds where the actual payroll expenses have been recorded. For instance, the general fund (CSU fund 001) usually does not record payroll expenses, therefore, should not have any compensated absences liability balance. This means most compensated absences should be recorded in CSU fund 485 since this is where most payroll expenses are recorded.

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.3.3 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: ACCRUED COMPENSATED ABSENCES

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date

CHAPTER 4.3.4
GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES
LIABILITIES: UNEARNED REVENUES

1 GAAP POLICIES AND PROCEDURES

Unearned revenue consists primarily of fees collected in advance for summer and fall terms and continuing education programs.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.*

Concepts Statement No. 4 *Elements of Financial Statements*

3 OBJECTIVES OF GAAP ADJUSTMENTS

The objectives of the GAAP adjustments necessary at June 30 related to revenues collected in advance (unearned revenue) are:

- To defer recognition of revenues **collected** in the current year for the remaining portion of summer session tuition and fees relating to the subsequent fiscal year and the upcoming fall term tuition and fees that will be recognized as revenue in the subsequent fiscal year.
- To defer recognition of resources received prior to applicable eligibility requirements being met relating to voluntary nonexchange transactions (i.e. grant funds received for sponsored programs). *Note: If all eligibility requirements are met except for time requirement, use Deferred Inflows of Resources account.*

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712105 – Unearned revenue-current

712202 – Unearned revenue – noncurrent

GAAP ACCOUNTING TREATMENT

4.2 UNEARNED REVENUES

On a GAAP basis, revenue must be recognized in the period in which it is earned. Therefore, when revenue is collected in advance, the portion related to future periods must be recorded as unearned revenue, a liability, and recognized as revenue in the period in which the services are provided. The unearned revenue is considered a liability because it represents an obligation to perform a service in the future arising from a past transaction.

Campuses should only record unearned revenue for future services where payments have been received prior to year-end. For example, if a student pre-registers (i.e. advance registration) for classes, but does not prepay, then no unearned revenue should be reported.

Primary examples of unearned revenues are:

- Registration and other student fees collected during the current fiscal year for 1) the remaining portion of summer session taking place in the following fiscal year, and 2) enrollment for fall session.
- Housing payments received in advance of occupancy. In this situation, the revenue is only recognized based on the actual occupancy taking place for the period covered.

If a campus does not record payments received in advance as unearned revenue in its legal basis accounting records, it is required to make a GAAP adjustment to reflect the unearned revenue at year end. Such adjustments are timing adjustments and must be reversed in the following year.

Example

The campus determines that $2,400,000 out of $3,000,000 in collections received during the current fiscal year were for services that will not be provided until the next fiscal year.

20CY1 – Derived GAAP Entry (period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711101	Cash and cash equivalents	881 – Unrestricted	90	441	$3,000,000
721001	Student tuition and fees	881 – Unrestricted	50	441	($2,000,000)
721006	Sales and services of auxiliary enterprises	881 – Unrestricted	50	441	($1,000,000)
Journal Description	**To recognize revenue received for tuition and auxiliary enterprise revenue.**				

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
721001	Student tuition and fees	881 – Unrestricted	50	441	$1,800,000
721006	Sales and services of auxiliary enterprises	881 – Unrestricted	50	441	$600,000
712105	Unearned revenue, current	881 – Unrestricted	90	441	($2,400,000)
Journal Description	**To defer revenues collected in the current year that relates to services that will be provided in the following fiscal year.**				

20CY2 – Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712105	Unearned revenue, current	881 – Unrestricted	90	441	$2,400,000
721001	Student tuition and fees	881 – Unrestricted	50	441	($1,800,000)
721006	Sales and services of auxiliary enterprises	881 – Unrestricted	50	441	($600,000)
Journal Description	**To recognize revenue related to the portion of unearned revenue recorded in the prior year that was earned in the current year on a GAAP basis.**				

Student Tuition and Fees

The difficulty with determining the unearned revenue portion related to student tuition and fees are the complexity of the summer session programs. For most campus, there are multiple summer sessions that not only cross fiscal years, but the sessions overlap, and are charged at different rates. To assist the campuses with this calculation, an example of unearned fees calculation schedule is provided in Chapter 9, *Preparing for the Financial Statements Audit*, Exhibit 12 *Unearned Revenue Calculation/Reasonableness Test*. This schedule will facilitate all campus regardless of the registration and collection policy or student system set-up. However, as noted in the schedule, each campus must:

- Be able to methodically determine each input field and provide supporting documentation for input data.
- In the absence of information by term or session, the campus may use aggregate data.
- Be able to provide the basis for the methods used in the input fields and the external auditors must be able to follow the logic and test/assess the reasonableness of the assumptions used to their satisfaction.

Note that Exhibit 12 may not include all type of fees that are earned over time (e.g., instructional related fees, miscellaneous course fees, athletics fees, etc.). Therefore, the campus may need to modify Exhibit 12 accordingly to include all applicable types of fees that must be included in the unearned revenue calculation schedule.

The net unearned revenue totals shown in Exhibit 12 should agree to the unearned revenue lead sheet in Chapter 9, Exhibit 11 *Unearned Revenue Leadsheet*. If the fluctuation between fiscal years is significant on the leadsheet, the campus must be able to explain the fluctuation and be prepared to provide supporting documentation to the external auditors, if requested. Therefore, it is important that each campus takes a snap shot of its student system as of June 30 of each fiscal year.

Sponsored Programs

Another example of unearned revenue may include grant funds received for sponsored programs prior to all applicable eligibility requirements being met. GASB Statement No. 33, paragraph 19 states that eligibility requirements are conditions established by enabling legislation or the provider (i.e. sponsor) that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient (i.e. campus) does not have a receivable, and the recognition of expenses or revenues for resources transmitted in advance should be deferred. Refer to Chapter 4, Grants, Contracts and Gifts for further discussion on eligibility requirements for Government Mandated or Voluntary Nonexchange Transactions.

Early Start Program Waiver

AD 2012-01 *Early Start Program Waiver Accounting Requirements and* Chapter 6.3.3 *CSU Fund 441: EE Operations – Early Start Program* of the Legal manual, provided guidance on the legal entries to be made in connection with campus allocations covering fee waivers related to this program.

Normally, campuses would reverse in GAAP the unearned portion of the amount receivable from the student as they appear to gross up the accounts. However, for this program **only**, campuses should not record the reversal. The CO will eliminate the following at the Systemwide level: (a) due from/to between the campuses and the CO (see entry #2), (b) unearned revenues (campus) against prepaid scholarship expenses (CO) and (c) tuition and fees revenue (campus) and scholarship expenses (CO).

To facilitate the systemwide elimination, each campus will need to confirm the entries made in their legal books as of June 30 for the entire value of waived fees, including the mandatory health (health services fee) and University Union fees.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.3.4 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: UNEARNED REVENUES

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	New in FY14/15	April 2015

CHAPTER 4.3.5

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: CAPITALIZED LEASE OBLIGATIONS

1 GAAP POLICIES AND PROCEDURES

If at inception, a lease meets **one or more** of the following criteria, the lease should be classified as a capital lease:

1. The lease **transfers ownership** of the property to the lessee by the end of the lease term;
2. The lease contains a **bargain purchase option;**
3. The lease term is equal to 75 percent or more of the **estimated economic life of the leased property.** However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion should not be used for purposes of classifying the lease.
4. The present value at the beginning of the lease term of the **minimum lease payments,** excluding that portion of the payments representing executory costs such as insurance and maintenance to be paid by the lessor, including any gain thereon, equals or exceeds 90 percent of the excess of the fair value of the leased property to the lessor at the inception of the lease over any related investment tax credit retained by and expected to be realized by the lessor. However, if the beginning of the lease term falls within the last 25 percent of the total estimated economic life of the leased property, including earlier years of use, this criterion should not be used for purposes of classifying the lease. A lessor should compute the present value of the minimum lease payments using the **interest rate implicit in the lease.** A lease should compute the present value of the minimum lease payments using its incremental borrowing rate, unless (1) it is practicable to obtain the implicit rate computed by the lessor and (2) the implicit rate computed by the lessor is less than the **lessee's incremental borrowing rate.** If both of those conditions are met, the lessee should use the implicit rate.

The lessee should record a capital lease as an asset and an obligation at an amount equal to the present value at the beginning of the lease term of minimum lease payments during the lease term, excluding that portion of the payments representing executory costs such as insurance and maintenance to be paid by the lessor, together with any gain. However, if the amount determined exceeds the fair value of the leased property at the inception of the lease, the amount recorded as the asset and obligation should be the fair value.

If the lease agreement meets criteria 1 or 2 above, the leased asset should be depreciated in accordance with the normal capitalization policy and estimated useful life for that asset category; however if the lease agreement meets criteria 3 or 4 above, the asset should be depreciated over the term of the lease.

The asset cost is to be recorded as a memo entry in the legal basis accounting records, while the capital lease obligation liability is typically recorded via GAAP adjustments.

Leases that do not meet any of the above criteria are recognized as **operating leases.**

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*

3 OBJECTIVE OF GAAP ADJUSTMENTS

The objective of GAAP adjustments necessary at June 30 are as follows:

- To establish the new capital lease obligation.
- To reclassify non-current portion of capital lease obligation to current portion.
- To apply payments which derived to Supplies and Services as a reduction of capital lease obligation account.
- To classify the capital lease obligation (both current and non-current), equal to the amount of corresponding capital assets, under CSU fund 501.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712106 - Capitalized lease obligations – current portion

712204 - Capitalized lease obligations – net of current portion

4.2 CAPITALIZED LEASE OBLIGATIONS

CALCULATION OF PRESENT VALUE OF MINIMUM LEASE PAYMENTS

The following information is necessary for the campus to calculate the present value of minimum lease payments:

1. Fair value of asset being leased
2. Term of lease
3. Required periodic payments
4. Lessor’s explicit interest rate or the incremental borrowing rate

After the determination has been made that a lease qualifies for capitalization, sometimes it is easier to record the obligation and the related asset at the quoted price of the asset, if not materially different than the computed amount. This will facilitate the adjustments that need to be made as illustrated in the examples below. However, an amortization schedule will need to be prepared to differentiate between the principal and interest portions of the monthly payments.

Journal Entries Required

A review and analysis of all leases and contracts should be performed each fiscal year to identify and record any new capital leases. Capital leases identified and recorded in the GAAP basis financial records in the prior fiscal year will rollforward the assets, liabilities, and net position balances to the following fiscal year. As a result, no GAAP adjustments are necessary to establish beginning balances.

The adjustments related to the accrual of a new capitalized lease obligation and annual lease payments are reclassification adjustments. As the campus records the asset in its legal basis accounting records, adjustments are necessary to reclassify the offset made directly to "net investment in capital asset" to "capitalized lease obligations" on GAAP basis. Likewise, as the campus records capital lease payments as operating expenses in its legal basis accounting records, adjustments are necessary to reclassify the principal portion as a reduction to the capitalized lease obligation balance and the interest portion as interest expense on GAAP basis.

Example

The campus signed a lease agreement dated July 1, 20x1 to lease equipment for 5 years with annual payments of $20,000 every June 30. Annual interest expense is $5,000 to be paid together with the lease payments. The fair value of equipment is $100,000 with a 5 year life and $1,000 residual value.

(**Note:** This example does not show the recording of the depreciation related to the capital asset. For information how to record the depreciation, refer to Chapter 4 *Capital Assets, Depreciation and Amortization*. Additionally, the usage of CSU Fund 485 is for example purposes only. Please use the appropriate CSU Fund accordingly.)

Derived Asset Management automated Legal Memo Journal Entry - July 1, 20x1

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711207	Capital assets, net	811 – Net Investment in Capital Asset	90	501	$100,000
713811	Net investment in capital assets	811 – Net Investment in Capital Asset	90	501	($100,000)
Journal Description	**Automated entry in Asset Management for recording the acquisition of capital assets in CSU fund 501 (memo entry).**				

Asset Management automated GAAP Entry - July 1, 20x1

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
713811	Net investment in capital assets	811 – Net Investment in Capital Asset	90	501	$100,000
724004	Transfers to/from other CSU campuses, net	811 – Net Investment in Capital Asset	13	501	($100,000)
Journal Description	**Automated entry in Asset Management to reflect Transfer In from other funds and reverse derived amount in Net Investment in Capital Assets.**				

Asset Management automated GAAP Entry - July 1, 20x1

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	881 – Unrestricted	13	485	$100,000
722004	Supplies and other services	881 – Unrestricted	20	485	($100,000)
Journal Description	**Automated entry in Asset Management to reverse "expense" recognized in legal basis records.**				

Manual GAAP Entries - July 1, 20x1

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881 – Unrestricted	20	485	$100,000
724004	Transfers to/from other CSU campuses, net	881 – Unrestricted	13	485	($100,000)
Journal Description	**Entry to reverse the negative balance of supplies and services related to capitalized lease obligations resulting from the AM automatic journal entry.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	881 – Unrestricted	13	501	$100,000
712106	Capitalized lease obligation, current portion	881 – Unrestricted	90	501	($20,000)
712204	Capitalized lease obligation, net of current portion	881 – Unrestricted	90	501	($80,000)
Journal Description	**Entry to set-up the capitalized lease obligation in CSU Fund 501 to match the fund where the capital asset is recorded and to recognize the current and non-current portion.**				

Derived GAAP Entries - June 30, 20x1 through June 30, 20x5

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and other services	881 – Unrestricted	20	485	$25,000
711102	Short-term investments	881 – Unrestricted	90	485	($25,000)
Journal Description	**Entry to record the payments of principal and interest of the capitalized lease obligation due every June 30.**				

Manual GAAP Entries - June 30, 20x1 through June 30, 20x5

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723005	Interest expense	881 – Unrestricted	14	537	$5,000
724004	Transfers to/from other CSU campuses, net	881 – Unrestricted	13	537	$20,000
722004	Supplies and other services	881 – Unrestricted	20	537	($25,000)
712106	Capitalized lease obligation, current portion	881 – Unrestricted	90	501	$20,000
724004	Transfers to/from other CSU campuses, net	881 – Unrestricted	13	501	($20,000)
Journal Description	**Entry to classify the payments made related to capitalized lease obligations based on the correct GAAP accounts.**				

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712106	Capitalized lease obligation, current portion	881 – Unrestricted	90	501	$20,000
712106	Capitalized lease obligation, current portion	881 – Unrestricted	90	501	($20,000)
Journal Description	**Entry to reclassify the current portion of the capitalized lease obligations.**				

5 Reference Tools

- **Tables of Object code and CSU Fund Definitions**
  http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title: Chapter 4.3.5 – GAAP Adjustments and Reclassification Entries – Liabilities: Capitalized Lease Obligations

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
	Previously in Chapter 4.10	April 2015

CHAPTER 4.3.6

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: LONG-TERM DEBT OBLIGATIONS

1 GAAP POLICIES AND PROCEDURES

Below are the main financing sources that mainly comprise the Long-Term Debt Obligation in the Statement of Net Position and related policies and procedures.

Systemwide Revenue Bond Program

The Systemwide Revenue Bond Act of 1947 (the "Act") provides the CSU Trustees (Trustees) with the ability to issue revenue bonds to fund specific self-supporting programs. The statute has enabled the Trustees to finance student housing, student unions, parking facilities, health facilities, continuing education facilities, and designated auxiliary organization facilities.

The Systemwide Revenue Bond program, formerly the Housing Revenue Bond program, was approved by the Trustees in fiscal year 2003. This program provides funding for various construction projects, including student residence and dining halls facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities at certain campuses within the University system as specified by the individual bond documents. It is designed to provide lower cost debt and greater flexibility to finance revenue bond projects at the University. Rather than relying on specific pledged revenues to support specific debt obligations, this program pools several sources of revenue as the pledge for the revenue-producing projects.

In June 2014, the State enacted legislation that granted additional capital financing authorities to the University. These new authorities include the ability to pledge the University's annual general fund support appropriation less the amount of that appropriation required to meet State general obligation bond payments and State Public Works Board capitalized lease payments to secure the payment of debt obligations issued by the University pursuant to the Act. No more than 12 percent of the University's annual general fund support appropriation, less the amount of that appropriation required to meet State general obligation bond payments and State Public Works Board capitalized lease payments, may be used for debt service for, or to directly fund certain capital expenditures.

The University records the principal and related premium or discount as "Long-Term Debt Obligation". The related premium and discount are amortized over the life of the debt. Liabilities that are reasonably can be expected, as part of normal University business operation, to be liquidated within 12 months of the Statement of Net Position date are considered to be current.

The SRB program refinances outstanding bonds by issuing new bonds. Two reasons for refunding: to reduce the interest expense or to remove the restrictive covenant imposed by the terms of the bonds being refinanced. The proceeds of the new bonds are either deposited in escrow to pay the debt service on the old bonds when due (an advance refunding) or used to promptly (typically within 90 days) retire the outstanding bonds (a current refunding). Both current and advance refunding result to defeasance of debt. The carrying value of the refunded bonds are removed in the books of the University and the new bond with its related premium or discount is recorded.

The difference between the reacquisition price and the net carrying amount of the old debt should be reported as a deferred outflows of resources (loss on debt refunding) or a deferred inflows of resources (gain on debt refunding), and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the old debt or the life of the new debt, whichever is shorter. Refer to Chapter 4, *Deferred Outflows of Resources and Deferred Inflows of Resources* for similar discussion.

Bond Anticipation Notes (BANs)

The Trustees have authorized the issuance of BANs to provide short term financing to the University for certain projects. The BANs are purchased by the CSU Institute (Institute) with proceeds from the commercial paper issued by the Institute. The BANs are generally issued for periods of up to three years in anticipation of issuing permanent revenue bonds at a future date. State law was amended in 2008 to allow BAN maturities to extend beyond three years and the maturity date for the issuance of BANs to be determined by the Trustees. In fiscal year 2010, the Trustees authorized three projects for financing with maturities beyond three years and they will remain in BANs until the debt is retired. BAN interest is variable and changes based upon the cost of the Institute's commercial paper program.

Liabilities that are reasonably can be expected, as part of normal University business operation, to be liquidated within 12 months of the Statement of Net Position date are considered to be current.

General Obligation Bond Program

The General Obligation Bond program of the State has provided capital outlay funds for the three segments of California Higher Education through voter-approved bonds. Each of the approved bond programs provides a pool of available funds, which is allocated on a project-by-project basis among the University, the University of California, and the Community Colleges. Financing provided to the University through State of California General Obligation Bonds is not allocated to the University by the State. This long-term debt remains the obligation of the State and is funded by state tax revenues.

In the State Budget Act for Fiscal Year 2015, the State included in the general fund support state appropriation the amount to pay the general obligation bond debt service attributable to the University's capital projects financed by capital outlay funds. The long-term debt, as mentioned above, remains the obligation of the State. The receipt and payment of general funds for general obligation debt service are recognized as revenue and expense, respectively, in the books of the University. This is recorded centrally at the Office of the Chancellor.

2 Relevant Accounting Literature

- GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*
- GASB Statement No. 65 *Items Previously Reported as Assets and Liabilities* paragraph 6 and paragraph 14
- Concepts Statement No. 4 *Elements of Financial Statements*

3 Objectives of GAAP Adjustments

SRB and BAN Related GAAP Adjustments (via CO pass down schedules)

- To record additions to long-term debt including principal and net premium or discount for new issuance of bonds and BANs.
- To record current year BAN activities such as rollover of interest payments.
- To record current year principal payments of long-term debt for bonds and BANs.
- To record current or advance debt refunding of long-term debt for bonds.
- To record amortization of net premium or discount.
- To reclassify the current portion of the long-term debt obligation as of year-end.

Note: The accounting records for the SRB debt and BANs are maintained by the CO during the fiscal year and then passed down to the campuses as GAAP manual adjustments. Refer to Chapter 5, *GAAP Adjustments or Reclassifications that Require Information from CO.*

GAAP Adjustments Not Passed Down by CO

- To reclassify the proceeds from new campus originated debt as derived from legal basis into long-term debt obligation account (if legal object code does not automatically map to long-term debt obligation).
- To reclassify current year principal payments of long-term debt for bonds recorded in legal as an expense into a reduction of the long-term debt obligation account.
- To reclassify the current portion of the long-term debt obligation as of year-end.

- To reclassify the current portion of the long-term debt obligation spent to purchase or construct capital assets from restricted net position to net investment in capital assets net position as of year-end (Note: This applies to both SRB and non-SRB long-term debt. This is to be included in the CO passed down entries as campuses should be able to quantify the amount spent on capital assets.)

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712107 – Long-term debt obligations – current portion

712205 – Long-term debt obligations – net of current portion

GAAP ACCOUNTING TREATMENT

4.2 SRB PASSDOWN SCHEDULE

All transactions related to SRB debt and BANs are accounted for in the CO's legal ledger. As such, during GAAP reporting period, the CO sends the SRB passdown schedules to campus so they can record the transactions in their GAAP ledger. The passed down transactions are reversed in CO's books to facilitate the consolidation.

Below is a list of the information included in the SRB passdown schedule:

a. ***Long-Term Debt Rollforward*** – This tab shows the rollforward activities from prior year-end to current year-end which include additions (i.e. new bond issuance or interest rollover in the case of BAN), reductions (i.e. payments, amortization of premium/discount and unamortized loss on refunding), and bond defeasances. The debt is segregated by SRB program (i.e. Parking, Housing, Union, Auxiliary, CERF, and Health Center) and project as this will distinguish the correct CSU fund to use. The components of long-term debt obligation includes the principal and net premium/discount. The unamortized loss/gain on refunding is also included in the passdown schedule as they relate to SRB debt, however, this maps to Deferred Outflows of Resources or Deferred Inflows of Resources. The information included in the rollforward should be used to complete Note 8.1 input sheet in YES (TM1) reporting package.

b. ***Amortization Schedule*** – This tab shows the amortization schedule for the net premium/discount and loss/gain on debt refunding for the life of the debt. The amortization of net premium/discount is over the life of the debt and charged as an adjustment to interest expense. The amortization of loss/gain on debt refunding is over the life of the old debt or the new debt, whichever is shorter.

c. ***Footnote Schedule*** – This tab shows the information required in Note 7.1 and 7.3 input sheets in YES (TM1) reporting package. This includes the following:
   - Interest Range
   - Maturity Date
   - Original Issue Amount
   - Amount Outstanding
   - Future Principal Payments by Fiscal Year
   - Future Interest Payments by Fiscal Year

d. ***Journal Entries*** – This tabs lists all the GAAP journal entries that campus should record as they relates to the SRB debt and BANs. It covers all transactions related to the debt, investment held by CO, debt services, investment income. Although the entries are provided by CO, each campus should review them for accuracy prior to booking in the ledger. Campus should understand the objective of each entry and be able to perform its own reconciliation. There is also a section to check account balances after recording the journal entries, this is a way for the CO to see if the ending balance agree with the rolled forward account balances.

e. ***Rollforward of Investments Held in State Funds 0576 and 0578*** – This tab shows the activities within the CSU funds in State Funds 0576 and 0578. The proceeds from bond and BAN issuances are held in State Fund 0576 and campus withdraws funds during construction of capital asset. The debt service activities are in State Fund 0578. Some of the activities are already booked by the campus in legal ledger while the others are through passdown journal entries. All the transactions are presented in this tab to determine the ending balances of Investment in State Funds 0576 and 0578 which are reported in Note 3 of the YES (TM1) reporting package as Investment Held by CO.

f. ***Transfers to escrow*** – This tab shows the details of the amounts transferred to escrow relating to debt refunding. This will be used to complete the Statement of Cash Flows and is only available when there is a new debt or a refunding of debt.

g. ***Loss on Debt Refunding Calculation*** – This tab shows the calculation of the loss on debt refunding for all current and advanced refunding. This tab will only be available if there are debt refunding in the current year.

h. ***Sources and Uses*** – This tab shows the breakdown of the sources and uses of the funds received as a result of a new debt or a refunding of debt.

- Debt proceeds that are not related to the capital asset (e.g. unexpended portion of bond proceeds, non-capitalizable expenses or debt service costs) should not be recorded in fund 0997.501 to avoid understating the net investment in capital assets.
- For both the BAN and SRB, campuses must analyze the interest expense and investment income passed down from the CO to determine how much, if any, of the interest expense in excess of investment income should be capitalized towards the cost of each project's CWIP. Refer to Chapter 4 *Capital Assets, Depreciation and Amortization.*
- Please note that pre-2008, the proceeds from SRB issuances used to finance capital assets of auxiliary organization or refund bonds originally issued by auxiliaries are covered by a capital lease agreement between the campus and auxiliary organization. The campus shall carry the long-term debt obligation and capital lease receivable. Refer to Chapter 4, *Receivables,* for accounting treatment for capital lease receivable.
- Post-2008, the proceeds from SRB issuances used to finance capital assets of auxiliary organization or refund bonds originally issued by auxiliaries are covered by a note agreement between the CSU Trustees and auxiliary organization. The CO (as the headquarters) shall carry the long-term debt obligation and note receivable.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.3.6 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: LONG-TERM DEBT OBLIGATIONS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	New in FY14/15	April 2015

CHAPTER 4.3.7

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: DEPOSITORY ACCOUNTS

1 GAAP POLICIES AND PROCEDURES

Depository accounts, if applicable, should be classified as noncurrent liabilities if deposits recorded are due in more than one year from year-end or other than the use for current operation (e.g. capital projects). Noncurrent depository accounts must meet at least one of the following criteria:

- Not used in current operations;
- Restricted for acquisition or construction of noncurrent assets;
- Restricted for the liquidation of long-term obligations;
- Restricted to use for other noncurrent operating purposes.

Depository accounts, if applicable, due within one year and use for current operation, should be classified as current depository accounts. Current depository accounts meet at least one of the following criteria:

- Expected be expended within one year and used in current operations;
- Used for the acquisition of current assets;
- Used to liquidate current obligations;
- Used for other current operating purposes.

2 RELEVANT ACCOUNTING LITERATURE

Not applicable.

3 OBJECTIVE OF GAAP ADJUSTMENTS

To review agency transactions that may or may not require GAAP adjusting entries at year-end:

- Associated Student Body Fees
- Student Union Fees
- Collections on behalf of auxiliary organizations for non-SRB (SystemWide Revenue Bond) related and SRB related transactions.
- Investment held by campus on behalf of auxiliary organizations

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Accounts

712110 – Depository Accounts-Current

712207 – Depository Accounts-Noncurrent

GAAP Accounting Treatment

Depository accounts are used with CSU funds under 891 (Agency Funds: Depository Accounts) net position category. 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. Because of their custodial nature, agency funds should never have net position on the post-closing trial balance or revenue and expense activity on the pre-closing trial balance.

4.2 Associated Student Body (ASB) Fees

ASB fees and associated claim schedule disbursements on behalf of the student body organization are treated as agency transactions. In legal-basis accounting, revenues earned and expenses disbursed for ASB are recorded in **CSU fund 461**, *Associated Student Body Trust*. The associated PeopleSoft accounts should map to object code 206701, Depository accounts-current and will correctly derive to depository accounts in GAAP. Therefore, with correct account mapping, there will be no GAAP adjusting entry at year-end.

Please refer to Chapter 33, *Associated Student Body Trust*, of Legal Manual for additional information.

4.3 Collections for Component Units (Auxiliary Organizations)

Campuses can create separate PeopleSoft accounts to track revenue and expense for legal-basis reporting and map both accounts to the depository accounts to meet GAAP reporting requirement. With correct account mapping, there practically will be no GAAP adjusting entry at year-end.

At fund level, different agency transactions need to be accounted through separate CSU funds.

- Non-SRB related 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 whereas collections related to SRB activities for auxiliary organizations should be recorded in **CSU fund 537**, Auxiliary Org-Operations and Revenue, with 891 net position classification.

- Collection of ASB fees for auxiliary organizations should be booked to **CSU fund 461** using the same depository object code as above.

Investments held by the campus on behalf of an auxiliary organization should be recorded as depository accounts (rather than accounts payable) by the campus as the auxiliary organization would record the transaction as accounts receivable from campus. Due to timing issue, fourth quarter investment earnings might be recognized and recorded using GAAP adjusting entry.

Below is an example of GAAP adjusting entry at June 30 to record accrual of fourth quarter investment earning.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711102	Short-term investments	891-Agency Funds: Depository Account	90	461	$500
711102	Short-term investments	891-Agency Funds: Depository Account	90	534	$200
712110	Depository accounts, current	891-Agency Funds: Depository Account	90	461	($500)
712110	Depository accounts, current	891-Agency Funds: Depository Account	90	534	($200)
Journal Description	**To accrue 4th quarter investment earnings.**				

Please refer to Chapter 10, *Auxiliary Organizations*, of Legal Manual for additional information.

4.4 GRANTS AND SCHOLARSHIPS

When a campus receives scholarship monies for which the scholarship recipients have been determined by another agency, the campus is acting as their agent. The transactions are to be recorded in **CSU fund 436,** Miscellaneous Financial Aid and Other Agency. As the money does not belong to the campus, there should be no revenue or expenses recorded in conjunction with these types of transactions. Both receipts and disbursements would be recorded using liability object code 206700, Depository Accounts-Noncurrent, or 206701, Depository Accounts-Current. The legal-basis recording will derived to GAAP accounts correctly without GAAP manual adjusting entry at year-end.

Please refer to Chapter 32, *Financial Aid-Campus/Local/Nongovernmental*, of Legal Manual for additional information.

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

REVISION CONTROL

Document Title: CHAPTER 4.3.7 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: DEPOSITORY ACCOUNTS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	New in FY14/15.	April 2015

CHAPTER 4.3.8

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: GRANTS REFUNDABLE

1 GAAP POLICIES AND PROCEDURES

Grants refundable are associated with the periodical contributions from the Federal government in support of its operation of the Federal Perkins and Nursing Loan programs, both Title IV Loan programs. The federal government has the ability to terminate its support of these programs at any time and to request that the University return those contributions on a cumulative basis. Accordingly, the federal contributions received and retained by the University at year-end are considered liabilities of the University and are reflected as such in the accompanying Statement of Net Position (SNP).

Title IV Loan programs include Federal Family Education Loan (FFEL), Direct Loan and Federal Perkin Loan.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*

3 OBJECTIVE OF GAAP ADJUSTMENTS

- To reclassify applicable revenue and expenses on federal financial aid programs to grants refundable as applicable.
- To adjust reserve allowance against students loan receivable pertaining to Federal Perkins loans and nursing loan program.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712203 – Grants refundable

4.2 GAAP Accounting Treatment

Revenue and expenses of federal financial aid programs are recorded in the legal-basis books. A GAAP adjustment is necessary to reclassify revenues and expenses of federal financial aid programs in agency fund net position category to grants refundable at June 30, CY. Refer to Chapter 4 *Accounts Receivable* for more discussion on the GAAP treatment to recognize the reserve allowance for student loans receivable.

Example

In FY20CY, a campus received financial aid contribution from the Perkins Loan program amounting to $150,000. The grant was used to pay student loans of $100,000, and interest on student loan of $50,000.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004	Supplies and services	892 – Agency Funds-Grants Refundable	05	403	$100,000
711102	Short-term Investment	892 – Agency Funds-Grants Refundable	90	403	$60,000
721007	Other operating revenues	892 – Agency Funds-Grants Refundable	50	403	($10,000)
723007	Federal financial aid grants, noncapital	892 – Agency Funds-Grants Refundable	50	403	($150,000)
Journal Description	**Accounting records derived from legal for recording of funds received and expended in relation to the Perkins Loan Program.**				

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723007	Federal financial aid grants, noncapital	892 – Agency Funds-Grants Refundable	50	403	$150,000
721007	Other operating revenues	892 – Agency Funds-Grants Refundable	50	403	$10,000
722004	Supplies and services	892 – Agency Funds-Grants Refundable	05	403	($100,000)
712203	Grants refundable	892 – Agency Funds-Grants Refundable	90	403	($60,000)
Journal Description	**To reclassify revenue and expenses in agency fund to grants refundable at 6/30/CY.**				

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title: Chapter 4.3.8 – GAAP Adjustments and Reclassification Entries – Liabilities: Grants Refundable

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
	New in FY14/15	

Chapter 4.3.9

GAAP Adjustments and Reclassification Entries

Liabilities: Other Postemployment Benefits Obligation

1 GAAP Policies and Procedures

The Other Postemployment Benefits (OPEB) obligation includes the CSU's estimated funding liability of the State administered and sponsored plan as of the fiscal year end. The State's actuary has employed methods and assumptions considered reasonable and appropriate given the information currently available. Given the inherent uncertainty in the nature of such estimates, future amounts may deviate from those estimates.

In accordance to GASB pronouncements, CSU is required to recognize the cost of OPEB on an accrual basis.

Postretirement Healthcare Plan

The State provides retiree healthcare benefits to statewide employees, including the University employees, through the programs administered by CalPERS. The State's substantive plan represents a substantive single-employer defined benefit OPEB Plan, which includes medical and prescription drug benefits (collectively, healthcare benefits) to the retired University employees. The University provides dental benefits to eligible University's retirees. Eligible retirees receive healthcare and dental benefits upon retirement at age 50 with 5 years of service credit.

For healthcare benefits, CalPERS offers Preferred Provider Organizations (PPOs), Health Maintenance Organizations (HMOs), and Exclusive Provider Organizations (EPOs) (limited to members in certain California counties); for dental benefits, a Dental Maintenance Organization (DMO) and dental indemnity plans to the University's retirees. Health plans offered, covered benefits, monthly rates, and copayments are determined by the CalPERS Board, which reviews health plan contracts annually.

The contribution requirements of retirees and the State are established and may be amended by the State legislature. For healthcare benefits, the State makes a contribution toward the retiree's monthly health premiums, with the retirees covering the difference between the State's contribution and the actual healthcare premium amount. The State contribution is normally established through collective bargaining agreements. No retiree contribution is required for dental benefits.

Funding Policy

For healthcare benefits, responsibility for funding the cost of the employer share of premiums is apportioned between the State and the University based on "billable" and "nonbillable" accounts. Billable accounts have special revenue sources such as fees, licenses, penalties, assessments, and interest, which offset the costs incurred by a State department during the year. The University reimburses the State for retiree's health benefit costs allocated to billable accounts but not for costs allocated to nonbillable accounts. The University is responsible for funding the costs of the billable accounts on a pay-as-you-go basis as part of the statewide general administrative costs charged to the University. The State is responsible for funding the cost of the employer share of healthcare premiums of retirees for all nonbillable accounts.

The University is responsible for paying the cost of dental benefits for all University retirees using funds provided by the State through general fund appropriations. The University makes payments directly to Delta Dental for the retiree's monthly dental premiums. The University is paying these benefits on a pay-as-you-go basis.

2 Relevant Accounting Literature

GASB Statement No. 43, *Financial Reporting for Postemployment Benefit Plans and Other than Pension Plans*

GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*

3 Objectives of GAAP Adjustments

- To reverse accrual of other postemployment benefits obligation made in prior year.
- To accrue other postemployment benefits obligation as of year-end.

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

712209 - Other postemployment benefits obligations

722002 – Benefits

4.2 Billable versus Nonbillable Accounts

The OPEB obligation includes the employer's share of health and dental benefits for retirees, and are classified as billable and nonbillable accounts. Billable accounts are State funds that (1) have special revenue sources, such as fees, licenses, penalties, assessments, interest, etc., and (2) support a State department. For nonbillable accounts, the State is responsible and pays for the cost of the employer's share of health benefits for retirees. The State also pays for the cost of the employer's share of health benefits for retirees for billable accounts but allocates the cost to the CO through the State's pro rata process. The CO then allocates this cost to the campuses, which only includes the health benefits portion for the billable accounts. The CO pays for the cost of the employer share of dental benefits for retirees for both billable and nonbillable accounts, and does not allocate this cost to the campuses. Because of this, only the health benefits portion of the OPEB obligation for the billable accounts is allocated to and accrued by the campuses.

OPEB Obligation	**Billable Accounts**	**Nonbillable Accounts**
Health Benefits	The State allocates to the CSU. Cost is allocated to and accrued by campuses.	Paid by the State. No accrual by the CSU.
Dental Benefits	Accrued by the CO. No allocation to campuses.	Accrued by the CO. No allocation to campuses.

As an agency of the State, the CSU is included in the State's OPEB actuarial study. Therefore, the amounts of annual required contribution (ARC), employer contributions, and net OPEB obligation (NOO) are all provided by the State Controller's Office (by State fund). The CO estimates the portion of the OPEB obligation related to health benefits based on the percentage of each campus' health benefits contributions compared to the total employer contributions. The CO allocates this estimated health benefits portion of the OPEB obligation to campuses based on the campuses' retirement expenses (object code 603005) for the billable funds recorded in the legal-basis accounting records.

The following CSU funds are considered billable:

CSU Fund	**CSU Fund Description**	**Type**	**Program**	**SCO Fund**
441	TF CERF Extended Education	Billable	CERF	0948
442	TF CERF-Construction	Billable	CERF	0948
443	TF CERF-Maintenance and Equipment	Billable	CERF	0948
444	TF CERF-Campus Partners	Billable	CERF	0948
452	TF Facility Revenue Fund-Health Facilities Fee	Billable	Health	0948
462	TF Campus Union Operating Revenue Trust	Billable	Union	0948
471	TF Parking Revenue Fund-Fines and Forfeitures	Billable	Parking Fines	0948
472	TF Parking Revenue Fund-Parking Fees	Billable	Parking Fees	0948
473	TF Parking Revenue Fund-Construction	Billable	Parking Fees	0948
474	TF Parking Revenue Fund-Maintenance and Equipment	Billable	Parking Fees	0948
496	TF Miscellaneous Trust	Billable	Trust	0948
531	TF Housing-Operations and Revenue	Billable	Housing	0948
532	TF Housing-Maintenance and Repair	Billable	Housing	0948
533	TF Housing-Construction	Billable	Housing	0948
534	TF Campus Union-Operations and Revenue	Billable	Union	0948
535	TF Campus Union-Maintenance and Repair	Billable	Union	0948
536	TF Campus Union-Construction	Billable	Union	0948
537	TF Auxiliary Org.-Operations and Revenue	Billable	Auxiliary Operations	0948
560	TF Cal State Online	Billable	CERF	0948
561	TF Cal State Online Program Reinvestment	Billable	CERF	0948

The allocation entries to record the OPEB obligation as of year-end per campus will be provided by the CO. Campus should record the OPEB obligation journal entry based on the GASB 45 template provided by the CO. The schedule is posted on the CO website and emailed via SFSR_GAAP@calstate.edu as discussed in Chapter 5 *GAAP Adjustments of Reclassifications that Require Information from the Office of the Chancellor*.

EXAMPLE

The current year ARC $3,000,000, employer contribution $2,000,000, and NOO $1,000,000 are allocated to the State fund and CSU fund 0948.XXX of the campus. In prior year, ARC is $2,000,000, employer contribution $1,500,000, and NOO $500,000 are allocated to the state fund and CSU fund 0948.XXX of the campus.

Reverse Prior Year Balance

NOTE: Campuses should NOT reverse the prior year OPEB obligations accrual until the current year-end accrual from the CO is ready for posting. This is to avoid an out-of-balance situation in the initial reporting package in TM1, which is typically due before the current year's OPEB obligation is recorded.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712209	Other postemployment benefits obligations	881 – Unrestricted	90	496	$500,000
722002	Benefits	881 – Unrestricted	Various	496	($500,000)
Journal Description	**To properly reverse 6/30/PY OPEB liability.**				

Record Current Year Balance

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722002	Benefits	881 – Unrestricted	Various	496	$1,000,000
712209	Other postemployment benefits obligations	881 – Unrestricted	90	496	($1,000,000)
Journal Description	**To properly reverse 6/30/PY OPEB liability.**				

The campus must record a GAAP adjustment to accrue the NOO, which is the difference between the ARC and the employer contribution. Refer to the Legal Manual in Chapter 6 *Extended Education (EE), 3.4.1 Centrally Paid Costs for State Overhead (Pro Rata)* for more information on recording employer contribution. The ARC and the employer contribution are required for footnote disclosure only and will be entered by the CO in Note 19 *Other Post-Employment Benefits Obligation* in the YES (TM1) reporting package. The campus needs to validate the numbers in the note in YES with the allocation schedule provided for recording the GAAP adjusting entries. The ARC, contribution, and NOO should agree between the note in YES and the allocation schedule.

NOTE: Campuses should only record OPEB obligations in the CSU funds which have recorded payroll expenses. For instance, the general fund (CSU fund 001) usually does not record payroll expenses and therefore should not have any OPEB obligations recorded.

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 PASSDOWN SCHEDULES

http://www.calstate.edu/sfsr/gaap/ under Passdown Schedules and by selecting the most recent fiscal year.

REVISION CONTROL

Document Title: CHAPTER 4.3.9 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: OTHER POSTEMPLOYMENT BENEFITS OBLIGATION

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 5.6.	April 2015

CHAPTER 4.3.10

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: PENSION OBLIGATION

1 GAAP POLICIES AND PROCEDURES

University Pension Plan

The University, as an agency of the State, contributes to California Public Employees' Retirement System (CalPERS). The State's plan with CalPERS is an agent multiple-employer defined-benefit pension plan and CalPERS function as an investment and administrative agent for its members. For the University, the plan acts as a cost-sharing multiple-employer defined-benefit pension plan, which provides a defined-benefit pension and postretirement program for substantially all eligible University employees. The plan also provides survivor, death, and disability benefits. Eligible employees are covered by the Public Employee's Medical and Hospital Care Act (PEMHCA) for medical benefits.

Employee Contribution

The University personnel are required to contribute 5.0% of their annual earnings in excess of $513 per month to CalPERS. Effective January 1, 2013, all new employees that are considered "new members" to CalPERS are required to contribute 50% of the normal cost for their category (e.g. State Miscellaneous Member is 6% of their annual earnings per month to CalPERS).

Employer Contribution

The University is required to contribute at an actuarially determined rate; the current rate for State Miscellaneous is approximately 24.3% of annual covered payroll. The contribution requirements of the plan members are established and may be amended by CalPERS. The contractual maximum contribution required for the University is determined by the annual CalPERS compensation limit(s) which are based on provisions of Assembly Bill (AB) 340 and the Internal Revenue Code (IRC) 401 (a) 17 limits.

The employer contribution pertaining to pension is recorded in the legal basis books in FIRMS object code 603005, *Retirement*, which derives to GAAP account 722002, *Benefits.*

Recognition of Pension Obligation

Effective fiscal year 6/30/2015, GAAP requires recognition of a liability equal to the net pension liability, which is measured as the total pension liability, less the amount of the pension plan's fiduciary net position.

The total pension liability is determined based upon discounting projected benefit payments based on the benefit terms and legal agreements existing at the pension plan's fiscal year end. Projected benefit payments are required to be discounted using a single rate that reflects the expected rate of return on investments, to the extent that plan assets are available to pay benefits, and a tax-exempt, high-quality municipal bond rate when plan assets are not available. GAAP requires that most changes in the net pension liability be included in pension expense in the period of the change.

2 Relevant Accounting Literature

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, effective for the University's fiscal year beginning July 1, 2014. This Statement revises existing standards for employer financial statements relating to measuring and reporting pension liabilities for pension plans provided by the University to its employees.

3 Objective of GAAP Adjustments

In compliance with GAAP, the University should recognize its proportionate share of the following as of and for the year then ended:

(a) Net pension obligation

(b) Pension expense

(c) Deferred outflows of resources related to pension

(d) Deferred inflows of resources related to pension

4 GAAP Accounting Treatment And Journal Entries

4.1 GAAP Account(s)

722002 – Benefits

712210 – Pension Obligation

711302 – Deferred Outflows – Net Pension Obligation

712302 – Deferred Inflows – Net Pension Obligation

4.2 Recognition and Measurement in Financial Statements

4.2.1 Key Recognition and Measurement Dates

1. Fiscal Year-End
2. Measurement Date – No earlier than end of the prior fiscal year. Total Pension Liability (TPL) and Plan Fiduciary Net Position are calculated as of this date.
3. Actuarial Valuation Date – If not the same as measurement date, as of date should be no more than 30 months +1 day prior to fiscal year end. At least every 2 years, more frequent valuation is encouraged. Actuarial results must be projected forward from the valuation date to the measurement date. It must reflect any source of material impact like legally adopted changes in the benefit terms prior to the measurement date.

4.2.2 Recognition and Measurement – Net Pension Liability, Pension Expense, Deferred Outflows/Inflows of Resources

Total Pension Liability (TPL)	• Equal to or a portion of the actuarial present value of projected benefit payments that is attributable to past periods of employee service.
Pension Plan's Fiduciary Net Position	• Should be determined using the same valuation methods used by the pension plan for purpose of preparing statement of fiduciary net position.
Net Pension Liability (NPL)	• It is the difference between the two components above.

The University shall recognize its proportionate share of the collective net pension liability of the cost-sharing employers as of measurement date. The collective net pension liability is actuarially determined by CalPERS annually. CalPERS determines the proportionate share of the State of California (State). The State then determines the proportionate share of the University which is further allocated to the 23 campuses and the Office of the Chancellor.

The year-over-year change in net pension liability is usually recognized as pension expense. Pension expense include service cost, interest in TPL, effects of benefit changes, projected earnings on plan investments. There are exceptions to this general concept, they are as follows:

- Difference between expected and actual experience (TPL)*
- Changes of assumptions (TPL)*
- Difference between projected and actual earnings on pension plan investments *
- Employer contributions**

*Pension expense is recognize in current and future periods. Amortization period varies based on the type of difference/change. The portion not recognized as expense are in deferred outflows/inflows of resources related to pensions.

** Employer contributions during the measurement period directly reduce net pension liability (no expense impact). Employee contributions subsequent to measurement date shall be recognized as deferred outflow of resources related to pension and directly reduce NPL in the next reporting period (no expense impact).

The University should recognize the proportionate share of the pension expense, and collective deferred outflows of resources and collective deferred inflows of resources.

The determination of the proportionate share of the University is discussed in the GASB 68 implementation memo from the State, see section 5, *Reference Tools*, below. The campus allocation will be provided by the CO as a passdown schedule for GAAP reporting, see Chapter 5 of this manual.

Below is an example of the journal entry in GAAP which should be reversed in the subsequent year.

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722002	Benefits	881-Unrestricted	20	531	$X,XXX
711302	Deferred outflows – Net Pension Obligation	881-Unrestricted	90	531	$X,XXX
712302	Deferred inflows – Net Position Obligation	881-Unrestricted	90	531	($X,XXX)
712210	Pension Obligation	881-Unrestricted	90	531	($X,XXX)
Journal Description	**To record pension obligation as of June 30.**				

5 Reference Tools

5.1 SCO GASB Statement No. 68 Implementation Memo (Pending)

5.2 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.3 GASB Statement No. 68 Implementation Guide with Q&A

http://gasb.org/jsp/GASB/Page/GASBSectionPage&cid=1176163026371

REVISION CONTROL

Document Title: CHAPTER 4.3.10 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – LIABILITIES: PENSION LIABILITY

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	New addition to the GAAP Manual as a result of GASB Statement No. 68, *Pension Obligation* implementation.	April 2015

CHAPTER 4.3.11

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

LIABILITIES: OTHER LIABILITIES

1 GAAP POLICIES AND PROCEDURES

Other liabilities are used to group liabilities that do not fall in any of the liability line items such as accounts payable, accrued expenses, long-term debt obligations, depository accounts, etc. Noncurrent other liabilities are not due for payment for a year or more; current portion are due to be settled within 12 months.

These liabilities are miscellaneous debt and generally consist transactions such as scholarships payable, sales and use tax payable, federal and state income tax withheld, escheat, meal plans, deposits, Capital Planning Design & Construction administration fees, agency, interest expense payable, uncleared collections, pollution remediation obligation, and loans payable.

2 RELEVANT ACCOUNTING LITERATURE

- GASB Statement No. 21, *Accounting for Escheat Property*
- GASB Statement No. 49, *Accounting And Financial Reporting For Pollution Remediation Obligations*

3 OBJECTIVE OF GAAP ADJUSTMENTS

- To record accruals associated with pollution remediation obligation not included in the legal basis ledger.
- To adjust escheat payable at year-end as necessary.
- To record accrued interest expense for long-term debt. (Refer to passdown journal entries if related to SRB debt and Chapter 4, *Long Term Debt Obligations* of GAAP manual.)

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

712109 – Other liabilities - current
712208 – Other liabilities - noncurrent

4.2 Pollution Remediation Obligations

4.2.1 Overview

In November 2006, the Governmental Accounting Standards Board (GASB) issued Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*. The objective of this Statement is to enhance the usefulness and comparability of pollution remediation obligations for all state and local governments, including the CSU. The statement sets uniform standards requiring more timely and complete reporting of such obligations.

Paragraph 5 of GASB Statement No. 49 defines a pollution remediation obligation as an obligation to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities. For example, obligations to clean up spills of hazardous wastes or hazardous substances and obligations to remove contamination such as asbestos are pollution remediation obligations. Pollution remediation activities include the following:

(a) Pre-cleanup activities, such as the performance of a site assessment, site investigation, and corrective measures feasibility study, and the design of a remediation plan.

(b) Cleanup activities, such as neutralization, containment, or removal and disposal of pollutants, and site restoration.

(c) External government oversight and enforcement-related activities, such as work performed by an environmental regulatory authority dealing with the site and chargeable to the government.

(d) Operation and maintenance of the remedy, including required monitoring of the remediation effort (post-remediation monitoring).

Note: Not all pollution remediation obligations will involve all of the above activities. For example, asbestos removal typically will not involve post-remediation monitoring. In addition, paragraph 6 of the Statements No. 49 states that pollution remediation obligations do not include pollution prevention or control obligations with respect to current operations. For example, obligations to install smokestack scrubbers, treat effluent, or use environmental-friendly products would not be considered pollution remediation obligations. Moreover, paragraph 4 of GASB Statement No. 49 states that the following do <u>not</u> apply:

(a) Landfill closure and post-closure care obligations

(b) Other future pollution remediation activities that are required upon retirement of an asset (asset retirement obligations, such as nuclear power plant decommissioning) during the periods preceding the retirement. However, this applies to those activities *at the time of the retirement if* obligating events are met and a liability has not been recorded previously.

(c) Recognition of asset impairments or liability recognition for unpaid claims by insurance activities.

(d) Pollution prevention or control obligations with respect to current operations, or to fines, penalties, and other non-remediation outlays.

(e) Accounting for non-exchange transactions, such as brownfield redevelopment grants.

4.2.2 Obligating Events

The first step for a campus in determining if they need to record a pollution remediation obligation is to assess if an obligating event has occurred. When a campus knows or reasonably believes that a site is polluted, the campus should determine if any of the following events has occurred prior to June 30th:

(a) The campus is compelled to take remediation action because pollution creates an imminent endangerment to public health or welfare or the environment, leaving it little or no discretion to avoid remediation action.

(b) The campus is in violation of a pollution prevention-related permit or license, such as a Resource Conservation and Recovery Act (RCRA) permit or similar permits under state law.

(c) The campus is named, or evidence indicates that it will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs.

(d) The campus is named, or evidence indicates that it will be named, in a lawsuit to compel the government to participate in remediation.

(e) The campus commences, or legally obligates itself to commence, cleanup activities or monitoring or operation and maintenance of the remediation effort. If these activities are voluntarily commenced and none of the other obligating events have occurred relative to the entire site, the amount recognized should be based on the portion of the remediation project that the government has initiated and is legally required to complete.

4.2.3 Components, Benchmarks, & Measurement

Components of a liability (for example, legal services, site investigation, and required post-remediation monitoring) should be recognized as they become reasonably estimable. Paragraphs 12 and 13 of Statement No. 49 provide benchmarks for evaluating when various components become reasonably estimable.

Pollution remediation liabilities should be measured based on the pollution remediation outlays expected to be incurred to settle those liabilities. Profits and risk premiums that another party would demand to perform pollution remediation work should be included in the measurement of the campus' liability only if the campus expects to utilize another party to perform the work. Paragraphs 15 through 18 of Statement No. 49 provide the campus with further guidance on measuring expected outlays.

4.2.4 Recoveries

In some instances, a campus may be able to recover the costs associated with the remediation of pollution from an insurer or another responsible party. If the expected recoveries are not yet realized or realizable, they should reduce the measurement of the campus' pollution remediation liability. If, on the other hand, the expected recoveries are realized or realizable, they should be recognized separately as recovery assets from the liability (for example, cash or receivables).

If recoveries become expected in periods following the completion of all remediation work, such that a pollution remediation liability no longer exists, those transactions should be recorded as revenue and an asset (i.e. cash if realized and accounts receivable if realizable). All cash flows for pollution remediation activities should be reported gross, in accordance with the provisions of GASB Statement No. 49.

4.2.5 Capitalization

Generally, all pollution remediation outlays, including outlays for property, plant, and equipment, should be reported as an expense when a liability is recognized. Only in one or more of the following circumstances should the campus capitalize the costs associated with the pollution remediation outlays:

(a) To prepare property in anticipation of a sale. In this circumstance, the campus should only capitalize the amounts that would result in the carrying amount of the property not exceeding its estimated fair value upon completion of the remediation.

(b) To prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated.

(c) To perform pollution remediation that restores a pollution-caused decline in service utility that was recognized as asset impairment.

(d) To acquire property, plant, and equipment that have a future alternative use.

Please refer to **Chapter 13**, *Capital Assets Guide* of GAAP manual, for additional information of capitalization criteria associated with the pollution remediation outlays.

Please refer to **Chapter 4**, *Capital Assets, Depreciation and Amortization* of GAAP manual, for recording the addition to capital assets.

4.2.6 GAAP Adjusting Entries and Disclosure

FIRMS object codes and corresponding GAAP account mapping listed below have been set up for recording pollution remediation costs and obligations:

FIRMS Object Code	GAAP Account	FIRMS Object Code Description
607043 - Capital-Pollution Remediation Costs	722004 - Supplies and other services	*For pollution remediation costs that are used for capital outlays (i.e. state Bond or SRB). It can be used by any CSU fund as long as it is for a capital project. Only a few types of pollution remediation costs are capitalizable according to GASB No. 49. Please refer to the "Capitalization" section above for more details*
660027 - Pollution Remediation Expenses	722004 - Supplies and other services	*For pollution remediation costs that are used for noncapital outlays. It cannot be used by capital outlay funds. Expenses recorded in this object code should* <u>*not*</u> *be capitalized*
250008 - Pollution remediation obligation-current portion	712109 - Other liabilities-current	
263080 - Pollution remediation obligation - net of current portion	712208 - Other liabilities-noncurrent	

Campuses should input their pollution remediation obligations into section 12.3 "Pollution Remediation Liabilities" of note 12 "Commitments and Contingencies" in YES (TM1). This section supports their GAAP financial statements' footnote disclosure.

Pollution remediation costs and obligations generally are recorded in legal ledger using object codes listed above; the legal-basis data will derive to GAAP ledger properly. Therefore, GAAP adjusting entry are only made if the costs are not recognized in legal or additional costs need to be accrued at year-end. Campus should confirm how accrual adjustments were actually recorded in the legal accounting records and determine if GAAP manual entry is needed.

Below are examples of journal entries derived from legal-basis accounting to record accrual of pollution remediation costs and obligations.

EXAMPLE - In <u>**Year 1**</u>, the campus determines that $5,000,000 in outlays will be required to remediate asbestos in an academic building and has legally obligated itself to do so. The outlays will be paid from the CSU Operating fund. Additionally, the campus has received an acknowledgement from an insurer that it will cover 60% of the costs associated with the remediation.

The entry below assumes that the outlays were recorded functionally as operation and maintenance of plant (Program code 07).

Year 1 - Derived GAAP Entry (Period 1 to 12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Accounts receivable, net (Current)	881-Unrestricted	90	485	$3,000,000
722004	Supplies and other services	881-Unrestricted	07	485	$2,000,000
712109	Other liabilities-current	881-Unrestricted	90	485	($5,000,000)
Journal Description	**Accounting records derived from legal for recording the pollution remediation obligation and associated accounts receivable from the insurer.**				

In **Year 2**, the following activities occurred and recorded in legal and the GAAP derived entries are presented below:

- Reversed Year 1 accruals and posted to period 1 assuming reversal entry was produced by PeopleSoft Accrual entry process.

  Derived GAAP entry in CSU 485, Net position 881
  Dr. 712109-Other liabilities-current $5M
  Cr. 711103-Accounts receivable, net (Current) $3M
  Cr. 722004-Supplies and other services $2M

- Received recoveries of $3 million from insurance company and recorded as other non-operating revenues.

  Derived GAAP entry in CSU 485, Net position 881
  Dr. 711101-Cash and cash equivalents $3M
  Cr. 723006-Other nonoperating revenues (expenses) $3M

- Paid costs of $3 million for cleaning activities using the amount recovered and recorded as Pollution Remediation Expenses.

  Derived GAAP entry in CSU 485, Net position 881
  Dr. 722004-Supplies and other services $3M
  Cr. 711101-Cash and cash equivalents $3M

- The remaining $2 million of cleaning costs will be paid in Year 3, thus, re-established the current portion of the other liabilities.

  Derived GAAP entry in CSU 485, Net position 881
  Dr. 722004-Supplies and other services $2M
  Cr. 712109-Other liabilities-current $2M

Below is the condensed derived journal entry.

Year 2 - Derived GAAP Entry (Period 1 to 12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712109	Other liabilities-current	881-Unrestricted	90	485	$3,000,000
722004	Supplies and other services	881-Unrestricted	07	485	$3,000,000
711103	Accounts receivable, net (Current)	881-Unrestricted	90	485	($3,000,000)
723006	Other nonoperating revenues (expenses)	881-Unrestricted	50	485	($3,000,000)

Based on the scenario, there should be no revenues and expense in Year 2 to be recognized in GAAP for the remediation costs incurred which were recovered from insurer. Thus, a manual GAAP journal entry must be created to reverse any revenues and expense that derived from legal basis to GAAP.

Year 2 - Manual GAAP Adjusting Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723006	Other nonoperating revenues (expenses)	881-Unrestricted	50	485	$3,000,000
722004	Supplies and other services	881-Unrestricted	07	485	($3,000,000)
Journal Description	**To eliminate the double counting of revenue and expense associated with pollution remediation costs recovered from insurer.**				

<u>After legal closed,</u> the campus realizes that it will be able to collect $1,000,000 from another responsible party for a pollution that was remediated by the campus.

Year 2 – Manual GAAP Adjusting Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Accounts receivable, net (Current)	881-Unrestricted	90	485	$1,000,000
723006	Other nonoperating revenues (expenses)	881-Unrestricted	15	485	($1,000,000)
Journal Description	**To properly record the expected realizable recovery from another responsible party at year-end.**				

In **<u>Year 3</u>**, the following transactions occurred and are recorded in legal d the GAAP derived entries are presented below:

- Reversed Year 2 accruals and posted to period 1 assuming reversal entry was produced by PeopleSoft Accrual entry process.

<u>Derived GAAP entry in CSU 485, Net position 881</u>
Dr. 712109-Other liabilities-current $2M
Cr. 722004-Supplies and other services $2M

- Paid the remaining costs of $2 million for cleaning activities and recorded as Pollution Remediation Expenses.

Derived GAAP entry in CSU 485, Net position 881
Dr. 722004-Supplies and other services $2M
Cr. 711101-Cash and cash equivalents $2M

- Collected $1 million from the responsible party and recorded as other non-operating revenues.

Derived GAAP entry in CSU 485, Net position 881
Dr. 711101-Cash and cash equivalents $1M
Cr. 723006-Other nonoperating revenues (expenses) $1M

Year 3 - Condensed derived GAAP entry (Period 1 to 12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712109	Other liabilities-current	881-Unrestricted	90	485	$2,000,000
711101	Cash and cash equivalents	881-Unrestricted	90	485	$1,000,000
723006	Other nonoperating revenues (expenses)	881-Unrestricted	50	485	($1,000,000)

Year 3 - Manual GAAP Adjusting Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
723006	Other nonoperating revenues (expenses)	881-Unrestricted	15	485	$1,000,000
711103	Accounts receivable, net (Current)	881-Unrestricted	90	485	($1,000,000)
Journal Description	**To properly reverse the impact of collecting the $1,000,000 from another responsible party and posting it as revenue in Year 2.**				

4.3 Escheat

An escheat is the reversion of property to a governmental entity in the absence of legal claimants or heirs. Escheat property includes stale dated checks.

Per GASB Statement No. 21 *Accounting for Escheat Property*, only the amounts that are expected to be paid out to claimants should be shown as a liability for GAAP reporting purposes. The offset for the adjustment to the liability account is recorded in FIRMS Object code 580004-*Escheat Revenue, which maps to* 721007-*Other operating revenues*. Since there is no way to know exactly which payments will be claimed, the adjustment to the liability account each year should be based upon an estimate of the escheat liability made by the campus. Campus historical records should be used to establish a campus methodology for estimating the liability. The campus methodology used to estimate the escheat liability must be made available for review by the external auditor, if requested. A file, or equivalent, of all support related to each year's adjustment to the liability, either through payment to claimants or year-end accrual should be maintained by the campus GAAP coordinator.

Manual GAAP adjusting entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712109	Other liabilities-current	881-Unrestricted	90	499	$X,XXX
712208	Other liabilities-noncurrent	881-Unrestricted	90	499	($X,XXX)
Journal Description	**To reclassify escheat current liability to non-current liability.**				

Generally, the adjusting entry for escheat liability is to be recorded on a legal-basis. Please refer to Chapter 27, *Escheat* of Legal Manual for detailed information.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title: Chapter 4.3.11 – GAAP Adjustments and Reclassification Entries – Liabilities: Other Liabilities

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
4.2	Revised the sample journal entries.	May 2015

Financial Services
401 Golden Shore, 5th Floor
Long Beach, CA 90802-4210

www.calstate.edu

Date:

___________, 20CY

To:

Operations
Capital Planning, Design and Construction
Environmental Health and Safety

From:

____

Subject: GASB Statement No. 49 Implementation – Accounting and Financial Reporting for Pollution Remediation Obligations

Enclosed with this memorandum are a questionnaire (survey), a list of capital asset and a definitions and examples document related to the implementation of the Governmental Accounting Standards Board Statement No. 49 (GASB 49) which will be submitted to our external auditor, KPMG, for the annual audit. Additional procedures or information will be needed after the completion of the survey. Please read the following information before filling out the survey.

Beginning in fiscal 2008/09 starting from July 1, 2008, the California State University (CSU) is required to implement the requirements of GASB 49. To prepare for this implementation, we are surveying various departments to identify potential pollution remediation obligations that will be included in the annual audited financial statements.

Please make sure the information in this memo is conveyed to relevant staff in your department.

Reporting Requirements

All selected departments must email a completed questionnaire and supporting documents to _____________,Department, at XXXX@XXXX.edu by________, 20CY.

Your submission of the questionnaire is an acknowledgment that you have reviewed your department's operations for potential pollution remediation obligations.

Summary of the Requirements of the Statement

GASB issued **Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations***, in November 2006. GASB 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of ***existing*** pollution by participating in pollution remediation activities such as site assessments and cleanups.

The scope of the document *excludes* pollution *prevention or control* obligations with respect to current operations, and future pollution remediation activities that are required upon retirement of an asset.

Recognition and Measurement of Pollution Remediation Liabilities

GASB 49 establishes a framework for the recognition and measurement of pollution remediation liabilities that incorporates the following:

When CSU,_____________ **knows or reasonably believes** that a site is polluted or contaminated, the CSU,_____________ should determine whether one or more components of a pollution remediation obligation are recognizable as a liability. This may include *any of the following triggering events*:

1. The CSU,_____________ is compelled to take remediation action because pollution creates an imminent endangerment of public health or welfare of the environment, leaving it little or no discretion to avoid remediation action.
2. The CSU,_____________ is in violation of a pollution prevention-related permit or license, such as a federal Resource Conservation and Recovery Act (RCRA) permit or similar permits under general laws.
3. The CSU,_____________ is named, or evidence indicates that it will be named by a regulator, (such as the Department of Environmental Protection) as a responsible party or potential responsible party (PRP) for remediation, or as a government responsible for sharing costs.
4. The CSU,_____________ is named, or evidence indicates that it will be named, in a lawsuit to compel the CSU,_____________, to participate in remediation.
5. The CSU,_____________ commences, or legally obligates itself to commence, cleanup activities or monitoring or operation and maintenance of the remediation effort. If these activities are voluntarily commenced and none of the obligating events have occurred relative to the entire site, the amount recognized should be based on the portion of the remediation project that the CSU,_____________ has initiated and is legally required to complete.

For definitions and examples of the pollution remediation activities and the triggering events, please refer to the enclosed document, “definitions and examples.”

Contacts and References

Any questions concerning the contents of this memorandum should be directed to the XXXX department by contacting XXXXXXX at (XXX) XXX-XXXX.

Encl.: **Survey, capital asset list, Definitions and Examples**

cc: ____________________

CHAPTER 4.4

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

NET POSITION

1 GAAP POLICIES AND PROCEDURES

The campus' net position is classified into the following categories:

Net investment in capital assets

Capital assets, net of accumulated depreciation, and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets and any related deferred outflows of resources.

Restricted: Nonexpendable

Net position subject to externally imposed conditions that the University retains in perpetuity. Net position in this category consists of endowments held by the campus or its related auxiliaries.

Restricted: Expendable

Net position subject to externally imposed conditions that can be fulfilled by the actions of the University or by the passage of time.

Unrestricted

All other categories of net position. In addition, unrestricted net position may have legislative or bond indenture requirements associated with their use or may be designated for use by management of the campus. These requirements limit the area of operations for which expenditures of net position may be made and require that unrestricted net position be designated to support future operations in these areas. Campus housing programs are primary example of operations that have unrestricted net position with designated uses.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 63 *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*

3 Objectives of GAAP Adjustment

- To identify the different components of the net position and to recognize the transactions in the appropriate net position category.

4 GAAP Accounting Treatment and Related Journal Entries

4.1 Related GAAP Accounts

713811 – Net investment in capital assets
713821 – Restricted: Nonexpendable, endowments
713831 – Restricted: Expendable, scholarships and fellowships
713832 – Restricted: Expendable, research
713833 – Restricted: Expendable, loans
713834 – Restricted: Expendable, capital projects
713835 – Restricted: Expendable, debt service
713836 – Restricted: Expendable, other
713881 – Unrestricted

Net Position Categories

At the time of creation of a CSU Fund, the net position category is assigned based on the nature of the transactions that would go into that CSU Fund. Although, a campus may override the net position category of the CSU Fund, a discussion should be held with the Office of the Chancellor to determine if the override is considered valid. Therefore it is important that the transactions are accurately recorded in the appropriate CSU Fund as they will affect the net position category reported in the financial statements.

For more information about the net position category by CSU Fund, please refer to the GAAP Edits Table as discussed in Chapter 3 *Mapping from Legal to GAAP Accounts.*

Below are the categories of net position and the nature of the transaction that should be reported in each.

4.2 Net Investment in Capital Assets

This net position category represents the campus' capital assets (include land, improvements to land, easements, buildings, building improvements, machinery, personal property, infrastructure, and all other tangible or intangible assets), net of accumulated depreciation or amortization, and reduced by the outstanding balances of any debt (e.g. bonds, mortgages, notes, etc.) and other liabilities attributable to the acquisition, construction, or improvement of those assets. Deferred outflows and inflows of resources that are attributable to the acquisition, construction or improvement of the capital assets or related debt should also be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of the net investment in capital assets. Instead, that portion of the debt or deferred inflows of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

4.3 RESTRICTED

Restricted net position category should only include assets that has constraints on its use that are either externally imposed by creditors or imposed by law through constitutional provisions or enabling legislation reduced by liabilities and deferred inflows of resources related to those assets. Externally imposed restrictions may be by creditors, grantos, contributors, or laws and regulations of other governments, or imposed by constitutional provisions, or enabling legislation. Enabling legislation authorizes a government to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for specific purposes. Such restrictions are primarily related to endowments, scholarships, research, capital projects, loans, and debt service funds. Reserve funds that are mandated by bond indentures to be set aside to pay debt service and contributions given by a donor that must be used for a particular purpose are examples of restricted net assets.

The restricted net position category consists of two subcategories: “Restricted nonexpendable” and “Restricted Expendable”.

Restricted Nonexpendable

The restricted nonexpendable net position is made up of the permanent endowment funds, the corpus of which may not be expendable. The principal in a permanent endowment fund can be invested to generate income, but the principal amount may not be spent. The nonexpendable portion of the net position is the permanent principal that must be retained in perpetuity.

Restricted Expendable

Restricted expendable net position represents resources that are subject to external restrictions on how they may be used. These externally imposed restrictions either expire by passage of time or can be fulfilled and removed by actions of the campus. Such restrictions are primarily related to scholarships, research, capital projects, loans, and debt service funds.

4.4 Unrestricted

The unrestricted net position represets all other net resources available to the campus for general and educational obligations. Under U.S. generally accepted accounting principles, net position that is not subject to externally imposed restrictions governing their use must be classified as unrestricted for financial reporting purposes.

Although not reported in the basic financial statements (but included in Management's Discussion and Analysis) because they are not subject to externally imposed restrictions per accounting definition, the unrestricted net position category consists of two subcategories: "Designated" and "Undesignated".

Designated

The predominant portion of the unrestricted net position are designated for specific programs or projects related to certain revenue sources. The designated resources are derived from fee collections and other activities that are designated for very specific purposes and are not to be repurposed and spent for other activities. For example, students pay fees including housing and parking fees, campus activity fees, all of which are to be used for specific designated purposes as described in the Education Code. The campus also has designated resources that represent amounts pledged to support the Systemwide Revenue Bonds (SRB) program.

Undesignated

The undesignated unrestricted net position category is the residual net position category, essentially being the net position items not included in the other categories. The undesignated portion of the unrestricted net position provide a prudent reserve for contingencies, such as the uncertain direction of future state appropriations, as well as the effects of an uncertain economic environment.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 GAAP Edits Table

http://www.calstate.edu/sfsr/standards_and_rules/

REVISION CONTROL

Document Title: CHAPTER 4.4 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – NET POSITION

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	New in FY14/15	April 2015

CHAPTER 4.5.1

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

REVENUES AND EXPENSES: STUDENT TUITION AND FEES, NET

1 GAAP POLICIES AND PROCEDURES

Student tuition and fee revenue, sales and services of educational activities, and sales and services of auxiliary enterprises, including revenues from student housing programs, are presented net of scholarship and doubtful accounts allowances applied to student accounts. Certain other scholarship amounts are paid directly to, or refunded to, the student and are reflected as scholarships and fellowships expenses.

An auxiliary enterprise is an entity that exists predominantly to furnish goods or services to students, faculty, or staff, and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. Auxiliary enterprises include residence halls, food services, intercollegiate athletics (if self-supporting), campus unions, college stores, and services such as copy centers, day care centers, barber shops, beauty parlors, and movie theaters. Revenues generated by auxiliary enterprises would be recorded "sales and services of auxiliary enterprises" in GAAP.

The "sales and services of educational activities" include (1) revenues related incidentally to the conduct of instruction, research, and public service, and (2) revenues for activities that exist to provide instructional and laboratory experience for students and that incidentally create goods and services that may be sold to faculty, students, staff, and the general public. Examples of revenues of educational activities are film rentals, sales of scientific and literary publications, testing services, and sales of products and services of dairy creameries, food technology divisions, poultry farms, and health clinics (apart from health services) that are not part of a hospital.

The allowance for doubtful accounts are recognized in the legal basis books. The change in the allowance account are charged as a contra-revenue account (refer to Chapter 28 Accounts Receivable in the Legal Manual and Chapter 4 *Accounts Receivable* in the GAAP Manual). The contra-revenue accounts are automatically derived to the GAAP ledger, thus no further GAAP adjustment is required.

Fees collected in advance of summer and fall terms and continuing education programs are treated as unearned revenues as of fiscal year end.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government*

3 OBJECTIVES OF GAAP ADJUSTMENTS

- To reclassify financial aid initially recorded as student grants and scholarships as an offset to the tuition and fees (i.e. tuition discounting).
- To reclassify financial aid initially recorded as student grants and scholarships as an offset to the sales and services of auxiliary enterprises such as student housing program (i.e. tuition discounting).
- To record unearned revenues for fees collected in advance for summer and fall terms and continuing education programs.
- To eliminate double counting of student and fees, if any exists.
- To reverse prior year accrual of revenues recorded in GAAP.
- To reverse revenues that were received by the campus on behalf of a discretely presented component unit.
- To record resident assistant's housing and tuition fee waivers as revenues and compensation expense (benefit provided to resident assistant), if not recorded in legal basis.

4 GAAP ACCOUNTING TREATMENT AND JOURNAL ENTRIES

4.1 RELATED GAAP ACCOUNT(S)

721001 – Student tuition and fees (net of scholarship allowance)

721005 – Sales and services of educational activities

721006 – Sales and services of auxiliary enterprises (net of scholarship allowance)

GAAP ACCOUNTING TREATMENT

Revenues are reported net of discounts and allowances with the discount or allowance amount parenthetically disclosed on the fact of the statement.

4.2 TUITION AND FEE DISCOUNTING

Net tuition and fees are simply gross tuition and fee revenues less scholarship allowances. A portion of the financial aid grants and scholarships from sponsored programs are used to pay student tuition and fees and auxiliary enterprise fees and the remainder are given directly to the students. In legal basis accounting, there is no distinction all expenses are derived to Scholarship and Fellowship account in GAAP.

For GAAP reporting purposes, the CSU should report the amount of financial aid the student received in excess of the tuition and fees and auxiliary enterprise fees as scholarship and fellowship expense. The financial aid amount applied to tuition and fees and auxiliary enterprise fees should be reported as "discount and allowances" and an offset against the corresponding revenues to which it applies.

If the campus is using the *PeopleSoft Student Information System*, then they will be able to calculate the discount amount using the **"Direct" method** by obtaining all financial aid payments applicable to student tuition and fees and sales of auxiliary enterprise services. The discount amount is calculated using the reports generated from the *PeopleSoft Student Information System* which is supposed to provide the actual transactions.

If the student paid the tuition and fees upfront and received a financial aid award subsequent to the payment, the student's payment is recorded as tuition and fee revenue then the financial aid award amount is included in the tuition discounting journal entry and as grant revenue (i.e., Pell grant, Supplemental Educational Opportunity Grant (SEOG), etc.).

There is no duplication of revenue (grants revenues and tuition and fees) and expense under this situation. All loan payments where the campus is an agent for outside program (sub loans for example) and payments for Associated Students Incorporated (ASI) fees should be eliminated. The loans are not recognized as either a revenue or expense in GAAP while ASI fees are collected and remitted to the ASI (component unit), who recognizes the fee revenues. Do not include the entire amount awarded to the student, but only the amount that applied to the fee charges.

Example:

In FY20CY, a campus received financial aid grant from the Pell Grant program amounting to $11,000. The grant was used to pay tuition and fees of $8,000, and auxiliary enterprise fees of $2,000. The remainder of $1,000 was given directly to the student.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722003	Scholarship and Fellowships	831-Restricted: expendable, scholarships and fellowships	08	408	$11,000
723007	Federal financial aid grants, noncapital	831-Restricted: expendable, scholarships and fellowships	50	408	($11,000)
Journal Description	**Accounting records derived from legal for the receipt of financial aid grants, noncapital and use of the aid to provide scholarships.**				

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	831-Restricted: expendable, scholarships and fellowships	13	408	$10,000
722003	Scholarship and Fellowship	831-Restricted: expendable, scholarships and fellowships	08	408	($10,000)
Journal Description	**To reduce scholarship and fellowship expenses as these were applied to the tuition and fees and auxiliary enterprise fees.**				

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
721001	Student tuition and fees (net of scholarship allowance)	881-Unrestricted	50	485	$8,000
721006	Sales and services of auxiliary enterprises (net of scholarship allowance)	881-Unrestricted	50	485	$2,000
724004	Transfer to/from other CSU campuses, net	881-Unrestricted	13	485	($10,000)
Journal Description	**To reduce the tuition and fees and auxiliary enterprise fees for scholarships from financial aid grants (tuition discounting entry).**				

The Alternate Method

The alternate method satisfies the reporting requirement mandated by GASB Statement No. 34, as amended by GASB Statement No. 35 *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, by applying a simple mathematical calculation to the total financial aid. It was introduced as an alternative to estimate scholarship allowances and student grants and scholarships expense since most institutions do not have the ability to determine how much of which financial aid category relates to scholarship allowance amounts versus student grants and scholarships amounts. As a general rule, all financial aid is applied to the students' accounts on a specific date rather than posted on a case-by-case basis. Before reviewing the following calculation, it is important to understand the definitions of the needed information. At the end of each definition, a comparison with the direct method (where the campus can obtain detailed information from the student information system) is noted.

(A) Financial aid not recognized as revenue by the institution represents Statement of Net Position (SNP) transactions. These are resources held for others, such as William D. Ford Direct Loans, Perkins Loans, Nursing Loans, Federal Family Education Loan Program (FFELP) loans and loans (subsidized and unsubsidized Stafford and PLUS Loans) where the institution serves only as a conduit. Not used under the direct method**.**

(B) Financial aid being applied from resources already recognized as revenue by the institution represents Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) transactions and will be used to calculate an amount to represent Scholarship Allowances. This category has the potential for double counting of revenue such as from the receipt of gifts, grants, investment income and the charging of tuition and fees, housing and meals, and educationally related supplies from an institutional bookstore (as applicable to each campus). Amounts to be included within this category are Federal-based programs (such as SEOG and Pell Grants), State-based programs (such as Cal Grant, State University Grant (SUG) and Educational

Opportunity Program (EOP) grant), and Institutional Scholarships. This is the same under the direct method.

(C) ***Third party payments*** are SNP transactions that have the potential to create an overpayment of the students' accounts, thereby generating a refund. This category primarily includes all external scholarships received on behalf of a particular student, such as from Rotary, Foundation (from Foundation funds) and Reserve Officer's Training Corps (ROTC). Therefore, payments made by third-party payers are neither gift nor grant revenue to the institution, nor a scholarship allowance to gross tuition, because the purpose of the payment is to pay the fees that the student would otherwise have to pay. Not used under the direct method.

(D) ***Total payments by students*** represent the amounts the students will pay on their accounts excluding any financial aid. These resources should not create any overpayments and should not generate a refund. For the purpose of this calculation, timing issues are considered immaterial. Not used under the direct method.

(E) ***Total refunds made to students from all sources of funding*** will be used to calculate an amount to be charged to Student Grants and Scholarships on the SRECNP. Not used under the direct method.

(F) ***Total non-monetary institutional fee waivers (discounts) applied to students' accounts*** are amounts that have the potential to create refunds when other financial aid and/or payments have been posted to a student's account. It will be used to calculate an amount to represent Scholarship Allowances. Some of the different types of fee waivers are Senior Citizen, International and Cal Vet. This is the same under the direct method.

For a complete list of CSU's fee waiver programs, go to: http://www.calstate.edu/budget/student-fees/documents/Fee_waivers-Guide.pdf

Employee and employee dependent's fee waivers should be reported as compensation expense, **not** scholarship allowances.

(G) ***Total charges applied to students' accounts during the fiscal year*** represent total financial-aid eligible charges. These charges include, but are not limited to, tuition, fees, housing, meals and books (as applicable to each institution). Not used under the direct method.

(H) ***Total postings to students' accounts that could potentially generate a refund*** are a calculated value obtained by the sum of amounts from (A) + (B) + (C) + (F) as defined above. Not used under the direct method.

(I) ***Percentage of institutional resources applied to students' accounts that could generate a refund that represents Scholarship Allowances and/or Student Grants and Scholarships expense.*** This is a calculated value obtained by dividing the sum of amounts (B) + (F) by (H) as defined above. Not used under the direct method.

(J) ***The amount of refunds to be reported as Student Grants and Scholarships expense*** is a calculated value obtained by multiplying the amount from (E) by the percentage obtained from (I) as defined above. This amount represents an estimate of the institutional resources provided in excess of amounts owed by the students to the institution and that are refunded to the students. These amounts are obtained from the student information system under the direct method.

(K) The amount of scholarship allowances is a calculated value obtained by subtracting (J) from the sum of amounts (B) + (F) as defined above. This amount represents an estimate of the institutional resources provided to students as financial aid in amounts up to and equal to amounts owed by the students to the institution. This is the same under the direct method.

NOTE: For Direct and Indirect Methods – Institutional fee waivers are considered to be one category of scholarship allowances, as described under (F) above. The amount of institutional fee waivers granted must be taken into consideration in the determination of the percentage of grants and scholarships expense to be reclassified as scholarship allowances. However, fee waivers normally are recorded in a campus' legal basis accounting records as a reduction of tuition and fees or auxiliary enterprise revenue, not as an expense. If the amount of fee waivers is material in relation to the amount of calculated scholarship allowances, the total amount of waivers should be added to the calculated total of allowances, and included as part of the amount reported as scholarship allowances in the SRECNP. This action by itself has no impact on net reported fee revenues or grants and scholarships expenses.

4.3 REVENUE RECOGNITION (CAMPUS VS. COMPONENT UNIT)

For certain types of transactions, it may be difficult to determine if the revenue should be reported in the financial statements of the campus or the discretely presented component unit. The decision should be based on the "ownership" of the activity. The following guidance is offered to assist the campus and its discretely presented component unit in making this determination:

1. Who **administers and makes decisions** relating to the activity in question?
2. Who **assumes the risks** in the event of losses, claims, or lawsuits?

If the campus actually operates the activity, the campus should hold the funding and all revenue and expenses should appear in the financial statements of the campus. If ownership resides with the discretely presented component unit, the revenues and expenses should appear in that discretely presented component unit's financial statements only, and not in the legal basis accounting records of the campus or in the records of another discretely presented component unit.

Examples of the latter situation are Associated Student Body Organization and campus Student Union registration fees, which are collected by the campus on behalf of the appropriate discretely presented component unit and are transferred to and/or otherwise made available for expenditure by the discretely presented component unit. The amounts of fee revenue collected on behalf of the discretely presented component unit should **not** be reported for GAAP as campus fee revenues, to the extent that they are reported as fee revenue of the discretely presented component unit. Integrated CSU Administrative Manual (ICSUAM) Policy #13680.00 *Placement and Control of Receipts for Campus Activities and Programs* is a good reference source at https://csyou.calstate.edu/Policies/icsuam/Pages/default.aspx.

In the case of Associated Student Body (discretely presented component unit), the elimination of revenue from registration fees and expenses (when funds are remitted to the Associated Student Body recorded by the campus is accomplished by treating the activity of the Associated Student Body Trust (CSU Fund 461) as agency fund transactions for both Legal and GAAP purposes. 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.

For campus Student Union discretely presented component unit, a portion of the student union registration fees collected by the campus is used to pay its systemwide revenue bond debt services, and the remaining fees are transferred to the student union for its operations. Depending upon how the transfer to the student union is recorded in the legal accounting records of the campus, a GAAP adjustment may or may not be required to prevent revenue from being reported twice in the campus' GAAP financial statements (i.e. once by the campus and once by the discretely presented component unit).

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722004[a]	Supplies and Services	891-Agency funds (depository accounts)	20	534	$200,000
721001	Student tuition and fees (net of scholarship allowance)	891-Agency funds (depository accounts)	50	534	($200,000)
Journal Description	**Accounting records derived from legal for the receipt of financial aid grants, noncapital and use of the aid to provide scholarships.**				

(a) Object code 660045 Student Union Return of Surplus is used in legal for recording payments to student unions to cover its operating expenses.

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
721001	Student tuition and fees (net of scholarship allowance)	891-Agency funds (depository accounts)	50	534	$200,000
722004	Supplies and Services	891-Agency funds (depository accounts)	20	534	($200,000)
Journal Description	**To eliminate the revenues and expenses related to agency transactions with the student union. Note: The amount of adjustment would be the amount transferred to the Student Union during the year.**				

4.4 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 fee waiver for their services. Assuming the campus did not record the charges and the waivers in their legal accounting records, for GAAP purposes, an adjustment is required to properly recognize the resident assistant housing and tuition fee waivers as revenues and compensation expense (benefit provided to resident assistant). Journal entry is as follows:

Manual GAAP Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
722002	Benefits	881-Unrestricted	20	485	$25,000
721006	Sales and services of auxiliary enterprises (net of scholarship allowance)	881-Unrestricted	50	485	($10,000)
721001	Student tuition and fees (net of scholarship allowance)	881-Unrestricted	50	485	($15,000)
Journal Description	**To record the resident assistant's housing and tuition fee waivers as revenues and compensation expense (benefit provided to resident assistant).**				

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 CSU Legal Accounting & Reporting Manual Chapter 28 – Accounts Receivable; Chapter 35 - Fees

Revision Control

Document Title: Chapter 4.5.1 – GAAP Adjustments and Reclassification Entries – Revenues and Expenses: Student Tuition and Fees

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
Tuition and Fee Discounting	Previously in Chapter 4.11	April 2015
Revenue Recognition	Previously in Chapter 4.13	April 2015
Resident Assistant Fee Waiver	Previously in Chapter 4.13	April 2015

CHAPTER 4.5.2

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

REVENUES AND EXPENSES: GRANTS, CONTRACTS AND GIFTS

1 GAAP POLICIES AND PROCEDURE

The Grants, Contracts and Gifts line items are as follows:

Grants and Contracts, noncapital

Grants and contracts, non-capital includes all amounts for which eligibility requirements were met on non-financial aid grants and contracts from federal, state, local or private agencies that will be used for noncapital purposes. Examples for the CSU include research and development grants and Head Start program grants.

Financial aid grants, noncapital

This category includes Federal, State, Local, and Nongovernmental financial aid grants that the CSU have administrative involvement and are nonexchange transactions. It includes all amounts for which eligibility requirements were met, such as Pell Grant, Cal Grant, Federal Supplemental Education Opportunity Grant (FSEOG), Work Study, and SMART grant, etc.

Detailed information of grant programs available in the CSU are discussed in the following chapters of Legal Manual:

- Chapter 30, Financial Aid - Federal
- Chapter 31, Financial Aid - State
- Chapter 32, Financial Aid - Campus/Local/Nongovernmental

Other Federal nonoperating grants, noncapital

This category includes other Federal grants CSU has received that are nonexchange and nonfinancial aid related. The major program recorded in this line was the one time State Fiscal Stabilization Fund (SFSF) and federal subsidies which partially reimburse certain Systemwide Revenue Bond’s interest expenses provided by Build America Bonds program (BABs) under the American Recovery and Reinvestment Act (ARRA).

Gifts, non-capital

Includes contributions received for non-capital purposes, such as for research or to subsidize a particular program of the university.

Grants and Gifts, capital

Grants and gifts, capital includes federal, state, or private grants, contracts, and gifts that are for the purchase of equipment or the construction of a building or facility. Examples of such items are grant funds received from the Federal Emergency Management Agency (FEMA) to reconstruct buildings, or private contributions to purchase computers or buy library books. This category would also include any donated assets received by the CSU, such as computer equipment.

Classification between Operating and Nonoperating Revenues

Grants and contracts (noncapital) that are classified as *exchange* transactions are reported as operating revenues. Grants, contracts and gifts (capital and noncapital) classified as *nonexchange* transactions are reported as nonoperating revenues.

Revenue Recognition Policy – Exchange Transactions

The CSU considers exchange transactions to include charges for services rendered and the acquisition of goods and services. As such, if the grant or contract requires services to be rendered by CSU then revenue will be recognized when the services have been rendered.

Revenue Recognition Policy – Nonexchange Transactions

The CSU records grants and gift revenues when **ALL applicable time and eligibility requirements are met**. Expenses are recorded as expenditures are incurred. Expenditure-driven (also known as "reimbursement-type") grant revenues are recorded after related expenditures are incurred, and in amounts equal to the expenditures.

Grants and scholarships (financial aid) are generally "gift aid" programs which do not require to be repaid. If the grantor (e.g. State, Local or Federal governments) selects the student recipients of a scholarship or grant, the grant or scholarship should be classified as an agency transaction, since the campus is only serving as an agent to the grantor. 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.

Characteristics and Classes of Nonexchange Transactions

In a nonexchange transaction, a government (including the federal government, as a provider) *either* gives value (benefit) to another party without directly receiving equal value in exchange or receives value (benefit) from another party without directly giving equal value in exchange. There following are two classes of nonexchange transactions that is typically applicable to CSU:

a. Government-mandated nonexchange transactions

   Occur when a government (including the federal government) at one level provides resources to a government at another level and requires that government to use them for a specific purpose or purposes established in the provider's enabling legislation. That is, the provider establishes purpose restrictions and also may establish time requirements.

b. Voluntary nonexchange transactions

Result from legislative or contractual agreements, other than exchanges, entered into willingly by two or more parties. Examples of voluntary nonexchange transactions include certain grants, certain entitlements, and donations by nongovernmental entities, including individuals (private donations). Both parties to a voluntary nonexchange transaction may be governments (including the federal government, as a provider), or one party maybe a nongovernmental entity, including an individual. Frequently, the provider establishes purpose restrictions and eligibility requirements. In many cases, the provider may require the return of the resources if the purpose restrictions or eligibility requirements are contravened after recognition of the transaction. The principal characteristics of voluntary nonexchange transactions are (1) they are not imposed on the provider or the recipient and (2) fulfillment of eligibility requirements is essential for a transaction (other than the provision of cash or other assets in advance) to occur.

Definition of Time Requirements and Purpose Restrictions

Time requirements specify the period or periods when resources are required to be used or when use may begin. For example, a provider may stipulate that the resources it provides are to be disbursed during a specific fiscal year or over a specified number of years, or cannot be disbursed until after a certain date or event has occurred, if ever. *Time requirements affect the timing of recognition of nonexchange transactions.*

Purpose restrictions specify the purpose or purposes for which the resources are required to be used. For example, a provider may specify that its resources are to be expended for road and street repairs or, in the case of an endowment, that the principal is required to be held in income-producing investments. *In contrast to time requirements, purpose restrictions do not affect the timing of recognition for any class of nonexchange transactions.*

Definition of Reimbursement-Type or Expenditure-Driven Grants

Governments (including the federal government) frequently engage in award programs commonly referred to as "reimbursement-type" or "expenditure-driven" grant programs. **The provider stipulates that a recipient cannot qualify for resources without first incurring allowable costs under the provider's program.** That kind of stipulation is **not** a purpose restriction as defined in this section. Rather, it is considered an eligibility requirement and affects the timing of recognition. **That is, there is no award—the provider has no liability and the recipient has no asset (receivable) until the recipient has met the provider's requirements by incurring costs in accordance with the provider's program. Cash and other assets provided in advance should be reported as advances by providers and as**

unearned revenues by recipients until allowable costs have been incurred and any other eligibility requirements have been met.

Discussion on Eligibility Requirements

Eligibility requirements are conditions established by enabling legislation or the provider that are required to be met before a transaction (other than the provision of cash or other assets in advance) can occur. That is, until those requirements are met, the provider does not have a liability, the recipient does not have a receivable, and the recognition of expenses or revenues for resources transmitted in advance should be deferred.

Eligibility requirements for government-mandated and voluntary nonexchange. Transactions comprise one or more of the following:

a. Required characteristics of recipients.

   The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider. For example, under a certain federal program, recipients are required to be states and secondary recipients are required to be school districts.

b. Time requirements.

   Time requirements specified by enabling legislation or the provider have been met. The period when the resources are required to be used [sold, disbursed, or consumed] or when use is first permitted has begun, or the resources are being maintained intact, as specified by the provider.

c. Reimbursements

   The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.

d. Contingencies.

   The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred. For example, the recipient is required to raise a specific amount of resources from third parties or to dedicate its own resources for a specified purpose and has complied with those requirements.

Recognition Requirements

Providers should recognize liabilities (or a decrease in assets) and expenses from government-mandated or voluntary nonexchange transactions, and recipients should recognize receivables (or a decrease in liabilities) and revenues (net of estimated uncollectible amounts), when all applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as unearned revenues by recipients. If all eligibility requirements are met except for the time requirement, then the resources transmitted in advance should be reported as deferred inflows of resources rather than unearned revenues.

2 Relevant Accounting Literature

GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial*

GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*

3 Objectives of GAAP Adjustments

The objectives of the GAAP adjustments necessary at June 30 related to grants, contracts and gifts are:

- To record year-end accrual for services performed as part of eligibility requirements but have not yet been billed. *
- To record the unearned portion of the grants, contracts and gifts as of June 30 (either as unearned revenues or deferred inflows of resources). *
- To reclassify grants revenue to grants refundable for those grants reported in an agency fund. (Refer to Chapter 4, *Grants Refundable*)

Certain campuses may have elected to book the above adjustment (*) in the legal basis books (based on the business process followed by the campus). If this is the case, then <u>no</u> GAAP adjustment is further required.

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

<u>Operating Revenues</u>

721002 – Grants and contracts, noncapital: Federal

721003 – Grants and contracts, noncapital: State

721008 – Grants and contracts, noncapital: Local

721004 – Grants and contracts, noncapital: Non-governmental

<u>Nonoperating Revenues</u>

723007 – Federal financial aid grants, noncapital

723008 – State financial aid grants, noncapital

723010 – Local financial aid grants, non-capital

723009 – Nongovernmental and other financial aid grant, noncapital

723011 – Other federal nonoperating grants, noncapital

723002 – Gifts, noncapital

724002 –Grants and gifts, capital

4.2 Revenue Recognition Process

The revenue recognition varies based on the type and terms of the grants, contracts and gifts. To facilitate the evaluation process, please follow the suggested steps below.

Step 1: Read and understand the grant agreement, contract and terms of gifts.

Step 2: Determine whether it is an exchange, nonexchange, or agency transaction.

Step 3: Identify the eligibility requirements based on the terms of the agreement.

Step 4: Monitor the compliance with eligibility requirements to determine the proper timing for revenue recognition and reporting for resources received in advance as either unearned or deferred inflows of resources.

Step 5: Activities derived from the legal basis accounting should be adjusted as deemed necessary in the GAAP ledger.

Year-end Revenue Accrual

Under the accrual basis of accounting, grants, contracts and gifts revenues are recognized if all time and eligibility requirements were met as of June 30. Below is an example of GAAP manual adjustment to accrue the revenues.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711103	Account receivable, net	836-Restricted: Expendable - Other	90	465	$30,000
721002	Grants and contracts, noncapital: Federal	836-Restricted: Expendable - Other	50	465	($10,000)
721003	Grants and contracts, noncapital: State	836-Restricted: Expendable - Other	50	465	($5,000)
721004	Grants and contracts, noncapital: Non-governmental	836-Restricted: Expendable - Other	50	465	($15,000)
Journal Description	**To accrue grants and contracts revenues when all time and eligibility requirements are met as of June 30.**				

Resources Received in Advance

Resources transmitted before the eligibility requirements are met should be reported as advances by the provider and as unearned revenues (current or noncurrent) by recipients. If all eligibility requirements are met except for the time requirement, then the resources transmitted in advance should be reported as deferred inflows of resources rather than unearned revenues.

Derived GAAP Entry (Period 1-12)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
711101	Cash and cash equivalents	836-Restricted: Expendable - Other	90	465	$30,000
721002	Grants and contracts, noncapital: Federal	836-Restricted: Expendable - Other	50	465	($10,000)
721004	Grants and contracts, noncapital: Non-governmental	836-Restricted: Expendable - Other	50	465	($15,000)
721003	Grants and contracts, noncapital: State	836-Restricted: Expendable - Other	50	465	($5,000)
Journal Description	**Accounting records derived from legal for recording receipt of funds from grants and contracts.**				

GAAP Manual Entry (Period 998)

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
721002	Grants and contracts, noncapital: Federal	836-Restricted: Expendable - Other	50	465	$10, 000
721004	Grants and contracts, noncapital: Non-governmental	836-Restricted: Expendable - Other	50	465	$15,000
721003	Grants and contracts, noncapital: State	836-Restricted: Expendable - Other	50	465	$5,000
712105	Unearned revenue-current	836-Restricted: Expendable - Other	90	465	($10,000)
712202	Unearned revenue-noncurrent	836-Restricted: Expendable - Other	90	465	($15,000)
712304	Deferred inflows-Nonexchange transactions	836-Restricted: Expendable - Other	90	465	($5,000)
Journal Description	**To report resources received in advance as unearned revenues and deferred inflows of resources.**				

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title: Chapter 4.5.2 – GAAP Adjustments and Reclassification Entries – Revenues and Expenses: Grants and Contracts

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	New documentation in FY2014-15.	April 2015

CHAPTER 4.5.3

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

REVENUES AND EXPENSES: OPERATING EXPENSES

1 GAAP POLICIES AND PROCEDURES

The University has elected to report operating expenses by functional classification in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP). The functional classifications listed below are from the National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual for Higher Education (FARM) and updated by the NACUBO Accounting Principles Council (APC). These functional classifications are normally broken down by GAAP accounts such as Salaries, Benefits, Supplies and other services, Scholarships and fellowships, and etc.

Instruction (program group code 01)

The instruction category includes expenses for all activities that are part of an institution's instruction program. Expenses for credit and noncredit courses; academic, vocational, and technical instruction; remedial and tutorial instruction and regular, special, and extension sessions should be included.

Research (program group code 02)

The research category includes all expenses for activities specifically organized to produce research, whether commissioned by an agency external to the institution or separately budgeted by an organizational unit within the institution.

Public Service (program group code 03)

The public service agency includes expenses for activities established primarily to provide noninstructional services beneficial to individuals and groups external to the institution.

Academic Support (program group code 04)

The academic support category includes expenses to provide support services to the institution's primary missions: instruction, research, and public service.

Student Services (program group code 05)

The student services category includes expenses incurred for offices of admissions and the registrar and activities with the primary purpose of contributing to students' emotional and physical well-being and intellectual, cultural, and social development outside the context of the formal instruction program.

Institutional Support (program group code 06)

The institutional support category includes expenses for central executive-level activities concerned with management and long-range planning for the entire institution, such as the governing board, planning and programming operations, and legal services; fiscal operations.

Operations and Maintenance of Plant (program group code 07)

The operation and maintenance of plant category includes all expenses for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant.

Scholarships and Fellowship (program group code 08)

Public institutions, after adoption of GASB Statements 34 and 35, should report tuition discounts and allowances and scholarships generally as reductions of tuition and fees revenues. Certain amounts of such items should still be reported as expenses in general-purpose financial statements. Institutional resources provided to students as financial aid should be recorded as scholarship allowances in amounts up to and equal to amounts owed by students to the institution. Institutional resources provided in excess of amounts owed by the students to the institution and refunded to students should be recorded as expenses.

Depreciation (program group code 12)

Depreciation expense is considered both a functional and natural expense classification under GASB Statements 34 and 35. In addition, when functional expenses are reported in the SRECNP, depreciation expense can be allocated to other functions such as instruction, research and student services, or allocated only to plant operation and maintenance expenses, or reported separately.

Auxiliary Enterprises (program group code 20)

An auxiliary enterprise exists to furnish goods or services to students, faculty, or staff, other institutional departments, or incidentally to the general public, and charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The distinguishing characteristic of an auxiliary enterprise is that it is managed as an essentially self-supporting activity.

Detailed information of functional classifications are covered in Chapter 1, *GAAP Manual Overview*. Definition of functional classifications and subcategories of each functional classification can also be retrieved from *FIRMS Data Element Dictionary* website, http://www.calstate.edu/es/intranet/applications/fob/firms/firms-data-element-dictionary/program-code.shtml

2 Relevant Accounting Literature

GASB Statement No. 33, *Accounting and Financial Reporting For Nonexchange Transactions*

GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities (an amendment of GASB Statement No. 34)*

Section 312.111 of the FARMS and NACUBO Advisory Report 2000-5 sets forth and illustrates the appropriate accounting and reporting of various types of tuition discounts and scholarships under GASB Statement No. 34 and 35.

3 Objective of GAAP Adjustments

- To record year-end expense accruals. (Refer to Chapter 4, *Liabilities*)
- To properly eliminate cost recovery transactions to prevent double-counting.
- To reclassify cost match transactions to proper net position category.
- To properly reclassify debt service payment recorded in legal basis as a reduction of long-term debt obligations.
- To properly reclassify capital outlay expenditures and capitalizable expenses to capital assets (CWIP).
- To recognize depreciation expense.
- To reduce operating expenses and recognize prepaid expenses (Refer to Chapter 4.1.4, *Prepaid Expenses and Other Assets*).
- To amortize prepaid expenses.
- To recognize pension and other post-employment benefit expenses (Refer to Chapter 4, *Pension Liability and Other Post-Employment Benefits*)

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

722001 – Salaries

722002 – Benefits

722003 – Scholarships and Fellowships

722004 – Supplies and Other Services

722005 – Depreciation

GAAP ACCOUNTING TREATMENT

4.2 YEAR-END EXPENSE ACCRUAL (LIABILITIES ACCRUAL)

An adjusting entry to accrue expense is necessary at year-end when there are expenses and liabilities are not yet recorded through the normal processing of transactions. Examples of accrued expenses:

- Interest owned but not yet paid on borrowed funds
- Rent owed, but not paid
- Utility and telephone bills owed, but not yet paid
- Salary and benefits expense owed, but not yet paid
- Other Postemployment Benefits (OPEB) obligation accrual
- Property and other taxes owned, but not yet paid

Please see GAAP Manual Chapter 4, *Liabilities* for more detailed information.

4.3 COST RECOVERY

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. The guideline was incorporated into the ICSUAM Policy #3552.01 *Cost Allocation/Reimbursement Plans for the CSU Operating Fund* located at https://csyou.calstate.edu/Policies/icsuam/Pages/default.aspx.

For GAAP reporting purposes, certain cost recovery transactions need to be eliminated to prevent double-counting, while others do not. Below is a matrix taken from the Cost Recovery Systemwide Guideline (Chapter 23, *Cost Recovery* of Legal Manual) on the type of transactions that require GAAP elimination by the campus for systemwide reporting.

			Eliminate Double Counting			
			Campus		Systemwide	
Object Code	**Object Name**	**GAAP Account**	**Legal**	**GAAP**	**Legal**	**GAAP**
580094	Cost Recovery from Other CSU Funds within 0948	**721007**-Other operation revenues	No	**Yes**	**Yes**	No (eliminated by campus)
580095	Cost Recovery from Auxiliary Organizations	**721007**-Other operation revenues	No	No	No	No
580096	Cost Recovery from Other State Funds	**721007**-Other operation revenues	No	**Yes**	No	No (eliminated by campus)
580194	Cost Recovery from Other CSU Funds within 0948 (between campuses or CO)	**721007**-Other operation revenues	No	No	**Yes**	**Yes**
580196	Cost Recovery from Other State Funds (between campuses or CO)	**721007**-Other operation revenues	No	No	No	**Yes**

Reimbursement of most expenses between a campus and its discretely presented component units (or vice versa) should be reported on the gross basis in the campus' combined GAAP financial statements. As an example, service provided by the campus' reprographics to a discretely presented component unit should be reported as revenue to the campus and expense to the discretely presented component unit. This is considered to be a transaction with an external party and should not be eliminated from the total column in the campus GAAP financial statements as a nonexchange transaction. See Chapter 4.1.1 *Cash, Cash Equivalents and Investments* on Internal Campus Service Providers (section 4.7) for additional details.

One of the larger transactions of this nature typically seen on a campus is a reimbursement for faculty release time on grants and contracts. This occurs when one of the campus' discretely presented component units administers the grants and contracts. Since the campus is obligated to pay faculty members their full compensation regardless of whether or not their time can be charged on a grant or contract administered by the discretely presented component unit, the campus should report the full amount of the faculty and staff compensation as expenses in the GAAP financial statements. Additionally, the campus should report the reimbursement from the discretely presented component unit as other operating revenue in its column of the GAAP financial statements.

The National Association of College and University Business Officers (NACUBO) program code for the released faculty expenses related to the grant must follow the program code for the grant.

Some grant contracts stipulate a cost match requirement on the campus. Under those circumstances, the cost match should be reported as restricted based on the definition of externally imposed restriction.

a. Externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments.

b. Imposed by law through constitutional provisions or enabling legislation.

A GAAP entry should be prepared by campus to move the cost match from unrestricted net position to restricted expendable other net position. Journal entry would be:

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
724004	Transfers to/from other CSU campuses, net	881-Unrestricted	13	485	$250
722001	Salaries	881-Unrestricted	04	485	($200)
722002	Benefits	881-Unrestricted	04	485	($50)
722001	Salaries	836-Restricted: expendable, other	04	465	$200
722002	Benefits	836-Restricted: expendable, other	04	465	$50
722004	Transfers to/from other CSU campuses, net	836-Restricted: expendable, other	13	465	($250)
Journal Description	**To reclass cost match from unrestricted to restricted net position.**				

Capital Project Management Fee

Campuses may charge a project administrative fee for administering a project or multiple projects on its campus. CSU fund *542-TF Capital Project Management Fund* was created to record the revenue and expense related to project administration. The revenue for CSU fund 542 is generated and the expense is incurred from providing a service. At the same time, the related CSU fund that used the service also recognizes an expense, thus creating a double-counting of revenues and expenses. For GAAP reporting purposes, this double-counting of revenues and expenses must be eliminated in CSU fund 542. Additionally, if the project administration expense is capitalizable against the project, then the expense that was capitalized must also be eliminated (debit to capital assets and credit to expense).

Note: The project management fee is only capitalizable to the extent of the actual expense incurred during the year.

Below is an illustration of the legal accounting transactions and GAAP elimination entries:

FIRMS Object Code	GAAP Account	State Fund	CSU Fund	Program Code	Legal		GAAP	
Dormitory Construction Fund					***Debit***	***Credit***	***Debit***	***Credit***
607032-Capital-Construction Mgmt	**722004**-Supplies and Other Services	0576	XXX	07	100			(100)
305022-FBC	**713899**-FBC	0576	XXX	90		(100)		
	724004-Transfers (net)	0576	XXX	13			100	
Capital Project Management Fund								
101100-Cash-Short Term Investments (SWIFT)	**711102**-Short-term investments	0948	542	90	20			
580XXX (Revenue)	**721007**-Other operating revenue	0948	542	50		(100)*	100	
601XXX (Salaries) **603XXX** (Benefits)	**722001**-Salaries **722002**-Benefits	0948	542	07	80**			(80)
	724004-Transfers (net)	0948	542	13				(20)
General Fixed Asset Group								
110008-CWIP	**711207**-Capital assets, net	0997	501	90	80			
302XXX (Investment GFA)	**713811**-Net investment in capital assets	0997	501	90		(80)	80	
	724004-Transfers (net)	0997	501	13				(80)

*Project management revenue for the entire project

**Project management expense for the year

4.4 Rebates

Treatment of rebates is different between exchange and nonexchange transactions. Refer to Legal Manual Chapter 29, Miscellaneous for further discussion. If the rebate is not accrued in the legal-basis books for any reason, it should be recorded as a GAAP adjustment.

4.5 Debt Service Payment

Some debt service payment recorded in legal basis records derive to GAAP account 722004, Supplies and other services. At year-end, a GAAP adjustment entry is required to reclassify debt service payment to reduce long-term debt obligations.

Below is an example of GAAP manual entry to apply the payments against long-term debt obligations.

Account	Account Name	Fund (Net Position)	Program	Class (CSU Fund)	Amount
712107	Long-term debt obligations-current portion	881-Unrestricted	90	537	($5,000)
712205	Long-term debt obligations-net of current portion	881-Unrestricted	90	537	$140,000
722004[b]	Supplies and other services	881-Unrestricted	20	537	($135,000)
Journal Description	**To properly reclassify debt service payment recorded in legal basis to reduce long-term debt obligations.**				

[b]Object code 660007, Principal on Bonds and Notes derives to 722004, Supplies and other services.

4.6 Expenses Related to Capital Assets

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.

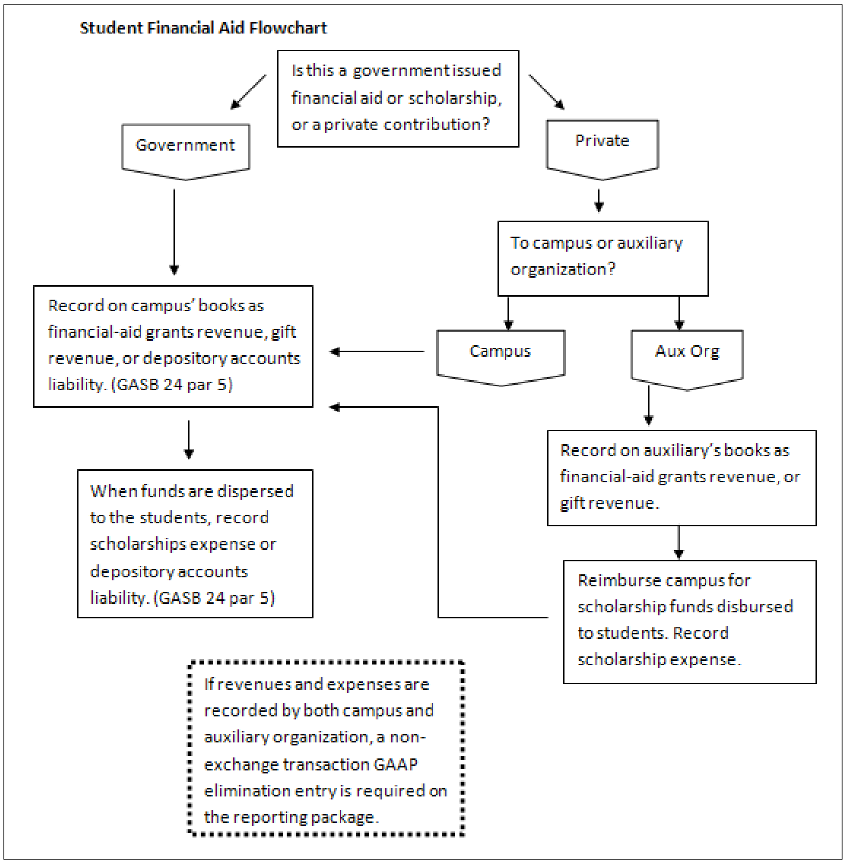
The PeopleSoft Asset Management module is used to track both capital and non capital assets. The Asset Management module uses the accounting entry templates and the derivation from campus to xxCSU to XXGAP business units to automate the journal entry creation to the CSU fund 501 for both legal reporting requirement and the reclassification entries required in GAAP.

Please refer to *Chapter 4, Capital Assets, Depreciation and Amortization* of GAAP Manual, for detailed information of GAAP adjusting entries related to capital assets reporting.

4.7 Grants and Scholarships

Grants and scholarships are generally “gift aid” programs which do not require to be repaid. If the grantor (e.g. State, Local or Federal governments) selects the student recipients of a scholarship or grant, the scholarship or grant should be classified as an agency transaction, since the campus is only serving as an agent to the grantor. 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.

If the restricted scholarship expense is to be considered as part of total scholarship allowances per Chapter 4.5.1 *Tuition Discounting*, the expense actually becomes a transfer between net position categories; but its effect on ending net position is unchanged. Based on this definition, net position, if any, of Supplemental Educational Opportunity Grants (SEOG), College Work Study (CWS), Cal Grants, campus scholarships and grants, and miscellaneous financial aid programs are to be reported as restricted for scholarships and fellowships. Refer to the flowchart below:



Detailed information of grant programs available in the CSU are discussed in the following chapters of Legal Manual:

Chapter 30, *Financial Aid - Federal*

Chapter 31, *Financial Aid - State*

Chapter 32, *Financial Aid - Campus/Local/Nongovernmental*

4.8 Prepaid Expenses

Expenses for future fiscal years that are paid prior to June 30, should be coded to 711107, Prepaid expenses and other assets (current). To recognize prepaid expenses, an analysis should be performed and GAAP adjusting entries should be made at year-end.

Please refer to **Chapter 4.1.4**, *Assets: Prepaid Expenses and Other Assets* of GAAP Manual for detailed GAAP adjustments related to prepaid expenses.

4.9 Pension Expense

Under GASB Statement No. 67 and 68, certain changes in the net pension liability are expenses immediately, while others are amortized over years. Pension expense items requiring immediate recognition include service cost, interest on net pension liability, and expected investment earnings as well as liability for any plan benefit change related to past service since the last reporting period. The examples of pension expense items requiring deferred recognition would be changes due to assumption changes, differences between projected and actual earnings on pension plan investments.

Please refer to **Chapter 4.3.10**, *Pension Liability* of GAAP Manual for more details related to pension expense.

5 Reference Tools

5.1 Tables of Object code and CSU Fund Definitions

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

5.2 FIRMS Data Element Dictionary

http://www.calstate.edu/es/intranet/applications/fob/firms/firms-data-element-dictionary/index.shtml

Revision Control

Document Title: Chapter 4.5.3 – GAAP Adjustments and Reclassification Entries – Revenues and Expenses: Operating Expenses

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
4.2	Removed GAAP adjusting entries related to capital assets as the detailed information are discussed in Chapter 4, *Capital Assets Depreciation and Amortization.*	May 2015

CHAPTER 4.5.4

GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES

REVENUES AND EXPENSES: NONOPERATING REVENUES (EXPENSES)

1 GAAP POLICIES AND PROCEDURES

In accordance with GASB Statement No. 35, certain transactions are reported as nonoperating revenues and expenses. These nonoperating activities include the University's capital and noncapital appropriations from the State, financial aid grants, net investment income, noncapital gifts, interest expense, and capital grants and gift.

State Appropriations

- ***State appropriations, non-capital***

  This category includes amounts received from, or made available to, an institution by legislative acts to support operations. For the CSU, this would include appropriations received for the general funds. SWAT's (Systemwide Allocation Transfers) to the campus to fund special programs.

- ***State appropriations, capital***

  This category includes amounts received from, or made available to an institution by legislative acts for capital purposes. For the CSU, this would include capital outlay appropriations.

Grants, Contracts and Gifts

Refer to Chapter 4 *Grants, Contracts and Gifts* for further discussion.

Investment income (loss), net

Includes investment income or loss, dividends, realized gains or losses and changes in unrealized gains or losses on *non-endowment* assets. Investment expenses, such as investment service charges and interest payback to the State from no longer remitting the student fees to the State are netted against this revenue.

Endowment income (loss)

This category includes investment income or loss and any realized gains or losses and changes in unrealized gains or losses on endowment investments.

Interest expense

This category includes all interest expense related to both noncapital and capital related debts. This includes also amortization of debt premium/discount, gain/loss on debt refunding, debt issuance costs.

Other nonoperating revenues (expenses)

Any revenues or expenses that do not directly relate to the CSU's current primary operation should be recorded here. This category includes items that do not fit into one of the operating revenue (expense) categories above. Examples include lottery income, gain (loss) on sales or disposal of assets, CSU Risk Management Authority dividends, revenue from legal settlements, inter-agency revenues (expenses) and other miscellaneous revenues or expenses.

Additions (reductions) to permanent endowments

This category would include any private contributions received by the University to increase or establish a permanent endowment fund and losses resulting from underwater endowments. For most CSU campuses, campus foundations, not the University, receive contributions for endowments.

2 RELEVANT ACCOUNTING LITERATURE

GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities (an amendment of GASB Statement No. 34)*

3 OBJECTIVE OF GAAP ADJUSTMENTS

- To record current year state appropriation capital and noncapital as these budget entries in the legal basis ledger.
- To reclassify payments from discretely presented component unit for capitalized leases or notes receivable (wherein there is an equivalent SRB debt recorded in the books of the University) from Other Nonoperating Revenues as a reduction in the Capital Lease Receivable or Notes Receivable accounts (*refer to Chapter 4 Receivables).*
- To record prior period correcting entries as Other Nonoperating Revenues (Expenses).
- To accrue investment/endowment income if not booked in legal basis ledger.
- To accrue interest expenses if not booked in legal basis ledger.
- To record passdown journal entries (relating to Investments and SRB debt) that impacts interest expenses and investment income (*refer to Chapter 4 Long-term Obligations and Cash, Cash Equivalent and Investments*).

4 GAAP Accounting Treatment And Journal Entries

4.1 Related GAAP Account(s)

Nonoperating Revenue (Expenses)

723001 – State appropriations, noncapital

723007 – Federal financial aid grants, noncapital*

723008 – State financial aid grants, noncapital*

723010 – Local Financial aid grants, non-capital*

723009 – Nongovernmental and other Financial Aid Grant, noncapital*

723011 – Other Federal nonoperating grants, noncapital*

723002 – Gifts, noncapital*

723003 – Investment income, net

723004 – Endowment income, net

723005 – Interest expense

723006 – Other nonoperating revenues (expenses)

Other Revenues (Expenses)

724001 – State appropriations, capital

724002 – Grants and gifts, capital*

724003 – Additions to permanent endowments

*These are discussed in Chapter 4 *Grants, Contracts and Gifts*

GAAP Accounting Treatment

4.2 State Appropriations

In legal-basis accounting, state appropriation is recorded to Fund Balance Clearing account, not recognized as revenue for purposes of reporting financial results to the SCO. At June 30, Fund Balance Clearing needs to be zeroed out and state appropriation needs to be recognized in GAAP ledger.

Please see Chapter 4 *Fund Balance Clearing* for additional information regarding current year activities in FBC account to the appropriate account. See also Chapter 4 *Receivables* for information.

4.3 Other Nonoperating Revenues (Expenses)

Currently, object codes 580098, Auxiliary Program Lease Principal Payment and 580099, Auxiliary Loan Principal Payment map to GAAP account 723006, Other nonoperating revenue (expenses). A GAAP adjustment entry is needed at year-end to reclassify derived accounting records for recording payments from discretely presented component unit to the receivable accounts, to reduce the amount due.

Please see Chapter 4 *Receivables* for detailed GAAP adjustments.

4.4 INTER-AGENCY AND INTER-FUND TRANSACTIONS

Transfers between CSU Entities (Inter-agency Transfer)

Regularly, situations occur in which a campus records a legal basis transfer that involves another campus or the CO. The two situations listed below are examples of common inter-agency transfer transactions that involve transfers between the CO and campuses:

1. Transfers of Lottery Fund revenues to the campuses from the CO
2. Transfers from the campuses to the CO to cover the annual Debt Pool Subsidy

Prior to FY2014-15, interagency transfer object codes would derive to GAAP account 722004, *Transfers*. In both of these situations, the campus would carry in its legal basis accounting records a balance in a transfer account that could not be offset at the campus level, and that could not be eliminated via a GAAP adjustment. A GAAP adjustment entry was required to reclassify the transactions from Transfers to Other non-operating revenues (expenses) within the unrestricted net position category.

Effective FY 2014-15, the mapping of all interagency transfers in (object code in the series 5061XX and 571XX, with the exception of 506100, Transfer In-RMP SWAT) and transfers out (object code in the series 671XXX and 6801XX with the exception of 680100, Transfer Out-RMP SWAT) were changed from GAAP account 724004, *Transfers* to GAAP account 723006, *Other nonoperating revenues (expenses)*. Therefore, campus will no longer need to record the manual GAAP adjustment.

For additional discussion, please refer to Chapter 4 *Receivables* for funds receive Allocation Orders (AO) and Systemwide Allocation Transfers (SWAT).

If a campus identifies any other situation in which it has recorded a legal basis transfer, the transfer must be evaluated to determine the proper accounting treatment on a GAAP basis.

Inter-fund Interest Revenue/Expense Transactions

Effective FY2012/13, campus 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). The program group code for object code 580012 has been set to program code 14 (interest expense) to match the program code assigned to its expenditure counterpart. This change aligned the derivation of GAAP account and program code so that both interfund interest revenue and expense transactions now map to 723005, *Interest Expense* and program code 14 and the activities will be self-eliminating in consolidation. In addition, this change will ensure the transactions are correctly presented on the financial statement.

Please note that these object codes should be used solely for interfund transactions within the University, not for any transactions with third parties, including discretely presented component unit. For interfund interest between a campus and the CO or another campus (inter-agency), object code 580112 (GAAP account 723003, Investment income net) and object code 660104 (GAAP account 723005, Interest expenses) should be used in legal basis of accounting so that the Chancellor's Office can eliminate these transactions in GAAP at the systemwide level.

5 REFERENCE TOOLS

5.1 TABLES OF OBJECT CODE AND CSU FUND DEFINITIONS

http://www.calstate.edu/SFSR/standards_and_rules/2014/Tables-of-Object-Code-and-CSU-Fund-Definitions-Updated-10-30-14.xls

Revision Control

Document Title: CHAPTER 4.5.4 – GAAP ADJUSTMENTS AND RECLASSIFICATION ENTRIES – REVENUES AND EXPENSES: NONOPERATING REVENUES (EXPENSES)

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	New in FY14/15	April 2015

CHAPTER 5

GAAP ADJUSTMENTS OR RECLASSIFICATIONS THAT REQUIRE INFORMATION FROM THE OFFICE OF THE CHANCELLOR

OVERVIEW

The Office of the Chancellor (CO) provides various passdown journal entries for posting by campuses or information to be used by campus in generating GAAP journal entries. The entries or information provided relate to transactions managed centrally by the CO that are either not in the campus' legal-basis accounting records or have been recorded by the campus on a legal basis, but which need to be reclassified for GAAP basis reporting.

The actual journal entries and information are either provided to the respective campuses via email or posted on the CO website at http://www.calstate.edu/sfsr/gaap/ under Passdown Schedules and by selecting the most recent fiscal year.

SUMMARY OF PASSDOWN ENTRIES AND INFORMATION

- **BOND ANTICIPATION NOTES (BANS) AND SYSTEMWIDE REVENUE BONDS (SRB) PASSDOWN SCHEDULES**

  This schedule includes current year activities of accounts affected by the issuance of BANs and SRB to finance the development and construction of student residence, dining hall facilities, continuing education buildings, student unions, parking facilities, health facilities, and auxiliary organization facilities or to refund an existing senior debt. These activities were handled and recorded centrally in CO's legal basis books. As these activities pertains to specific bonds or BANs issued to finance campus specific projects, the activities are passed down from CO to campuses. The schedule includes the following:

  - Rollforward of the long-term debt, deferred outflows/inflows of resources – unamortized loss/gain on debt refunding, and investment held by CO.
  - Amortization schedule of premium/discount and loss/gain on debt refunding.
  - Future debt service payments (principal and interest).
  - The actual GAAP journal entries to record the current year activities related to the debt. The same is reversed in the GAAP books of the CO.

  These schedules are emailed via SFSR_GAAP@calstate.edu . Refer to Chapter 4 *Long-term Debt Obligations* for further discussion.

- **INVESTMENTS HELD BY CO SCHEDULE**

  This schedule summarizes the year-end balance investments held by CO in SCO funds 0576 and 0578 for each campus. After recording the passdown journal entries discussed in the first bullet above, the campus' ending balances of investments in these state funds should agree to "Investment Held by CO" schedule posted in the SFSR website.

  This schedule is posted on the CO website. Refer to Chapter 4 - *Investments and Long-term Debt Obligations* for further discussion.

- **NON-DELEGATED PROJECTS**

  Non-delegated projects are capital projects managed centrally by the CO for a campus that may be financed by specific debt issued for a construction, by capital outlay funds appropriated to the CSU from the State of California, by campus contributions, by donations or by other debt that is not allocated to the campus. The funds for these non-delegated projects remain at the CO to pay for the non-delegated project expenses and the expenses are allocated to the campus to be recorded in their accounting records.

  These non-delegated projects are passed down to the campuses via an Accounting Department Notice of Accounting Transaction (ADNOAT). Refer to Chapter 4 *Capital Assets, Depreciation and Amortization* for further discussion.

- **CAPITAL OUTLAY ALLOCATION SUMMARY**

  This schedule summarizes the state appropriations revenue, capital by campus. The campus should reconcile its state appropriation revenue, capital in the Statement of Revenues, Expenses, and Changes in Net Position (SRECNP) to the balance in this schedule. The differences should be researched and adjust accordingly.

  This schedule is posted on the CO website. Refer to Chapter 4 *Receivables and Revenues* for further discussion.

- **STATE APPROPRIATIONS REVENUE, NONCAPITAL SUMMARY**

  This schedule summarizes the state appropriations revenue, noncapital by campus. The campus should reconcile its state appropriation revenue, noncapital in the SRECNP to the balance in this schedule. The differences should be researched and adjust accordingly.

  The schedule includes the following: (a) summary of noncapital appropriation (general fund, SWAT transfers and payroll SWAP) by campus; (b) support for General Fund Appropriations by Campus; (c) details of SWAT transfers and payroll SWAP; and (d) CO's reconciliation to the SCO tab run.

  This schedule is posted on the CO website. Refer to Chapter 4 *Receivables and Revenues* for further discussion.

- **CSU FORWARD PURCHASES SUMMARY**

  This schedule is a summary of natural gas and electricity purchase commitments (centrally handled at the CO) that is entered in the Note 12 *Commitments and Contingencies* in the YES (TM1) reporting package.

  This schedule is posted on the CO website.

- **FOOTNOTE 14: TRANSACTIONS WITH RELATED PARTIES**

  This schedule contains the payments from campuses to CO for administrative activities, state pro-rata charges and state lottery appropriations received. The information is entered in Note 14 *Transactions with Related Parties* in the YES (TM1) reporting package. The campus should agree the balance to its records and supporting documents.

  This schedule is posted on the CO website.

- **CONSOLIDATED CSU INVESTMENT POOL (SWIFT AND SMIF IN SCO FUND 0948) ROLLFORWARD**

  This schedule contains the rollforward of GAAP balances of investments in SWIFT and SMIF in SCO fund 0948 by campus. The ending GAAP balance in the schedule should agree with the GAAP ledger balance for the investments in SWIFT and SMIF in SCO fund 0948.

  Also included in this schedule are the journal entries for the following: (a) the ending balance of the campus' proportionate share of the unrealized gain/loss on investments; and (b) the Q4 investment income accrual. The rollforward schedule contains information for the investing activities section of the Statement of Cash Flows (SCF).

  This schedule is posted on the CO website. Refer to Chapter 4 *Cash, Cash Equivalents and Investments* for further discussion.

- **GASB 45 OTHER POST-EMPLOYMENT BENEFITS (OPEB)**

  The OPEB obligations for CSU is provided by the State Controller's Office (SCO) annually. The CO accrues the Systemwide OPEB dental benefits (billable and non-billable) while the campuses accrues only for the OPEB health benefits for billable accounts. The CO calculates the proportionate share of each campus. The allocated share and the corresponding GAAP journal entries are included in this schedule. The information is entered in Note 19 *Other Post-Employment Benefits* in the YES (TM1) reporting package.

  This schedule is posted on the CO website and emailed via SFSR_GAAP@calstate.edu. Refer to Chapter 4 *Other Post-Employment Benefits Obligation* for further discussion.

- **GASB 68 PENSION OBLIGATIONS**

  The collective net pension liability, pension expense, deferred outflows of resources and deferred inflows of resources of the cost-sharing employees is actuarially determined by California Public Employees' Retirement System (CalPERS) annually. CalPERS determine the proportionate share of the State of California (State). The State then determines the proportionate share of the CSU. The CO further allocates the proportionate share to each campus as well as the CO.

  The allocated share and the corresponding GAAP journal entries are included in the GASB 68 pension obligations schedule is posted on the CO website and emailed via SFSR_GAAP@calstate.edu. Refer to Chapter 4 *Pension Obligation* for further discussion.

Revision Control

Document Title: Chapter 5 – GAAP Adjustments or Reclassifications that Require Information from the Office of the Chancellor

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
Summary of Passdown Schedules	▪ Updated the descriptions of each schedule passed down from the CO to the campuses. ▪ Removed the General Fund Appropriation Summary schedule as it is included in the State Appropriation Revenue, Noncapital schedule. ▪ Added the non-delegated projects managed by CO. ▪ Added the GASB 68 Pension Obligations Passdown schedule.	April 2015

CHAPTER 6

STATEMENT OF CASH FLOWS

OVERVIEW

GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* requires the presentation of a Statement of Cash Flows based on the provisions of GASB Statement No. 9 *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

It further requires the use of the direct method of presenting cash flows. GASB Statement No. 35 *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities – an amendment of GASB Statement No. 34*, par. 57 further confirmed the requirement for public colleges and universities to use the direct method for the Statement of Cash Flows.

CASH AND CASH EQUIVALENTS

For purposes of preparing the Statement of Cash Flows, the definition of cash and cash equivalents is vital and a uniform definition should be used.

- Cash includes not only currency on hand but also demand deposits with bank or other financial institutions.
- Cash also includes deposits in other kinds of accounts or cash management pools that have the general characteristics of demand deposit accounts in that the governmental enterprise may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty. For cash flow reporting purposes, the equity in an investment pool that is not sufficiently liquid to enable withdrawal without prior notice or penalty should be treated as an investment.
- Cash equivalents on the other hand, refers to short-term, highly liquid investments that are both (a) readily convertible to known amounts of cash and (b) so near their maturity that they present insignificant risk of changes in value because of changes in interest rate. Therefore, generally only investments with original maturities of three months or less meet the definition of cash equivalents. Original maturity is based on the date of the purchase of the investment. If on the purchase date, the qualifying investment will mature in three months or less, it meets the definition of a cash equivalent. Examples of commonly considered to be cash equivalents are Treasury bills, commercial paper, certificate of deposit, money market fund, and cash management pools.
- Not all investments that qualify as cash equivalents are required to be treated as cash equivalents. An entity should establish a policy concerning which short-term, highly liquid investments that satisfy the definition of cash equivalents it will treat as cash equivalents and

should be disclosed in its policy for determining which of those items are treated as cash equivalents.

EXCERPTS FROM GASB COMPREHENSIVE IMPLEMENTATION Q&A GUIDE

- ✓ Generally, the definition of **cash equivalents** limited to **investments with an original maturity of three months or less** is the deciding factor. Although the definition of cash equivalents in GASB Statement No. 9, par. 9 appears to be somewhat broad, the reference to "three months or less" provides more specific guidance. Because the definition of cash equivalents is a vital part of a cash flow presentation, a uniform definition should be used by all governmental enterprises. Therefore, generally only investments with original maturities of three months or less meet the definition of cash equivalent. (2.11.1)
- ✓ For purposes of the Statement of Cash Flows, a **negative cash balance** should be assumed to be **zero**. This is consistent with traditional balance sheet reporting of zero cash and a liability for the negative amount. (2.11.3)
- ✓ If an instrument is treated as a **cash equivalent**, its **conversion to or from cash or another cash equivalent** would **not be reported** on the Statement of Cash Flows as this transaction is analogous to the transfer of cash between two checking accounts. If, on the other hand, an instrument is treated as an **investment**, its **conversion** to or from **cash or cash equivalent** should **be reported** in the investing categories of the Statement of Cash Flows, and the cash flows usually should be **presented gross**. (2.12.1)
- ✓ Identifying **restricted cash equivalents** that are similar to unrestricted cash equivalents as **investments is acceptable** according to the provisions of GASB Statement No. 9, par. 11. As long as an entity formulates and **discloses a specific policy for defining cash equivalents**, it may **elect to treat any type of cash equivalents as investments**. For example, Treasury bills with 60-day maturities in a restricted portfolio may be treated as investments even if unrestricted Treasury bills with the same maturities are treated as cash equivalents. (2.12.2)

GROSS VS. NET REPORTING

Generally, information about the gross amounts of cash receipts and cash payments during a period is more relevant than information about the net amount of cash receipts and payments. However, some items qualify for net reporting because their turnover is quick, their amounts are large, and their maturities are short (e.g. cash receipts and payments pertaining to (a) investments, other than cash equivalents, (b) loans receivable, and (c) debt, provided that the original maturity of the asset or liability is three months or less). Net reporting for purchases and sales of their highly liquid investments is also allowed if (a) during the period, substantially all of the governmental enterprise's assets were highly liquid investments (e.g. marketable securities) and (b) the entity had little or no debt, based on average debt outstanding during the period, in relation to average total assets.

The primary purpose of a Statement of Cash Flows is to provide relevant information about the cash receipts and cash payments of an entity during a period. The Statement of Cash Flows is comprised of six sections:

- Operating activities
- Noncapital financing activities
- Capital and related financing activities
- Investing activities
- Reconciliation of operating income (loss) to net cash provided by (used in) operating activities
- Supplemental schedule of noncash transactions

OPERATING ACTIVITIES

Operating activities generally result from providing services, producing and delivering goods, and include all transactions and other events that are not defined as noncapital financing, capital and related financing, or investing activities. Cash flows from operating activities generally are the cash effects of transactions and other events that enter into the determination of operating income.

Common operating activities for the CSU include: student tuition and fees, nonfinancial aid grants and contracts (federal, state, local and nongovernmental), payments to suppliers, payments to employees, payments to students, collections of student loans, sales and services of educational activities, sales and services of auxiliary enterprises, and any other activities that do not meet the definition of noncapital financing, capital and related financing, or investing activities.

REMINDERS

- Although loan activities are usually classified as investing activities, student loans are not intended to be investments, but are undertaken instead to fulfill a governmental responsibility. These loans are made and collected as part of a governmental program and thus the related cash flows are classified as operating activities. For cash flow reporting purposes, these loan activities are the operating activities of the entity, therefore related cash flows should be classified as operating activities.

EXCERPTS FROM GASB COMPREHENSIVE IMPLEMENTATION Q&A GUIDE

✓ The most useful presentation of cash flows is to provide information about capital and related financing, noncapital financing, and investing activities, as well as cash flows from operating activities. The GASB Statement defines the categories from a functional perspective. Although the **operating activities** category is also defined, it serves as the **residual category**. Therefore, **cash flow transactions should be evaluated first according to the definitions of capital and related financing, noncapital financing,**

and investing activities before being included in the operating activities category. The presentation is not intended to imply that one category is more desirable than other category. Therefore, there should be no predilection for classifying cash flows in the operating activities category or any other category. (2.18.1)

- ✓ **Classification of a transaction** for operating statement purposes **should not dictate** its **classification** in the Statement of Cash Flows. If a transaction is included in operating income and its resulting cash flow meets the definition of a category other than operating activities, the item should be presented as a reconciling item in the reconciliation of operating income to net cash flow from operating activities. (2.18.2)
- ✓ **Miscellaneous cash flows** should be included in the **operating activities category** even if the income or the expense is considered a nonoperating income item. The operating activities category is not limited to the cash flows resulting from operating income items. Unless the cash flows specifically meet the definition of the noncapital financing, capital and related financing, or investing activities category, they should be presented in the residual category – operating activities. If nonoperating income items, such as miscellaneous income or expense, are included in the operating activities category, an adjustment should be made to operating income (loss) in the reconciliation of operating income (loss) to net cash flow from operating activities (2.20.5).

NONCAPITAL FINANCING ACTIVITIES

Noncapital financing activities include borrowing money for purposes other than to acquire, construct, or improve capital assets and repaying those amounts borrowed, including interest. This category includes proceeds from all borrowings not clearly attributable to acquisition, construction or improvement of capital assets, regardless of the form of borrowing. Also included are certain other interfund and intergovernmental receipts and payments.

Common noncapital financing activities for the CSU include receipts of state appropriations-noncapital, financial aid grants, noncapital (federal, state, local and nongovernmental), other federal nonoperating grants-noncapital, gifts and grants received for other than capital purposes (includes additions to endowments), receipts and disbursements of direct loan, Perkins Loan and Nursing Loan program funds, agency transactions, and any other noncapital financing activities.

REMINDERS

- The usual and significant federal loan programs are related to the William Ford Direct Loan, Perkins Loan and Nursing Loan program funds. For these programs, the campus is merely acting as an agent by receiving the funds from the federal government and then disbursing them to students as determined through the eligibility requirements. Since the monies are not recorded as revenues or expenses of the campus, the receipts and disbursements of the funds are recorded as accounts receivable and/or student loans receivable for assets with a corresponding grant refundable and/or depository accounts and/or other liabilities for liability. The receipt and disbursement of these funds should be shown separately in the noncapital financing section of the Statement of Cash Flows.

Information for disbursements should be available from the student financial aid system and should agree to what is being reported on the Schedule of Expenditures of Federal Awards (SEFA) for the Single Audit.

- Noncapital financing activities include certain other interfund and intergovernmental receipts and payments that include agency transactions such as funds received/disbursed from direct lending programs, return of funds held for others, and resources held as an agent. Agency transactions should be analyzed as these monies are not recorded as revenue nor are expenses recorded. The nature of agency transactions may differ between campuses depending on business practice. An example of an agency transaction would be student board fees collected by the campus on behalf of a component unit responsible for providing food service to residence halls. Agency transactions must be analyzed and the receipts and disbursements are reported separately on the Statement of Cash Flows as monies received/disbursed on behalf of others.
- The proceeds of the Systemwide Revenue Bond (SRB) long-term debt obligations that will be passed-through to the discretely presented component units for capital purposes should be reported in the noncapital financing activities section of the Statement of Cash Flows.
- If the proceeds of the debt (including SRB long-term debt) were not received directly by the campus, this should be excluded as part of the noncapital financing activities and disclosed separately in the supplementary schedule of noncash transactions. The same should also be the case if the payment of these debt were not received by the campus and was paid directly by the discretely component unit.
- Notes receivable and capital leases receivable issued to the discretely presented component units that represents the proceeds from the SRB used to finance existing and newly constructed facilities should be reported in the noncapital financing activities section of the Statement of Cash Flows.
- The principal and interest payments received on notes receivable and leases receivable that represent the funds transferred periodically from the discretely presented component units to the campuses and Office of the Chancellor in order the campuses to make the SRB principal payments should also be reported in the noncapital financing activities section.

EXCERPTS FROM GASB COMPREHENSIVE IMPLEMENTATION Q&A GUIDE

✓ The **debt proceeds** distributed to **component units for capital purposes** should be presented as a **noncapital financing cash inflow**, and subsequent **debt service payments** should be presented as **noncapital financing cash outflows**. Whether a financing activity meets the definition of capital depends on the use of the proceeds. If a governmental enterprise distributes the proceeds, it is not using the proceeds to acquire, construct, or improve its own capital assets. Therefore, the debt should not be considered capital debt for purposes of the Statement of Cash Flows (2.19.1).

Capital and Related Financing Activities

Capital and related financing activities normally include (a) the acquiring and disposing 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.

Common capital and related financing activities for the CSU include proceeds from capital debt and capital leases, state appropriations-capital, grants and gifts-capital (excluding the portion that relates to noncash transactions, i.e. contributed assets), proceeds from sale of capital assets, acquisition of capital assets (excluding the portion that relates to noncash transactions, i.e. acquisition of capital asset through capital lease), transfers to escrow agent (related to debt refunding), principal and interest paid on capital debt and leases, and principal and interest payments received on capital leases receivable.

Reminders

- Capital assets acquired by the campus through long-term debt or capitalized lease obligations are considered noncash acquisitions and accordingly should be excluded in the capital financing activities and should be disclosed separately in the supplemental schedule of noncash transactions in the Statement of Cash Flows. Other capital asset acquisition that are considered noncash are in-kind capital assets, capital assets transferred from or paid by the Office of the Chancellor and capital assets that are purchased but unpaid at year-end.
- The cash transferred to escrow agent is the portion of the proceeds from a new bond issuance in the current year plus any other specified funds on-hand that were used to defease an existing bond by transferring such amount to an escrow account in order to set-aside the funds necessary to pay off the defeased bond when it matures. This amount will be provided by the Office of the Chancellor as part of the SRB debt passdown file.

Additional Guidance from GASB Comprehensive Q&A Guide

✓ If **bond issuance costs and underwriter fees** were **deducted from bond proceeds**, the **net amount of bond proceeds actually received should be presented as a cash inflow** in the appropriate category, depending on the purpose of the borrowing. On the other hand, if the **proceeds from the sale of bonds are received** and the **bond issuance cost and underwriter fees are paid separately**, the **bond proceeds should be presented as a cash inflow** in the appropriate category and the cost and fees that are paid should be presented as cash outflows in the same category. (2.15.2)

- ✓ If the **proceeds from the bond issue are not converted into cash or a cash equivalent before being used to defease the obligations associated with the refunded debt**, there would be **no cash flows** to present in the Statement of Cash Flows. There are cash flows resulting from bond proceeds' being placed in escrow if the **escrow assets are reported on the balance sheet**. If the transaction does not affect cash or cash equivalents, it should be disclosed as a noncash financing activity. (2.15.3)
- ✓ If **bond proceeds are remitted directly to another organization**, there are **no cash flows** to report. If however, the **proceeds are received for distribution to another organization**, **cash flows occur** and act as an intermediary. Because the inflow and the outflow do not meet the criteria of the capital and related financing, noncapital financing, or investing activities category, both should be **presented in the operating activities category**. (2.15.4)
- ✓ Paragraph 29c of GASB Statement No. 9 provides guidance for classifying bond refunding transactions:

  > In a defeasance of debt, the proceeds of a refunding debt issue used to refund capital debt should be reported as a cash inflow in the capital and related financing category and the payment to defease the existing capital debt should be reported as an outflow in that category. Similarly, subsequent principal and interest payments on the refunding debt should also be reported as cash outflows in the capital category. If the refunding issue is in excess of the amount needed to refund the existing capital debt, the total proceeds and the subsequent principal and interest payments should be allocated between the capital category and the noncapital financing category based on the amounts used for capital and noncapital purposes.

  If the **new bonds result in an in-substance defeasance** and **cash flows actually occur**, there should be symmetry in reporting the cash flows related to the refunding. **The outflow to a trustee or fiscal agent to defease the debt should be presented in the same category as the debt service payment on the old debt**. **The proceeds should be classified as an inflow of the same category**. The new debt assumes the characteristics of the old debt. Subsequently, the new debt issue should be classified in the same manner as the defeased debt. For example, if the original debt was for capital purposes, the new debt should be considered capital debt.

  However, paragraph 29c explains that an **entire refunding issue may not assume the characteristics of the old debt if the refunding debt exceeds the amount needed to defease the existing debt**. If **debt is issued for a dual purpose –** to defease a noncapital debt issue and to finance a new construction, for example – it should be **allocated according to its purposes**. The portion required to defease the old debt assumes the characteristics of the old debt. The remainder should be evaluated according to its purpose and is classified appropriately (In this case, the remainder would be classified as a capital financing activity). (2.19.3)

- ✓ Classification of leasing transactions depends on whether the lease is a capital lease or an operating lease. The capital and related financing activities category is directly affected by capitalization policies. If a lease is a **capital lease**, the cash flows (including the interest portion) should be included in the **capital and related financing activities** category as an **inflow** in the **lessor's** statement of cash flows and as an **outflow** in the **lessee's** statement of cash flows. The lease transaction is essentially created as an installment sale of a capital asset. The timing of the cash flows does not coincide with the date of the "sale" but the cash flows are, nevertheless, payments for the purchase of a capital asset.

  Cash flows resulting from an **operating lease**, on the other hand, usually should be classified with operating activities, with **operating activities**. The lessee's cash payments always should be presented as an operating activities outflow. The lessor's cash receipts normally should be presented as an operating activities inflow; however, there are factors that should be evaluated to determine whether lease revenue may be classified as an investing activities inflow. (2.27.5)
- ✓ All **interest payments associated with "capital debt"** should be presented in the **capital and related financing activities** category as "cash payments to lenders and other creditors for interest". The presentation of cash payments for interest should not be affected by the transaction's presentation on the operating statement or the statement of net position/balance sheet. **The fact that the amount of the cash flow is capitalized does not change the fact that the cash was paid to a lender for interest.** (2.29.5)

INVESTING ACTIVITIES

Investing activities include making and collecting loans that earn interest (except student financial aid program loans) and acquiring and disposing of debt and equity instruments.

Common investing activities for the CSU include proceeds from sales and maturities of investments, purchases of investments, and investment income received.

REMINDERS

- Cash flows from investing activities for the CSU are usually derived and accumulated from monthly or year-end bank statements and may consist of multiple sources such as Systemwide Investment Fund Trust (SWIFT) Pool, Surplus Money Investment Fund (SMIF) investments, or other investments held directly by the campus not in the SWIFT Pool. Completion of the investment rollforward for the investment activity for the year by type of investment will assist the campus in determining cash flows from investing activities.

- Certain CSU funds require a GAAP adjustment to the fund balance clearing account to reclassify the balance as an investment. In these funds, the activity in the fund balance clearing account should be analyzed. Typically, reductions (credits) to fund balance clearing represent claim schedules and payroll paid by the Office of the State Controller. These transactions are treated as proceeds from the sale of investments since the investment balance is reduced as disbursements are made. The increases (debits) that represent funds remitted to the Office of the State Controller should be treated as purchases of investments because the investment balance increased. Additionally, the reinvested interest earnings that are shown as an increase to fund balance clearing should be reflected as a purchase of investments.
- Fund balance clearing activities in CSU Fund 001 (General Fund) should be ignored for purposes of determining cash flows.
- Proceeds from the sales of investments should represent only the funds withdrawn from the investment accounts, which reduce the investment portfolio.
- Care should also be taken to exclude transfers between SMIF invested funds (e.g. Dorm Revenue fund may "transfer" monies to the Dorm Maintenance and Repair fund, a transaction that does not reduce the overall SMIF investment balance). Only new monies to the pooled investment portfolio would be reported as purchases of investments in the Statements of Cash Flows.
- An analysis of investment earnings should be performed and if any of the re-invested investment earnings are from agency transactions or from federal loan program. If the investment earnings are from agency transactions or from federal loan programs, the investment income should be recorded either in monies received on behalf of others and Federal loan program receipts, respectively.
- Change in unrealized gains/losses on investments that are recorded as a component of net investment income in SRECNP should be excluded from the Statement of Cash Flows.

EXCERPTS FROM GASB COMPREHENSIVE IMPLEMENTATION Q&A GUIDE

- ✓ If an **instrument is treated as a cash equivalent**, its **conversion to or from cash or another cash equivalent would not be reported** on the Statement of Cash Flows. The transaction is analogous to the transfer of cash between two checking accounts. If, on the other hand, an **instrument is treated as an investment**, its **conversion to or from cash or cash equivalent should be reported in the investing activities** category of the Statement of Cash Flows, and the cash flows usually should be presented gross. (2.12.1)
- ✓ A **cash flow does not occur** unless there is a **deposit or withdrawal from cash or cash equivalent**. A **rollover does not affect** the Statement of Cash Flows. It is merely converted from one investment instrument to another. (2.15.5)
- ✓ The **increase (decrease) in the fair value of investments is not a cash flow**. However, changes in fair value (or amortization) of investments that meet the definition of cash equivalents should be reported as cash flows from investing activities. These changes are readily convertible to known amounts of cash and are so near their maturity that they

present insignificant risk of changes in value because of change in interest rates. When the net increase (decrease) in the fair value of investments is reported in the change statement as part of operating income, the change is presented as an element in the reconciliation of operating income to net cash provided by operating activities. (2.15.7)

- ✓ For **investments to qualify for net reporting**, during the period, substantially, **all of the assets are highly liquid investments**; and had **little or no debt**, based on average debt outstanding during the period, in relation to total assets. These criteria should be evaluated on a yearly basis. (2.16.1)
- ✓ **Investment earnings, regardless of their source** (capital debt proceeds temporarily invested, cash and cash equivalents) should be considered as an **investing activity** as classification of cash flows is usually based on the nature of transaction. (2.19.2 & 2.21.3)
- ✓ **Investment earnings** on **capital debt proceeds** that are **temporarily invested before being used for construction** should be considered an **investing activity**. Classification of cash flows usually should be based on the nature of the transaction (2.19.2).
- ✓ **Gains and losses on investments** should **not be presented** in the Statement of Cash Flows. Rather, **proceeds from the sale of the investments**, **including the gains and net of losses** should be **reported**. (2.21.1)
- ✓ **Interest earnings**, by nature, are an **investing activity**; therefore **interest on cash and cash equivalents** should be considered an **investing activity**. Even though cash and cash equivalents are not investments, the interest they earn should be classified the same as interest earned on investments. (2.21.3)

Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities

If the direct method of reporting net cash flow from operating activities is used, the reconciliation of operating income to net cash flow from operating activities should be provided. All adjustments to operating income to determine net cash flow from operating activities should be clearly identified as reconciling items.

Governmental enterprises should determine and report the same amount for net cash flow from operating activities indirectly by adjusting operating income (loss) to reconcile it to net cash flow from operating activities. This method requires adjusting operating income (loss) to remove the effects of depreciation, amortization, and other deferrals of past operating cash receipts and payments, and all accruals of expected future operating cash receipts and payments.

Additional Guidance from GASB Comprehensive Q&A Guide

- ✓ In **reconciling operating income to operating cash flows**, only those **assets, deferred outflows of resources, liability, and deferred inflows of resources accounts that affect operating** cash flow items **should be included in the reconciliation of operating income to net cash flow from operating activities**. (2.30.2)

Supplemental Schedule of Noncash Transactions

GASB Statement No. 9 states that information about all investing, capital and financing activities during a period that affect recognized assets or liabilities but do not result in cash receipts or payments in the period should be reported.

Examples of noncash transactions include:

- Contributed/donated capital assets (including transfers of assets between the campus and auxiliary organizations)
- Assets acquired directly through capital leasing
- Acquisition of capital asset paid through direct issuance of long-term debt obligation (other than capital lease)
- Construction work in progress passed down from the Office of the Chancellor
- Capital assets transferred from the Office of the Chancellor
- Capital assets paid for by the Office of the Chancellor
- Change in accrued capital asset costs (purchased but unpaid at year-end)
- Gifts in-kind
- Operating expenses paid directly through issuance of long-term debt obligation
- Prepaid expenses paid directly through issuance of long-term debt obligation
- Amortization of bond premium and discount
- Amortization of loss on debt refunding
- Amortization of deferred service concession arrangements receipts

ADDITIONAL GUIDANCE FROM GASB COMPREHENSIVE Q&A GUIDE

- ✓ Generally, **cash flows only if it changes hands**; that is, ownership of cash legally changes. (2.15.1)
- ✓ Disclosure of noncash information is required if a transaction meets **all** of these three characteristics:
  a. *Is the transaction noncash*? Only the **cash portion of the transaction should be presented** in the Statement of Cash Flows. The noncash portion should be evaluated further.
  b. *Does the transaction affect recognized assets or liabilities?* Noncash transactions that result in the recognition of assets and liabilities should be analyzed. **Changes in the balance of an asset or a liability that are not attributable to cash transactions should be considered noncash transactions**.
  c. *Is the transaction an investing, capital or financing activity?* **A noncash transaction should be disclosed only when it (had been a cash transaction) meets the definition of a capital and related financing activity**. If a customer account receivable balance that was used to offset an account payable to that customer is an operating activity and is not required to be disclosed. (2.32.1)

STATEMENT OF CASH FLOW FOR DISCRETELY PRESENTED COMPONENT UNITS

With the CSU's implementation of GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units – an Amendment of GASB Statement No. 14* effective July 1, 2003, the discretely presented component units'(mostly auxiliary organizations) Statement of Cash Flows is no longer required to be included in the campus' financial statements. In accordance with GASB Statement No. 34 *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, paragraph 125, the CSU's financial reporting requirements for discretely presented component units are met by discrete presentation of the component units' financial data in the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position.

DIRECT METHOD STATEMENT OF CASH FLOWS

Preparing a Statement of Cash Flows should be based on gross amounts of cash receipts and cash payments during a period since it is more relevant than information about the net amount of cash receipts and payments. However, generally, governments can estimate certain direct method cash flow amounts by adjusting for beginning and ending receivables and payables. That is, if an asset balance increased from the prior year to the current year, it is cash "used" (cash has decreased) and therefore should be subtracted from (added to) revenues (expenses). Vice versa, if the asset balance decreased, then it is cash "provided" (cash has increased) and therefore should be added to (subtracted from) revenues (expenses). For liabilities, if the balance increased from the prior year to the current year, it is cash "provided" (cash has increased) and therefore should be added to (subtracted from) revenues (expenses). If the liability balance decreased from the prior year, it is cash "used" (cash has decreased) and therefore should be subtracted from (added to) revenues (expenses). Additionally, you must consider the impact of noncash transactions to each line item as these should not be reported in the Statement of Cash Flows, but presented as supplemental information.

A cash flow workbook has been included in this Chapter in order to assist and to facilitate capturing the necessary data to prepare the Statement of Cash Flows.

TM1 REPORTING OF STATEMENT OF CASH FLOWS

Some line items in the Statement of Cash Flows for the Reporting Package in TM1 are automatically populated from different footnote tabs. The template will assist in the completion of these tabs that flow directly to the Statement of Cash Flows (specifically FN5 Capital assets and FN8 Long-term liabilities).

REVISION CONTROL

Document Title: CHAPTER 6 – STATEMENT OF CASH FLOWS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Overall	Updated the following: 1. Added the definition of cash and cash equivalents. 2. Added the policy related to gross vs. net reporting in the Statement of Cash Flows. 3. Added guidance related to the completion of TM1 reporting for the Statement of Cash Flows. 4. Removed the steps to preparing a direct method of Statement of Cash Flows. 5. Statement of Cash Flows template has been updated.	April 2015
Overall	Added throughout the document relevant Q&A from GASB Comprehensive Implementation Guide for reference.	April 2014

CSU - X Campus
Instructions
June 30, 2014

INSTRUCTIONS IN COMPLETING THIS WORKSHEET:

General Note:

1. Input data in the yellow shaded cells as applicable, all other cells will be automatically filled in as you complete the worksheet.
2. Make sure that the workbook calculation for the formula is automatic and not manual. To check go to: File > Options > Formulas > Calculation Options > Workbook Calculation > should be Automatic.
3. Referencing guide: Items noted in **[blue]** means that it is the source refeence. Items noted in **[red]** is referencing to a specific tab/cell.

	1	Input the Campus Name and the appropriate Fiscal Year in the box above.
	2	Input the prior and current year Statement of Net Position data in the **[SNP]** tab. *(Checkpoint: Row 75 should be "TRUE' for both years.)*
	3	Input the current year Statement of Revenue, Expenses and Changes in Net Position in the **[SRECNP]** tab. *(Checkpoint: Row 60 should be "TRUE")*
	4	Complete the information required in the Additional Cash Flows Worksheet **[.A]** to **[.W]** tabs by obtaining information either from the Prepared by Client (PBC) Schedule and/or from TM1. Some items have already been prepopulated based on most common transactions related to the account. However, data can be added to reflect a more precise representation of the transactions. Additionally, use the information in Chapter 6 Statement of Cash Flows to determine how to account for certain transactions. Completion of these tabs will populate the numbers in the **[Worksheet]** tab except for items manually added in the tabs. Include the manually added items in the **[Worksheet**] tab in the appropriate line item. *(Checkpoint: Amounts should be $0 in all the checks in the tabs)*
	5	After completing step no. 4, go to the **[Worksheet]** tab. Double check whether all the data input from tabs **[.A]** through **[.W]** are linked correctly in the woksheet and represents your campus' cash flow transactions. If errors exist, correct entries made in tabs **[.A]** through **[.W]** as applicable and/or input additional data in the **[Worksheet**] tab as necessary. *(Checkpoint: Column AX, Row 77 & Cell C97 should all be $0.)*

CSU - X Campus
Statement of Net Position
June 30, 2014

	June 30, 2014	June 30, 2013
Assets		
Current Assets:		
Cash and cash equivalents	934,534	186,049
Short-term investments	166,118,724	152,226,232
Accounts receivable, net	10,310,887	8,400,749
Leases receivable, current portion	607,182	577,451
Notes receivable, current portion	101,287	97,818
Pledges receivable, net	240,000	—
Prepaid expenses and other assets	2,193,983	1,736,210
Total current assets	**180,506,597**	**163,224,509**
Noncurrent Assets:		
Restricted cash and cash equivalents	67,033	13,597
Accounts receivable, net	—	1,248,698
Leases receivable, net of current portion	21,191,054	21,798,237
Notes receivable, net of current portion	502,070	603,357
Student loans receivable, net	5,143,527	5,109,825
Pledges receivable, net	960,000	—
Endowment investments	5,998,289	7,896,005
Other long-term investments	23,889,381	23,228,780
Capital assets, net	339,721,296	348,944,452
Other assets	13,465	—
Total noncurrent assets	**397,486,115**	**408,842,951**
Total assets	**577,992,712**	**572,067,460**
Deferred Outflows of Resources		
Unamortized loss on debt refunding	909,326	360,397
Net pension obligation	—	—
Total deferred outflows of resources	**909,326**	**360,397**
Liabilities		
Current Liabilities:		
Accounts payable	5,249,736	6,146,603
Accrued salaries and benefits payable	16,814,758	15,748,035
Accrued compensated absences, current portion	7,567,233	7,642,041
Unearned revenue	21,205,290	19,284,831
Capitalized lease obligations, current portion	898,606	850,850
Long-term debt obligations, current portion	4,951,086	4,734,278
Depository accounts, current portion	1,142,814	992,113
Other liabilities	2,178,843	1,984,165
Total current liabilities	**60,008,366**	**57,382,916**

CSU - X Campus
Statement of Net Position
June 30, 2014

	June 30, 2014	June 30, 2013
Noncurrent Liabilities:		
Accrued compensated absences, net of current portion	3,328,092	2,589,144
Unearned revenue	354,168	604,168
Grants refundable	6,486,499	6,344,359
Capitalized lease obligations, net of current portion	35,688,704	36,587,311
Long-term debt obligations , net of current portion	166,829,352	171,164,999
Depository accounts	—	—
Other postemployment benefits obligation	10,885,754	9,253,468
Pension obligation	—	—
Other liabilities	54,449	67,562
Total noncurrent liabilities	**223,627,018**	**226,611,011**
Total liabilities	**283,635,384**	**283,993,927**
Deferred Inflows of Resources		
Unamortized gain on debt refunding	—	—
Net pension obligation	—	—
Non-exchange transactions	—	—
Service concession arrangements	—	—
Total deferred inflows of resources	**—**	**—**
Net Position		
Net investment in capital assets	154,711,921	159,064,038
Restricted for:		
Nonexpendable - Endowments	5,998,289	7,896,005
Expendable:		
Scholarships and fellowships	736,810	925,554
Research	—	—
Loans	1,300,010	1,283,571
Capital projects	5,529	738,185
Debt service	—	—
Other	2,929,302	2,882,166
Unrestricted	129,584,793	115,644,411
Total net position	**295,266,654**	**288,433,930**
	TRUE	**TRUE**

CSU - X Campus
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2014

	June 30, 2014	Ref.
Revenues:		
Operating revenues:		
Student tuition and fees, net	118,667,425	SR01
Grants and contracts, noncapital:		
Federal	474,780	SR02
State	2,023,447	SR03
Local	627,834	SR04
Non-governmental	106,669	SR05
Sales and services of educational activities	3,421,224	SR06
Sales and services of auxiliary enterprises, net	18,273,927	SR07
Other operating revenues	10,679,500	SR08
Total operating revenues	**154,274,806**	SR09
Expenses:		
Operating expenses:		
Instruction	134,431,466	SR10
Research	722,282	SR11
Public service	3,778,067	SR12
Academic support	29,659,885	SR13
Student services	36,452,531	SR14
Institutional support	35,490,807	SR15
Operation and maintenance of plant	36,913,121	SR16
Student grants and scholarships	61,914,467	SR17
Auxiliary enterprise expenses	11,042,694	SR18
Depreciation and amortization	21,579,591	SR19
Total operating expenses	**371,984,911**	SR20
Operating income (loss)	**(217,710,105)**	SR21
Nonoperating revenues (expenses):		
State appropriations, noncapital	121,833,441	SR22
Federal financial aid grants, noncapital	64,566,124	SR23
State financial aid grants, noncapital	41,341,700	SR24
Local financial aid grants, noncapital	—	SR25
Nongovernmental and other financial aid grants, noncapital	—	SR26
Other federal nonoperating grants, noncapital	—	SR27
Gifts, noncapital	591,530	SR28
Investment income (loss), net	2,580,531	SR29
Endowment income (loss), net	42,112	SR30
Interest expenses	(10,516,460)	SR31
Other nonoperating revenues (expenses)	3,286,719	SR32
Net nonoperating revenues (expenses)	**223,725,697**	SR33
Income (loss) before other revenues and expenses	**6,015,592**	SR34

CSU - X Campus
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2014

	June 30, 2014	Ref.
State appropriations, capital	—	SR35
Grants and gifts, capital	2,718,809	SR36
Additions (reductions) to permanent endowments	(1,901,677)	SR37
Increase (decrease) in net position	**6,832,724**	SR38
Net position:		
Net position at beginning of year, as previously reported	288,433,930	SR39
Restatements	—	SR40
Net position at beginning of year, as restated	288,433,930	SR41
Net position at end of year	**295,266,654**	SR42
	TRUE	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
A. INVESTMENTS (SHORT-TERM, LONG-TERM and ENDOWMENTS)
Source(s):
PBC050 Investments Leadsheet
PBC053 Consolidated Rollforward by Type of Investment
TM1 FN3.2 Composition of Investments at June 30
Campus SRB passdown files

	CSU Consolidated Investment Pool[1]	Inv. held by CO (0576 and 0578)[2]	Other Investments	Less: Auxiliary Investments[3]	June 30, 2014	Ref.	Check
Beginning balance, June 30, 20[PY]	183,328,965	22,052			183,351,017	A01	—
Additions/(Reductions):							
Purchases	478,113,332	8,087,830			486,201,162	A02	
Sales	(466,939,700)	(8,104,325)			(475,044,025)	A03	
Change in unrealized Gains/(Losses)	486,030				486,030	A04	
Investment income reinvested	1,012,210				1,012,210	A05	
Investment income reinvested, not included as income (Agency Federal)					—	A06	
Investment income reinvested, not included as income (Agency Non-Federal)					—	A07	
					—	A08	
					—	A09	
					—	A10	
					—	A11	
					—	A12	
Ending balance, June 30, 20[CY]	**196,000,837**	**5,557**	**—**	**—**	**196,006,394**	A13	—

[1]The CSU Consolidated Investment Pool includes the SWIFT and SMIF investments in CSU Fund 0948.

[2]To achieve consistency in treatment of the transactions related to investments held by CO, in the 0576.0578 rollforward tab, all negative amounts in the passdown files should be treated as purchases and all positive amounts in the passdown file should be treated as sales.

[3]Only remove auxiliary investments when the auxiliary organization records these as their own investments. If the auxiliary organization records these as accounts receivable, do not remove.

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
B. ACCOUNTS RECEIVABLE (CURRENT and NONCURRENT)
Source(s):
PBC056 Accounts Receivable Leadsheet
TM1 FN4.1 Composition of Accounts Receivable at June 30

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Operating A/R				
A/R Student tuition and fees	1,369,587	888,277	(481,310)	B01
A/R Federal grants and contracts	1,115,802	1,265,298	149,496	B02
A/R State grants and contracts	3,940,065	4,794,674	854,609	B03
A/R Local grants and contracts			—	B04
A/R Nongovernmental grants and contracts	150,819	91,754	(59,065)	B05
A/R Sales and services of educational activities			—	B06
A/R Sales and services of auxiliary enterprises	2,094,978	1,230,816	(864,162)	B07
A/R Office of the Chancellor (CO)			—	B08
A/R Campuses (other than CO)			—	B09
A/R Due from employees	106,621	62,872	(43,749)	B10
A/R Other operating receivables	751,458	573,346	(178,112)	B11
			—	B12
			—	B13
			—	B14
			—	B15
			—	B16
Noncapital financing A/R				
A/R State appropriations, noncapital			—	B17
A/R Federal financial aid grants, noncapital	781,557	742,410	(39,147)	B18
A/R State financial aid grants, noncapital			—	B19
A/R Local financial aid grants noncapital			—	B20
A/R Nongovernmental and other financial aid grants, noncapital			—	B21
A/R Other federal nonoperating grants, noncapital			—	B22
A/R Interest receivable on notes receivable			—	B23
A/R Interest receivable on capital lease receivable (noncapital related)			—	B24
A/R Other noncapital financing receivables			—	B25
			—	B26
			—	B27
			—	B28
			—	B29
			—	B30
Capital and related financing A/R				
A/R State appropriations capital			—	B31
A/R State appropriations - capital (SPWB)			—	B32
A/R Interest receivable on capital lease receivable (capital related)			—	B33
			—	B34
			—	B35
			—	B36
			—	B37
			—	B38
Investing A/R				
A/R Interest receivable on investments			—	B39
			—	B40
			—	B41
			—	B42
			—	B43
			—	B44
Total accounts receivable, net	**10,310,887**	**9,649,447**	**(661,440)**	B45
Check	—	—		

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
D. LEASES RECEIVABLE (CURRENT and NONCURRENT)
Source(s):
PBC070 Detail of Lease/Note Payments Received During the Year
TM1 FN4.2 Leases (as Lessor) - Future Minimum Lease Payments to be Received

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	22,375,688	C01
Capital related transactions		
New capital leases during the year	—	C02
Principal payments received from capital leases	(441,887)	C03
Non-capital related transactions (component unit related)		
New capital leases during the year		C04
Principal payments received from capital leases	(135,565)	C05
Others		
		C06
		C07
		C08
		C09
		C10
Ending balance, June 30, 20[CY]	**21,798,236**	C11
Check	—	

Interest received on leases receivable recorded in interest expense (non-capital related)	1,001,019	C12
Interest received on leases receivable recorded in interest expense (capital related)	78,606	C13
Interest received on leases receivable recorded in investment income (non-capital related)		C14
Interest received on leases receivable recorded in investment income (capital related)		C15

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
D. NOTES RECEIVABLE (CURRENT and NONCURRENT)
Source(s):
PBC070 Detail of Lease/Note Payments Received During the Year
TM1 FN4.3 Notes Receivable - Future Minimum Lease Payments to be Received

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	701,175	D01
New note receivable during the year		D02
Principal payments received from note receivable	(97,818)	D03
		D04
		D05
		D06
		D07
		D08
Ending balance, June 30, 20[CY]	**603,357**	D09
Check	—	

Interest received on notes receivable recorded in interest expense		D10
Interest received on notes receivable recorded in investment income		D11

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
E. PLEDGES RECEIVABLE (CURRENT and NONCURRENT)
Source(s):

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	—	E01
Capital related		
New pledge receivable during the year (recorded in grants and gifts, capit	1,200,000	E02
Cash received from pledges receivable during the year		E03
Noncapital related		
New pledge receivable during the year (recorded in gifts, noncapital)		E04
Cash received from pledges receivable during the year		E05
Others		
		E06
		E07
		E08
		E09
		E10
Ending balance, June 30, 20[CY]	**1,200,000**	E11
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
F. PREPAID EXPENSES AND OTHER ASSETS
Source(s):
PBC079 Detail of Prepaid Expenses and Other Assets

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Travel Advances	183,535	218,509	34,974	F01
Salary Advances	4,642	3,870	(772)	F02
Expenses Advances	—	—	—	F03
Prepay Services Revolving Fund-Services	10,467	3,681	(6,786)	F04
Prepay to Other Non-Governmental Entities	—	—	—	F05
Other Prepaid Expenses	1,620,775	1,103,911	(516,864)	F06
Inventory	374,564	406,239	31,675	F07
			—	F08
			—	F09
			—	F10
			—	F11
			—	F12
Total prepaid expenses and other assets	**2,193,983**	**1,736,210**	**(457,773)**	F13
Check	—	—		

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
G. STUDENT LOANS RECEIVABLE, NET
Source(s):
PBC072 Student Loans Receivable Leadsheet
TM1 FN4.4 Student Loans Receivable

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	5,109,825	G01
Perkins loan		
New loans to students	806,179	G02
Collection on student loans	(761,806)	G03
Nursing loan		
New loans to students	156,610	G04
Collection on student loans	(169,386)	G05
Other loans		
New loans to students	16,126	G06
Collection on student loans	(14,021)	G07
Others		
		G08
		G09
		G10
		G11
		G12
Ending balance, June 30, 20[CY]	5,143,527	G13
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
H. CAPITAL ASSETS, NET
Source(s):
- **PBC081** Detailed Addition Listing of Capital Assets
- **TM1 FN5.1** Composition of Capital Assets at June 30
- **TM1 FN5.3** Reconciliation of Capital Assets Additions per Rollforward to Statement of Cash Flows
- **TM1 FN5.4** Capitalized Interest, Net of Related Investment Income for the Year Ended June 30

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	348,944,452	H01
Additions:		
Capital asset purchased	12,243,420	H02
Contributed capital/donated assets	872,784	H03
		O02
Acquisition of capital assets through capital lease (including premium)	—	O03
Acquisition of capital asset through long-term debt (other than capital lease)	—	P14
Construction Work in Progress (CWIP) acquired from the Office of the Chancellor		H04
Common Network Infrastructure (CNI) paid by the Office of the Chancellor	48,287	H05
Capital asset transferred from Office of the Chancellor		H06
Capitalized interest, net of related investment income	56,620	H23
		H07
		H08
		H09
		H10
		H11
Reductions:		
Capital assets disposal at NBV	(22,375)	H18
		H12
		H13
		H14
		H15
		H16
Change in accrued capital asset costs	(842,301)	K18
Depreciation expense	(21,579,591)	SR19
Ending balance, June 30, 20[CY]	**339,721,296**	H17
Check	—	
Proceeds from sale of capital assets		
Capital assets disposal at NBV	22,375	H18
Gain/(Loss) on disposal of capital assets	561	H19
	22,936	H20
Capitalized interest, net of related investment income		
Interest expense capitalized for construction projects	56,620	H21
Investment income related to unspent bond proceeds for construction (enter negative numb	—	H22
	56,620	H23

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
I. OTHER ASSETS
Source(s):
PBC090 Detail of Other Assets at June 30

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Capitalized interest			—	I01
UBIT	13,465		(13,465)	I02
Other assets			—	I03
In-kind gifts			—	I04
			—	I05
			—	I06
			—	I07
			—	I08
			—	I09
Total other assets	**13,465**	**—**	**(13,465)**	I10
Check	**—**	**—**		

CSU - X Campus

Additional Cash Flows Worksheet

June 30, 2014

J. DEFERRED OUTFLOW OF RESOURCES

Source(s):

Campus SRB passdown files

Pension passdown files

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	360,397	J01
Loss on debt refunding		
Campus-related		
Additional unamortized loss on debt refunding	626,204	P24
Amortization of loss on debt refunding	(77,275)	J02
Auxiliary-related		
Additional unamortized loss on debt refunding	—	P30
Amortization of loss on debt refunding		J03
	548,929	
Net pension obligation		
Beginning balance of deferred inflows - net pension obligation	—	J04
Ending balance of deferred inflows - net pension obligation	—	J05
	—	J06
Others		
		J07
		J08
		J09
		J10
		J11
	—	
Ending balance, June 30, 20[CY]	**909,326**	J12
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
K. ACCOUNTS PAYABLE
Source(s):
PBC094 Accounts Payable Leadsheet
TM1 FN17 Accounts Payable

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Operating A/P				
A/P to third-party vendors (noncapital)	3,712,387	3,925,630	(213,243)	K01
A/P Due from employees			—	K02
A/P Office of the Chancellor (CO)			—	K03
A/P Campuses (other than CO)			—	K04
A/P to recognized auxiliary organizations	556,233	392,611	163,622	K05
A/P Other operating payables	67,664	72,609	(4,945)	K06
			—	K07
			—	K08
			—	K09
			—	K10
			—	K11
Noncapital Financing A/P				
A/P Other noncapital financing payables			—	K12
			—	K13
			—	K14
			—	K15
			—	K16
			—	K17
Capital and Related Financing A/P				
A/P to third-party vendors (capital, including construction retention	913,452	1,755,753	(842,301)	K18
			—	K19
			—	K20
			—	K21
			—	K22
			—	K23
Total accounts payable	**5,249,736**	**6,146,603**	**(896,867)**	K24
Check	—	—		

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
L. ACCRUED SALARIES AND BENEFITS PAYABLE
Source(s):
PBC096 Accrued Salaries & Benefits Calculation

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	15,748,035	L01
Net change during the year	1,066,723	L02
Ending balance, June 30, 20[CY]	**16,814,758**	L03
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
M. ACCRUED COMPENSATED ABSENCES (CURRENT and NONCURRENT)
Source(s):
PBC098 Additions and Reductions Support for Accrued Compensated Absences
TM1 FN8.1 Long-term Liabilities Activity Schedule

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	10,231,185	M01
Net change during the year	664,140	M02
Ending balance, June 30, 20[CY]	**10,895,325**	M03
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
N. UNEARNED REVENUE (CURRENT AND NONCURRENT)
Source(s):
PBC101 Unearned Revenue Detail

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Unearned revenue - Operating				
Unearned revenue - Student tuition and fees	19,569,328	17,774,785	1,794,543	N01
Unearned revenue - Federal grants and contracts			—	N02
Unearned revenue - State grants and contracts			—	N03
Unearned revenue - Local grants and contracts			—	N04
Unearned revenue - Nongovernmental grants and contracts			—	N05
Unearned revenue - Sales and services of educational activities	683,258	953,895	(270,637)	N06
Unearned revenue - Sales and services of auxiliary enterprises	1,306,872	1,160,319	146,553	N07
Unearned revenue - Other operating			—	N08
			—	N09
			—	N10
			—	N11
			—	N12
			—	N13
Unearned Revenue - Noncapital financing				
Unearned revenue - Federal financial aid grants, noncapital			—	N14
Unearned revenue - State financial aid grants, noncapital			—	N15
Unearned revenue - Local financial aid grants noncapital			—	N16
Unearned revenue - Nongovernmental and other financial aid grants, noncapital			—	N17
Unearned revenue - Other federal nonoperating grants, noncapital			—	N18
Unearned revenue - Other noncapital financing			—	N19
			—	N20
			—	N21
			—	N22
			—	N23
			—	N24
Unearned revenue - Capital and related financing				
Unearned revenue - Grant and gifts capital			—	N25
			—	N26
			—	N27
			—	N28
			—	N29
			—	N30
Total unearned revenue	**21,559,458**	**19,888,999**	**1,670,459**	
Check	—	—		

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
O. CAPITALIZED LEASE OBLIGATIONS (CURRENT and NONCURRENT)
Source(s):
PBC105 Copies of New Operating or Capital Lease Agreements
TM1 FN8.1 Long-term Liabilities Activity Schedule

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	37,438,161	O01
Campus originated capitalized lease obligations		
New lease obligations during the year		O02
Premium/(Discount) related to the new capitalized lease obligations		O03
Principal payments on lease obligations	(850,851)	O04
Amortization of (premium)/discount related to the capitalized lease obligation		O05
Others		
		O06
		O07
		O08
		O09
		O10
Ending balance, June 30, 20[CY]	**36,587,310**	O11
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
P. LONG-TERM DEBT OBLIGATIONS (CURRENT and NONCURRENT)
Source(s):
TM1 FN8.1 Long-term liabilities activity schedule
TM1 FN8.2 Reconciliation of Additions per Rollforward to Statement of Cash Flows
TM1 FN8.3 Reconciliation of Reductions per Rollforward to Statement of Cash Flows
Campus SRB Passdown Files

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	175,899,277	P01
Systemwide revenue bond (SRB) debt		
Campus related		
New long-term debt obligations	10,580,000	P02
Premium/(Discount) for new debt obligations	1,692,582	P03
Long-term debt obligation payments	(3,900,000)	P04
Amortization of (premium)/discount of long-term debt obligation	(175,312)	P05
Defeasance of long-term debt obligations	(10,950,000)	P21
(Premium)/Discount portion of defeased bonds	(501,922)	P22
Component unit related [1]		
New long-term debt obligations		P06
Premium/(Discount) for new debt obligations		P07
Long-term debt obligation payments	(435,000)	P08
Amortization of (premium)/discount of long-term debt obligation	(29,909)	P09
Defeasance of long-term debt obligations	—	P27
(Premium)/Discount portion of defeased bonds	—	P28
Bond Anticipation Notes		
New long-term debt obligations		P10
Roll-over of interest to principal		P11
Long-term debt obligation payments		P12
Others		
New long-term debt obligations		P13
New long-term debt obligations used to purchase capital assets		P14
Long-term debt obligation payments	(399,278)	P15
		P16
		P17
		P18
		P19
		P20
Ending balance, June 30, 20[CY]	**171,780,438**	P21
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
P. LONG-TERM DEBT OBLIGATIONS (CURRENT and NONCURRENT)
Source(s):
TM1 FN8.1 Long-term liabilities activity schedule
TM1 FN8.2 Reconciliation of Additions per Rollforward to Statement of Cash Flows
TM1 FN8.3 Reconciliation of Reductions per Rollforward to Statement of Cash Flows
Campus SRB Passdown Files

	June 30, 2014	Ref.
Amount paid to Escrow related to Refunding:		
Campus related		
Defeasance of long-term debt obligations	10,950,000	P22
Premium/(Discount) portion of defeased bonds	501,922	P23
Loss on debt refunding	626,204	P24
(Gain) on debt refunding		P25
Interest expense for CY defeased bond portion	91,502	P26
Interest payable from PY defeased bond portion	45,751	P27
Component unit related [1]		
Defeasance of long-term debt obligations		P28
Premium/(Discount) portion of defeased bonds		P29
Loss on debt refunding		P30
(Gain) on debt refunding		P31
Interest expense for CY defeased bond portion		P32
Interest payable from PY defeased bond portion		P33
	12,215,379	P34
Interest paid on component unit related long-term debt	1,013,387	P35

[1]Component unit related long-term debt obligations are those transactions where the campus or Office of the Chancellor carries the debt on its accounting records but the proceeds are actually used to fund auxiliary projects through the issuance of either capital lease or notes. This is a transaction where the campus or the CO acts as a "pass-through" entity in order to facilitate the debt financing of an auxiliary organization construction project.

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
Q. DEPOSITORY ACCOUNTS (CURRENT and NONCURRENT)
Source(s):

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	992,113	Q01
William D. Ford		
Proceeds received during the year	102,512,826	Q02
Payments made during the year	(102,531,703)	Q03
Special deposit		
Proceeds received during the year	15,754,678	Q04
Payments made during the year	(15,585,100)	Q05
Others		
		Q06
		Q07
		Q08
		Q09
		Q10
Ending balance, June 30, 20[CY]	**1,142,814**	Q11
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
R. GRANTS REFUNDABLE
Source(s):

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	6,344,359	R01
Federal loan program		
Proceeds received during the year	1,047,005	R02
Payments made during the year	(904,865)	R03
Non-federal loan		
Proceeds received during the year		R04
Payments made during the year		R05
Others		
		R06
		R07
		R08
		R09
		R10
Ending balance, June 30, 20[CY]	**6,486,499**	R11
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
S. OTHER POSTEMPLOYMENT BENEFITS OBLIGATION
Source(s):
TM1 FN19 Other PostEmployment Benefit Obligations (OPEB)

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	9,253,468	S01
Net change during the year	1,632,286	S02
Ending balance, June 30, 20[CY]	**10,885,754**	S03
Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
T. PENSION OBLIGATIONS
Source(s):
Pension passdown files

		June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]		—	T01
Net change during the year		—	T02
Ending balance, June 30, 20[CY]		—	T03
	Check	—	

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
U. OTHER LIABILITIES (CURRENT and NONCURRENT)
Source(s):
PBC117 Detailed Listing of the Nature and Balances of Other Liabilities

	June 30, 2014	June 30, 2013	Increase/ (Decrease) in Cash	Ref.
Other liabilities - Operating				
Other liabilities - Payment to students	554,486	343,053	211,433	U01
Other liabilities - Payment to suppliers	54,449	139,855	(85,406)	U02
Other liabilities - Federal grants and contracts			—	U03
Other liabilities - State grants and contracts			—	U04
Other liabilities - Local grants and contracts			—	U05
Other liabilities - Nongovernmental grants and contracts			—	U06
Other liabilities - Educational activities			—	U07
Other liabilities - Auxiliary enterprises			—	U08
Other liabilities - Office of the Chancellor (CO)			—	U09
Other liabilities - Campuses (other than CO)			—	U10
Other liabilities - Due to employees			—	U11
Other liabilities - Pollution remediation			—	U12
Other liabilities - Other operating	160,152	58,759	101,393	U13
			—	U14
			—	U15
			—	U16
			—	U17
			—	U18
Other liabilities - Noncapital financing				
Other liabilities - Federal grants and contracts, noncapital	51,969	44,307	7,662	U19
Other liabilities - State grants and contracts, noncapital			—	U20
Other liabilities - Local grants and contracts, noncapital			—	U21
Other liabilities - Nongovernmental grants and contracts, noncapital			—	U22
Other liabilities - Other federal nonoperating grants, noncapital			—	U23
Other liabilities - Federal loan program	43,822	62,648	(18,826)	U24
Other liabilities - Agency transactions			—	U25
Other liabilities - Gifts, noncapital			—	U26
Other liabilities - Other noncapital financing			—	U27
			—	U28
			—	U29
			—	U30
			—	U31
			—	U32
Other Liabilities - Capital and related financing				
Other liabilities - Interest payable, capital	1,368,414	1,403,105	(34,691)	U33
			—	U34
			—	U35
			—	U36
			—	U37
			—	U38
Total other liabilities	**2,233,292**	**2,051,727**	**181,565**	U39
Check	—	—		

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014
V. DEFERRED INFLOW OF RESOURCES
Source(s):
Campus SRB passdown files
Pension passdown files

	June 30, 2014	Ref.
Beginning balance, June 30, 20[PY]	—	V01
Gain on debt refunding		
Campus-related		
Additional unamortized gain on debt refunding	—	P25
Amortization of gain on debt refunding		V02
Auxiliary-related		
Additional unamortized gain on debt refunding	—	P31
Amortization of gain on debt refunding		V03
	—	V04
Net pension obligation		
Beginning balance of deferred inflows - net pension obligation	—	V05
Ending balance of deferred inflows - net pension obligation	—	V06
	—	V07
Non-exchange transactions[1]		
Grants and contracts, noncapital:		
Federal		V08
State		V09
Local		V10
Non-governmental		V11
Federal financial aid grants, noncapital		V12
State financial aid grants, noncapital		V13
Local financial aid grants, noncapital		V14
Nongovernmental and other financial aid grants, noncapital		V15
Other federal nonoperating grants, noncapital		V16
Gifts, noncapital		V17
	—	V18
Service concession arrangements		
Beginning balance of deferred inflows - service concession arrangements	—	V19
Ending balance of deferred inflows - service concession arrangements	—	V20
	—	V21
Others		
		V22
		V23
		V24
		V25
		V26
	—	V27
Ending balance, June 30, 20[CY]	—	V28
Check	—	

[1]Resources (e.g. cash) received by the recipient before time requirements are met, but after all other eligibility requirements have been met should be reported as a deferred inflow of resources.

CSU - X Campus
Additional Cash Flows Worksheet
June 30, 2014

W. STATEMENT OF REVENUES, EXPENSES, and CHANGES in NET POSITION

I. Operating Expenses

Source(s):

TM1 FN13 Natural Classifications of Operating Expenses

	June 30, 2014	Ref.
Salaries expense	159,050,539	W01
Benefits expense	69,409,593	W02
Scholarships and fellowships expense	61,914,467	W03
Supplies and other services	60,030,721	W04
Depreciation expense	21,579,591	SR19
Total operating expenses	**371,984,911**	W05
Check	—	

CSU - X Campus
Statement of Cash Flows Worksheet
June 30, 2014

	ASSETS										DEFERRED	LIABILITIES											DEFERRED	NET POSITION	
	Cash and cash equivalents	A. Investments	B. Accounts receivable, net	C. Leases receivable	D. Notes receivable	E. Pledges receivable, net	F. Prepaid expenses and other assets	G. Student loans receivable, net	H. Capital assets, net	I. Other assets	J. Deferred outflow of resources	K. Accounts payable	L. Accrued salaries and benefits payable	M. Accrued compensated absences	N. Unearned revenue	O. Capitalized lease obligations	P. Long-term debt obligations	Q. Depository accounts	R. Grants refundable	S. OPEB obligation	T. Pension obligation	U. Other liabilities	V. Deferred inflows of resources	W. Net Position	Check
June 30, 2014	1,001,567	196,006,394	10,310,887	21,798,236	603,357	1,200,000	2,193,983	5,143,527	339,721,296	13,465	909,326	(5,249,736)	(16,814,758)	(10,895,325)	(21,559,458)	(36,587,310)	(171,780,438)	(1,142,814)	(6,486,499)	(10,885,754)	—	(2,233,292)	—	(295,266,654)	—
June 30, 2013	199,646	183,351,017	9,649,447	22,375,688	701,175	—	1,736,210	5,109,825	348,944,452	—	360,397	(6,146,603)	(15,748,035)	(10,231,185)	(19,888,999)	(37,438,161)	(175,899,277)	(992,113)	(6,344,359)	(9,253,468)	—	(2,051,727)	—	(288,433,930)	—
Change in the Account (CY less PY)	**801,921**	**12,655,377**	**661,440**	**(577,452)**	**(97,818)**	**1,200,000**	**457,773**	**33,702**	**(9,223,156)**	**13,465**	**548,929**	**896,867**	**(1,066,723)**	**(664,140)**	**(1,670,459)**	**850,851**	**4,118,839**	**(150,701)**	**(142,140)**	**(1,632,286)**	**—**	**(181,565)**	**—**	**(6,832,724)**	—
Cash flows from operating activities:																									
Student tuition and fees	119,980,658		(481,310) B01												1,794,543 N01									118,667,425 SR01	—
Federal grants and contracts	624,276		149,496 B02												— N02							— U03	— V08	474,780 SR02	—
State grants and contracts	2,878,056		854,609 B03												— N03							— U04	— V09	2,023,447 SR03	—
Local grants and contracts	627,834		— B04												— N04							— U05	— V10	627,834 SR04	—
Nongovernmental grants and contracts	47,604		(59,065) B05												— N05							— U06	— V11	106,669 SR05	—
Payments to suppliers	(60,819,504)						(485,189) F06 F07			— I03		(218,188) K01 K06										(85,406) U02 U12		(60,030,721) W04	—
Payments to employees	(225,113,316)		(43,749) B10				27,416 F01 F02 F03 F04					— K02	1,066,723 L02	664,140 M02						1,632,286 S02	— T02	— U11	— V07	(228,460,132) W01 W02	—
Payments to students	(61,719,160)							(16,126) G06														211,433 U01		(61,914,467) W03	—
Collections of student loans	14,021							14,021 G07																	—
Sales and services of educational activities	3,150,587		— B06												(270,637) N06							— U07		3,421,224 SR06	—
Sales and services of auxiliary enterprises	17,556,318		(864,162) B07												146,553 N07							— U08		18,273,927 SR07	—
Other receipts (payments)	10,752,938		(178,112) B08 B09 B11				— F05		21,579,591 SR19	(13,465) I02		163,622 K03 K04 K05			— N08							101,393 U09 U10 U13		(10,900,091) SR08 SR19	—
Net cash provided by (used in) operating activities	**(192,019,688)**																								
Cash flows from noncapital financing activites:																									
State appropriations	121,833,441		— B17																					121,833,441 SR22	—
Federal financial aid grants	64,534,639		(39,147) B18												— N14							7,662 U19	— V12	64,566,124 SR23	—
State financial aid grants	41,341,700		— B19												— N15							— U20	— V13	41,341,700 SR24	—
Local financial aid grants	—		— B20												— N16							— U21	— V14	— SR25	—
Nongovernmental and other financial aid grants	—		— B21												— N17							— U22	— V15	— SR26	—
Other federal nonoperating grants	—		— B22												— N18							— U23	— V16	— SR27	—
Gifts and grants received for other than capital purposes	591,530					— E04 E05				— I04												— U26	— V17	591,530 SR28 SR37	—
Federal loan program receipts	104,321,637	— A06						761,806 G03										102,512,826 Q02	1,047,005 R02			— U24			—
Federal loan program disbursements	(104,261,573)							(806,179) G02										(102,531,703) Q03	(904,865) R03			(18,826) U24			—
Monies received on behalf of others	15,924,064	— A07						169,386 G05										15,754,678 Q04	— R04			— U25			—
Monies disbursed on behalf of others	(15,741,710)							(156,610) G04										(15,585,100) Q05	— R05			— U25			—
Transfers to escrow agent	—										— P30						— P27 P28					— P33	— P31	— P32	—
Proceeds from long-term debt	—																— P06 P07								—
Principal paid on long-term debt	(435,000)																(435,000) P08								—
Interest paid on long-term debt	(1,013,387)																(1,013,387) P32								—
Issuance of notes receivable	—				— D02																				—
Issuance of capital leases receivable	—			— C04																					—
Principal collections on capital leases receivable	135,565			135,565 C05																					—
Interest collections on capital leases receivable	1,001,019		— B24	1,001,019 C12 C14																					—
Principal collections on notes receivable	97,818				97,818 D03																				—
Interest collections on notes receivable	—		— B23		— D10 D11																				—
Other noncapital financing activities	1,336,194		— B25						(48,848) H04 H05 H06 H19			— K12			— N19							— U27		1,385,042 SR32 SR37	—
Net cash provided by (used in) noncapital financing activities	**229,665,937**																								
Cash flows from capital and related financing activities:																									
Proceeds from capital debt	12,272,582																12,272,582 P02 P03 P10 P13								—
State appropriations	—		— B31																					— SR35	—
State appropriations - SPWB Lease Revenue Bonds program	—		— B32																						—
Capital grants and gifts	646,025					(1,200,000) E02 E03			(872,784) H03						— N25									2,718,809 SR36	—
Proceeds from sale of capital assets	22,936			— C02					22,936 H20																—
Acquisition of capital assets	(12,243,420)								(11,401,119) H02 O02 O03 P14 K18			(842,301) K18				— O02 O03	— P14						— V21		—
Transfers to escrow agent	(12,215,379)										(626,204) P24						(11,451,922) P21 P22					(45,751) P27	— P25	(91,502) P26	—
Principal paid on capital debt and leases	(5,150,129)															(850,851) O04	(4,299,278) P04 P12 P15								—
Interest paid on capital debt and leases	(10,664,702)			(1,079,625) C12 C13	— D10				(56,620) H21	— I01	77,275 J02 J03					— O05	808,166 P05 P09 P11 P35					11,060 U33 P27 P33	— V02 V03	(10,424,958) SR31 P26 P32	—
Principal collections on capital leases receivable	441,887			441,887 C03																					—
Interest collections on capital leases receivable	78,606		— B33	78,606 C13 C15																					—
Net cash provided by (used in) capital and related financing activities	**(26,811,594)**																								
Cash flows from investing activities:																									
Proceeds from sales of investments	475,044,025	475,044,025 A03																							—
Purchases of investments	(487,213,372)	(487,213,372) A02 A05																							—
Investment income (loss) proceeds (payments)	2,136,613	(486,030) A04	— B39	— C14 C15	— D11				— H22															2,622,643 SR29 SR30	—
Net cash provided by (used in) investing activities	**(10,032,734)**																								
Net increase (decrease) in cash and cash equivalents	801,921																								
Cash and cash equivalents at beginning of year	199,646																								
Cash and cash equivalents at end of year	**1,001,567**																								
Summary of cash and cash equivalents at end of year																									
Cash and cash equivalents	934,534																								
Restricted cash and cash equivalents	67,033																								
Total cash and cash equivalents at end of year	**1,001,567**																								
Check	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities																									
Operating income (loss)	(217,710,105)																								
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities)																									
Depreciation and amortization	21,579,591																								
Change in assets and liabilities																									
Accounts receivable, net	(622,293)		(622,293)																						
Student loans receivable, net	(2,105)							(2,105)																	
Prepaid expenses and other assets	(457,773)						(457,773)																		
Other assets	(13,465)									(13,465)															
Accounts payable	(54,566)											(54,566)													
Accrued salaries and benefits	1,066,723												1,066,723												
Accrued compensation absences	664,140													664,140											
Unearned revenue	1,670,459														1,670,459										
Depository accounts	—																	—							
Other postemployment benefits obligation	1,632,286																			1,632,286					
Pension obligation	—																				—				
Other liabilities	227,420																					227,420			
Net cash provided by (used in) operating activities	**(192,019,688)**																								
Check	—																								
Supplemental schedule of noncash transactions:																									
Contributed capital/donated assets	872,784								872,784 H03																
Acquisition of capital asset through capital lease	—															— O02 O03									
Acquisition of capital asset through long-term debt obligation (other than capital lease)	—																— P14								
Construction work in progress acquired from the Office of the Chancellor	—								— H04																
Capital asset transferred from the Office of the Chancellor	—								— H06																
Change in accrued capital asset costs (purchased but unpaid at year-end)	(842,301)											(842,301) K18													
Gifts in-kind	—									— I04															
Prepaid expenses paid through long-term debt obligation	—																								
Amortization of bond (premium)/discount	(205,221)															— O05	(205,221) P05 P09								
Revenue recognition of deferred inflows from SCA's, grants and others	—																								
Capital assets paid by the Office of the Chancellor	48,287								48,287 H05																
Amortization of loss/(gain) on debt refundings	77,275										77,275 J02 J03												— V02 V03		
Other assets paid through long-term debt obligation	—																								
Pledges receivable during the year	1,200,000					1,200,000 E02 E04																			
Proceeds to fund new SPWB capitalized leases held by State	—																								
Interest roll-over to long-term debt	—																— P11								
	—																								
	—																								
	—																								
	—																								
	—																								

CHAPTER 7

YEAR-END SYSTEM (YES) REPORTING PACKAGE

OVERVIEW

The YES reporting package is a comprehensive financial statements template using TM1 application database for data collection. It consists primarily of input sheets for the basic financial statements and underlying footnotes for both campuses and discretely presented component units. It is the responsibility of campuses and discretely presented component units to work together in order to meet the deadlines associated with the reporting package. Refer to the audit master timeline in the SFSR website http://www.calstate.edu/SFSR/Workshops/index.shtml for detailed information and deadlines.

The primary purposes of completing the TM1 YES reporting package are:

- To gather financial information from all campuses and discretely presented component units including the Office of the Chancellor (CO) for the preparation and consolidation of the annual California State University's (CSU) financial statements.
- To gather information for the purposes of preparation and consolidation of the Schedule of Expenditures Federal Awards (SEFA) for the CSU Single Audit report.
- To satisfy the Prepared by Client (PBC) requirement for the financial statement audit.

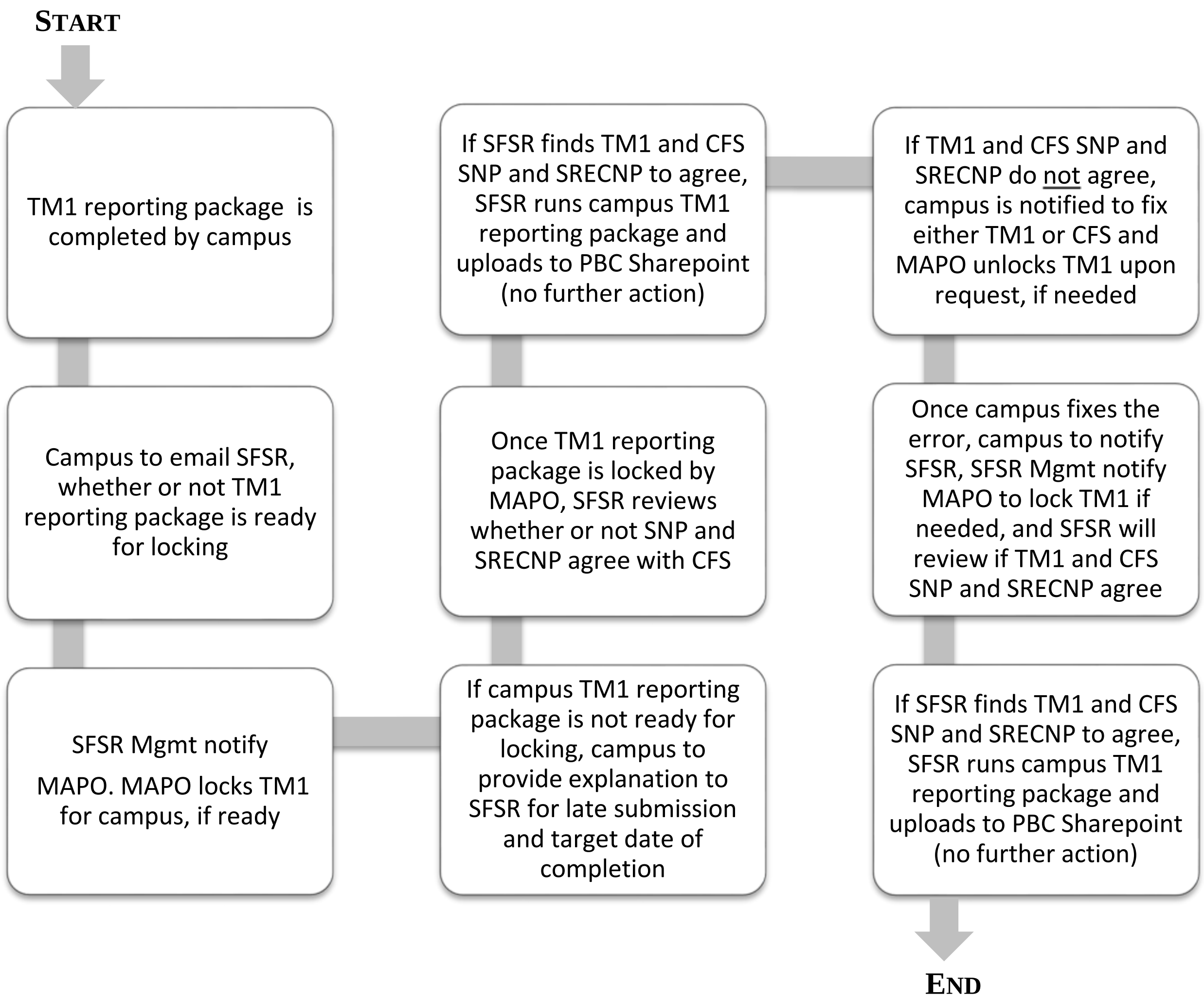
ACCESSIBILITY

Access to YES is through the web at TM1 Web (9.5.2). The accessibility of YES is limited to a number and type of users. Campus GAAP coordinators are the primary users of the YES web, which includes the discretely presented component units information. It is the responsibility of the campuses to work with their campus discretely presented component units to obtain information needed to complete the input sheets of the reporting package. If a campus GAAP coordinator needs to obtain access to YES, an email request to add a GAAP coordinator from their manager must be sent to SFSR_GAAP@calstate.edu. The number of users per campus is limited to 3-5, depending on the size of the campus. Once access is granted, an email notification to the new user will be sent with the necessary information to access YES.

Logistics of the Reporting Package Submission

The campus reporting package is uploaded by the SFSR in the PBC SharePoint https://csyou.calstate.edu/groups/fsaudit/PBC%20FY%2020142015/Forms/AllItems.aspx to satisfy the requirement for systemwide PBC001 in Chapter 9.5 for the campuses. As the financial information is available at different times, the reporting packages are submitted in phases (i.e. versions 1, 2, and 3). In order to facilitate a smooth reporting, below are the steps taken by the campuses, SFSR, and the Management and Accounting Practice Office (MAPO) teams. The due dates for the reporting package submissions are included in the master audit timeline.

The flow chart below illustrates the logistics.



YES INPUT SHEETS

The table below is a list of input sheets for both campuses and discretely presented component units in YES TM1, who is responsible for entering information, and in which reporting package version it should be included.

The campus in the entered by column on the table below applies to both campuses and CO. It is important that all PBC leadsheets and input sheets are being updated in order to tie the balances reflected in every version of the reporting package to satisfy the requirement of the financial statement audit.

Input Sheet	Entered by	RP Version
Input Sheets – Discretely Presented Component Unit (Auxiliaries)		
Notes	Campus	Version 3
Statement of Net Position	Campus	Version 3
Statement of Revenues, Expenses, and Changes in Net Position	Campus	Version 3
Input Sheets – Campus		
A-133 Input Sheet	Campus	Version 1
Analytical Review – SCF	Campus	Version 2
Analytical Review – SNP	Campus	Version 1
Analytical Review – SRECNP	Campus	Version 1
Note 01 – Campus Management Approval Sheet	Campus	Version 1
Note 02 – List of Auxiliary Organization Names	SFSR, MAPO	Version 3
Note 03 – Cash and Cash Equivalents	Campus	Version 1
Note 04 – Receivables	Campus	Version 1
Note 05 – Capital Assets	Campus	Version 1
Note 06 – Lease Obligations	Campus	Version 1
Note 07 – Long-Term Obligations	Campus, SFSR	Version 1
Note 08 – Long-Term Liabilities	Campus, SFSR	Version 1
Note 09 – Short-Term Financing	Campus	Version 1
Note 10 – Pension Plan and Postretirement Benefits	Campus	Version 1
Note 12 – Commitments and Contingencies	Campus	Version 1
Note 13 – Natural Classifications of Operating Expenses	Campus	Version 1,2
Note 14 – Transactions with Related Entities	Campus, SFSR	Version 3
Note 15 – Prior Period Adjustments	Campus	Version 1, 2
Note 16 – Elimination of Non-exchange Transactions	Campus	Version 3
Note 17 – Accounts Payable	Campus	Version 1
Note 18 – Calculation of Net Position per SNP	Campus	Version 1
Note 19 – Other Postemployment Benefits Obligation	SFSR	Version 2

Input Sheet (cont.)	Entered by	RP Version
Input Sheets – Campus		
Other Liabilities Detail	Campus	Version 1
Statement of Cash Flow	Campus	Version 2
Statement of Net Position	Campus	Version 1,2
Statement of Revenues, Expenses and Changes in Net Position	Campus	Version 1,2

PRINTING WORKBOOK

Once all the input sheets for campuses and discretely presented component units are completed, the information is automatically fed into the Printing Workbook, or also known as the reporting package in the YES web. Refer to the sample reporting package in Chapter 7.01.

STANDARD PRACTICES

Although the SFSR team reviews the campus reporting packages and communicates any errors and other review comments prior to each of the submission, each campus should perform a self-review of their campus reporting package. The goal is to submit a clean reporting package that is free of errors, as much as possible, and any abnormal balances reported are deemed appropriate and explainable by management. The below excel file is a summary of standard practices that are commonly used by both SFSR and external auditors when performing a review of the campus reporting package.

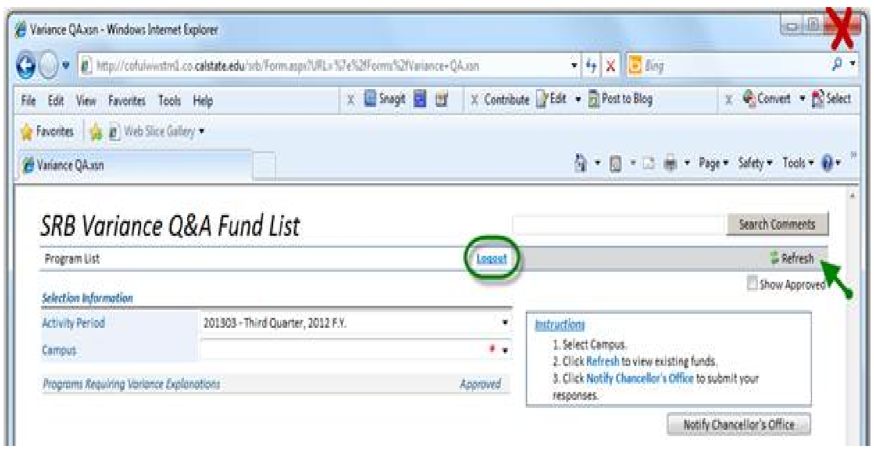
TM1 Standard Practices.xlsx

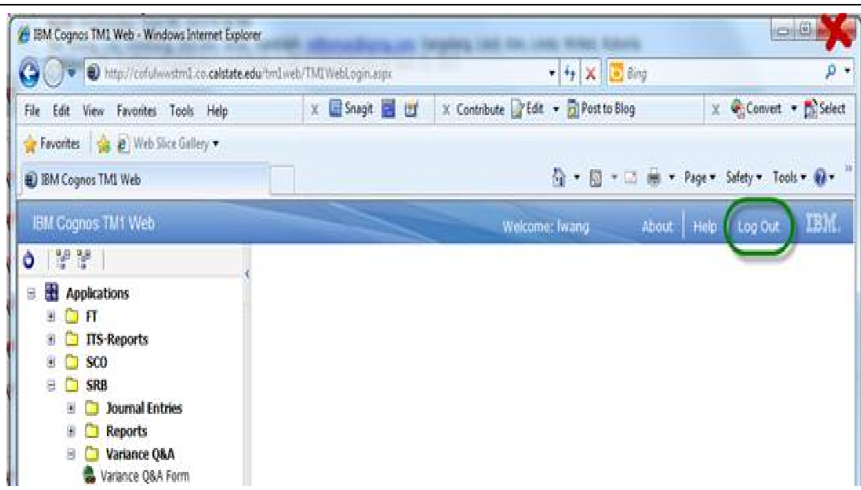
Other Uses of TM1 is also used for data collection for other purposes such as Systemwide Revenue Bonds (SRB) and State Controller's (SCO) GAAP, which are discussed in more details in Chapters 16 and 18, respectively.

Frequently Asked Questions (FAQs)

1. Why do I keep getting logged out of TM1?

TM1 will auto log off if the page is idle. In an effort to help you minimize being logged out of TM1 or exceed the number of logins, below is some helpful instruction to properly exit out of the SRB and TM1 pages.

Click on the **Refresh** button often to avoid sitting idle and being automatically logged off.	
When exiting the SRB page, click on the **Logout** button. Do <u>not</u> use the Close button.	

When exiting the TM1 page, click on the **Logout** button. Do <u>not</u> use the Close button.	

2. Sometimes TM1 does not correctly align the row and column.

This usually happens when the user is scrolling too fast. Cancel out of the page and come back in. Scroll slowly using the page arrow button rather than dragging the page curser.

Reference Tools

Recorded trainings and presentations are also available on the CSYou MAPO website via the following URL: https://csyou.calstate.edu/Employee-Resources/training/financial-services-training/Pages/default.aspx.

REVISION CONTROL

Document Title: CHAPTER 7 – YEAR-END SYSTEM (YES) REPORTING PACKAGE

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	New chapter	April 2015
General	New GASB Standards Implementation Tools previously in Chapter 7 were moved to Chapter 4 GAAP Adjustments and Reclassifications and Chapter 8 Discretely Presented Component Units.	April 2015

REPORTING PACKAGE
All Campuses
Current
2014 **<-- Select Year**
Reporting Package Index
June 30, 2014

The 2014 Reporting Package is comprised of the following:

Campus Security Update Worksheet
All Campuses
2014

Instructions: This table displays the security for the Campus and Year dimensions. If either the Campus or Year is set to READ, the Overall Security will be READ for the group. If both are WRITE, the overall security will be WRITE for the group.
NOTE: When setting security is NONE - the display in the column will be blank.

Group	Campus	Year	Overall Security	Group	Campus	Year	Overall Security	Group	Campus	Year	Overall Security
Bakersfield		READ	READ	San Luis Obispo		READ	READ	Aux - Sacramento		READ	READ
Chancellor's Office		READ	READ	San Marcos		READ	READ	Aux - San Bernardino		READ	READ
Channel Islands		READ	READ	Sonoma		READ	READ	Aux - San Diego		READ	READ
Chico		READ	READ	Stanislaus		READ	READ	Aux - San Francisco		READ	READ
Dominguez Hills		READ	READ	**External Auditor**	READ	READ	READ	Aux - San Jose		READ	READ
Fresno		READ	READ	Aux - Chico		READ	READ	Aux - San Luis Obispo		READ	READ
Fullerton		READ	READ	Aux - Fresno		READ	READ	Aux - San Marcos		READ	READ
East Bay		READ	READ	Aux - Bakersfield		READ	READ	Aux - Sonoma		READ	READ
Humboldt		READ	READ	Aux - Chancellor's Office		READ	READ	Aux - Stanislaus		READ	READ
Long Beach		READ	READ	Aux - Channel Islands		READ	READ				
Los Angeles		READ	READ	Aux - Dominguez Hills		READ	READ				
Maritime Academy		READ	READ	Aux - East Bay		READ	READ				
Monterey Bay		READ	READ	Aux - Fullerton		READ	READ				
Northridge		READ	READ	Aux - Humboldt		READ	READ				
Pomona		READ	READ	Aux - Long Beach		READ	READ				
Sacramento		READ	READ	Aux - Los Angeles		READ	READ				
San Bernardino		READ	READ	Aux - Maritime Academy		READ	READ				
San Diego		READ	READ	Aux - Monterey Bay		READ	READ				
San Francisco		READ	READ	Aux - Northridge		READ	READ				
San Jose		READ	READ	Aux - Pomona		READ	READ				

REPORTING PACKAGE
All Campuses
Statement of Net Position
June 30, 2014

Assets	University	Discretely presented component units: GASB Auxiliary Organizations	Discretely presented component units: FASB Auxiliary Organizations	Total
Current assets:				
Cash and cash equivalents	$ 4,074,360	124,850,799	103,980,564	**232,905,723**
Short-term investments	2,855,578,066	318,898,882	257,388,774	**3,431,865,722**
Accounts receivable, net	162,229,940	261,228,080	75,576,246	**499,034,266**
Leases receivable, current portion	11,441,592	873,872	1,685,000	**14,000,464**
Notes receivable, current portion	51,319,287	1,844,440	1,380,616	**54,544,343**
Pledges receivable, net	240,000	19,465,550	28,543,614	**48,249,164**
Prepaid expenses and other assets	64,239,037	16,846,729	15,071,773	**96,157,539**
Total current assets	**3,149,122,282**	**744,008,352**	**483,626,587**	**4,376,757,221**
Noncurrent assets:				
Restricted cash and cash equivalents	90,107	18,832,639	7,892,680	**26,815,426**
Accounts receivable, net	298,631,638	38,479,338	2,903,103	**340,014,079**
Leases receivable, net of current portion	358,914,616	44,345,862	23,600,000	**426,860,478**
Notes receivable, net of current portion	257,367,070	14,659,797	10,325,042	**282,351,909**
Student loans receivable, net	88,251,294	-	1,229,080	**89,480,374**
Pledges receivable, net	960,000	47,013,842	54,687,607	**102,661,449**
Endowment investments	16,218,443	664,363,964	609,024,878	**1,289,607,285**
Other long-term investments	340,934,785	385,106,467	113,178,228	**839,219,480**
Capital assets, net	7,820,312,189	492,848,137	318,557,027	**8,631,717,353**
Other assets	81,785,291	23,734,532	18,509,705	**124,029,528**
Total noncurrent assets	**9,263,465,433**	**1,729,384,578**	**1,159,907,350**	**12,152,757,361**
Total assets	**12,412,587,715**	**2,473,392,930**	**1,643,533,937**	**16,529,514,582**
Deferred outflows of resources:				
Unamortized loss on refunding(s)	45,426,459	4,704,760	498,851	**50,630,070**
Total deferred outflows of resources	**45,426,459**	**4,704,760**	**498,851**	**50,630,070**
Liabilities				
Current liabilities:				
Accounts payable	205,775,387	49,426,603	31,745,910	**286,947,900**
Accrued salaries and benefits payable	297,794,176	16,988,504	6,543,408	**321,326,088**
Accrued compensated absences - current portion	119,689,893	8,988,676	5,084,835	**133,763,404**
Unearned revenue	262,763,758	39,713,150	22,396,722	**324,873,630**
Capitalized lease obligations - current portion	70,042,010	5,455,847	10,449,852	**85,947,709**
Long-term debt obligations - current portion	260,601,405	167,470,064	5,072,048	**433,143,517**
Claims liability for losses and LAE - current portion	-	32,971,274	-	**32,971,274**
Depository accounts - current portion	7,264,062	7,098,034	5,768,071	**20,130,167**
Other liabilities	94,273,809	30,560,759	34,214,493	**159,049,061**
Total current liabilities	**1,318,204,500**	**358,672,911**	**121,275,339**	**1,798,152,750**
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	98,552,843	1,747,412	1,723,719	**102,023,974**
Unearned revenue	11,459,540	7,577,227	5,473,787	**24,510,554**
Grants refundable	93,504,489	6,882,637	-	**100,387,126**
Capitalized lease obligations, net of current portion	1,180,231,560	267,664,217	92,355,433	**1,540,251,210**
Long-term debt obligations, net of current portion	3,651,923,871	230,705,875	169,445,235	**4,052,074,981**
Claims liability for losses and LAE, net of current portion	-	67,395,159	-	**67,395,159**
Depository accounts	2,125,350	9,452,395	3,776,037	**15,353,782**
Other postemployment benefits obligation	267,012,999	48,721,212	47,571,787	**363,305,998**
Other liabilities	91,940,728	40,341,670	18,531,288	**150,813,686**
Total noncurrent liabilities	**5,396,751,380**	**680,487,804**	**338,877,286**	**6,416,116,470**
Total liabilities	**6,714,955,880**	**1,039,160,715**	**460,152,625**	**8,214,269,220**
Deferred inflows of resources:				
Deferred inflows from SCAs, grants, and others	-	446,859	1,114,230	**1,561,089**
Total deferred inflows of resources	**-**	**446,859**	**1,114,230**	**1,561,089**
Net position:				
Net investment in capital assets	3,625,542,875	120,724,723	61,099,956	**3,807,367,554**
Restricted for:				
Nonexpendable - endowments	16,218,701	495,835,754	429,016,830	**941,071,285**
Expendable:				
Scholarships and fellowships	14,670,908	73,469,419	174,706,671	**262,846,998**
Research	35,424	27,853,300	3,534,574	**31,423,298**
Loans	14,309,692	143,356	1,800,082	**16,253,130**
Capital projects	64,778,012	27,948,933	12,200,648	**104,927,593**
Debt service	139,315	5,913	9,981,331	**10,126,559**
Other	20,551,351	327,648,621	246,804,781	**595,004,753**
Unrestricted	1,986,812,016	364,860,097	243,621,060	**2,595,293,173**
Total net position	**$ 5,743,058,294**	**1,438,490,116**	**1,182,765,933**	**8,364,314,343**
	BALANCE	**BALANCE**	**BALANCE**	**BALANCE**

REPORTING PACKAGE
All Campuses
Statement of Net Position
June 30, 2013

		Discretely presented component units		
Assets	**University**	**GASB Auxiliary Organizations**	**FASB Auxiliary Organizations**	**Total**
Current assets:				
Cash and cash equivalents	$ 8,331,713	117,377,408	82,748,478	**208,457,599**
Short-term investments	2,626,675,315	309,217,532	244,256,776	**3,180,149,623**
Accounts receivable, net	159,633,664	116,708,207	110,921,285	**387,263,156**
Leases receivable, current portion	10,991,569	685,830	1,300,023	**12,977,422**
Notes receivable, current portion	11,452,818	3,296,968	1,123,531	**15,873,317**
Pledges receivable, net	412,899	18,180,526	19,929,684	**38,523,109**
Prepaid expenses and other assets	57,133,536	19,641,865	20,180,118	**96,955,519**
Total current assets	**2,874,631,514**	**585,108,336**	**480,459,895**	**3,940,199,745**
Noncurrent assets:				
Restricted cash and cash equivalents	43,213	26,008,239	8,209,646	**34,261,098**
Accounts receivable, net	366,443,224	57,991,375	6,902,232	**431,336,831**
Leases receivable, net of current portion	371,361,209	44,568,622	25,405,000	**441,334,831**
Notes receivable, net of current portion	274,233,357	10,973,374	26,804,774	**312,011,505**
Student loans receivable, net	87,171,350	-	1,167,020	**88,338,370**
Pledges receivable, net	455,938	44,891,269	51,768,577	**97,115,784**
Endowment investments	20,656,997	566,824,261	520,837,953	**1,108,319,211**
Other long-term investments	397,072,175	348,728,064	92,324,352	**838,124,591**
Capital assets, net	7,689,115,443	481,711,018	315,123,827	**8,485,950,288**
Other assets	63,573,346	19,323,965	16,552,877	**99,450,188**
Total noncurrent assets	**9,270,126,252**	**1,601,020,187**	**1,065,096,258**	**11,936,242,697**
Total assets	**12,144,757,766**	**2,186,128,523**	**1,545,556,153**	**15,876,442,442**
Deferred outflows of resources:				
Unamortized loss on refunding(s)	32,019,572	4,537,439	533,624	**37,090,635**
Total deferred outflows of resources	**32,019,572**	**4,537,439**	**533,624**	**37,090,635**
Liabilities				
Current liabilities:				
Accounts payable	191,751,252	48,083,915	32,215,615	**272,050,782**
Accrued salaries and benefits payable	278,947,345	13,602,579	8,919,015	**301,468,939**
Accrued compensated absences - current portion	116,286,670	7,694,253	6,306,538	**130,287,461**
Deferred revenue	248,785,344	30,376,004	29,043,705	**308,205,053**
Capitalized lease obligations - current portion	68,363,579	4,962,518	8,607,851	**81,933,948**
Long-term debt obligations - current portion	98,746,633	25,665,761	5,012,426	**129,424,820**
Claims liability for losses and LAE - current portion	-	28,809,577	118,056	**28,927,633**
Depository accounts - current portion	7,425,183	6,771,137	4,987,149	**19,183,469**
Other liabilities	75,308,306	57,942,903	33,369,915	**166,621,124**
Total current liabilities	**1,085,614,312**	**223,908,647**	**128,580,270**	**1,438,103,229**
Noncurrent liabilities:				
Accrued compensated absences, net of current portion	89,527,887	874,109	2,649,356	**93,051,352**
Deferred revenue	11,438,811	8,246,373	3,870,555	**23,555,739**
Grants refundable	93,818,285	4,511,689	30,317	**98,360,291**
Capitalized lease obligations, net of current portion	1,077,274,300	272,757,606	76,458,680	**1,426,490,586**
Long-term debt obligations, net of current portion	3,755,356,344	262,355,310	184,939,511	**4,202,651,165**
Claims liability for losses and LAE, net of current portion	-	59,228,658	-	**59,228,658**
Depository accounts	4,463,418	9,265,798	10,139,326	**23,868,542**
Other postemployment benefits obligation	219,018,000	44,838,987	60,179,353	**324,036,340**
Other liabilities	157,263,989	41,239,409	18,070,588	**216,573,986**
Total noncurrent liabilities	**5,408,161,034**	**703,317,939**	**356,337,686**	**6,467,816,659**
Total liabilities	**6,493,775,346**	**927,226,586**	**484,917,956**	**7,905,919,888**
Deferred inflows of resources:				
Deferred inflows from SCAs, grants, and others	-	1,437,319	1,043,782	**2,481,101**
Total deferred inflows of resources	**-**	**1,437,319**	**1,043,782**	**2,481,101**
Net position:				
Invested in capital assets, net of related debt	3,693,065,526	99,605,022	83,323,134	**3,875,993,682**
Restricted for:				
Nonexpendable - endowments	20,626,997	451,563,468	396,087,575	**868,278,040**
Expendable:				
Scholarships and fellowships	14,099,275	47,664,807	136,056,464	**197,820,546**
Research	419,866	25,681,169	2,994,043	**29,095,078**
Loans	14,403,428	51,052	1,736,653	**16,191,133**
Capital projects	39,557,389	31,551,931	6,468,788	**77,578,108**
Debt service	2,362,729	42,232	10,557,431	**12,962,392**
Other	15,211,999	285,483,399	210,775,795	**511,471,193**
Unrestricted	1,883,254,783	320,358,977	212,128,156	**2,415,741,916**
Total net position	**$ 5,683,001,992**	**1,262,002,057**	**1,060,128,039**	**8,005,132,088**
	BALANCE	**BALANCE**	**BALANCE**	**BALANCE**

REPORTING PACKAGE
All Campuses
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2014

	University	Discretely presented component units GASB Auxiliary Organizations	FASB Auxiliary Organizations	Eliminations	Total
Revenues:					
Operating revenues:					
Student tuition and fees, gross	$ 3,362,027,708	76,487,400	94,226,714	(11,413,423)	**3,521,328,399**
Scholarship allowances (enter as negative)	(1,234,192,534)	-	(11,190)	-	**(1,234,203,724)**
Student tuition and fees (net of scholarship allowances of $ 1234192534)	2,127,835,174	76,487,400	94,215,524	(11,413,423)	**2,287,124,675**
Grants and contracts, noncapital:					
Federal	42,917,319	241,218,508	88,574,553	(189,404)	**372,520,976**
State	15,359,616	58,984,367	20,061,624	(12,972)	**94,392,635**
Local	7,523,239	12,380,365	834,210	-	**20,737,814**
Nongovernmental	8,017,805	43,678,605	10,102,782	(1,602,313)	**60,196,879**
Sales and services of educational activities	42,226,844	31,133,024	3,324,584	-	**76,684,452**
Sales and services of auxiliary enterprises, gross	488,034,042	239,891,000	232,358,757	(7,093,743)	**953,190,056**
Scholarship allowances - aux ent (enter as negative)	(71,733,949)	260,264	3,726,829	-	**(67,746,856)**
Sales and services of auxiliary enterprises (net of scholarship allowances of $ 71733949)	416,300,093	240,151,264	236,085,586	(7,093,743)	885,443,200
Other operating revenues	196,175,914	178,969,439	54,357,701	(2,257,323)	**427,245,731**
Total operating revenues	**2,856,356,004**	**883,002,972**	**507,556,564**	**(22,569,178)**	**4,224,346,362**
Expenses:					
Operating expenses:					
Instruction	2,258,702,614	129,436,191	24,881,434	(3,567,616)	**2,409,452,623**
Research	45,415,576	158,301,793	52,876,858	(725,954)	**255,868,273**
Public service	53,946,329	110,277,023	36,240,462	(2,429,352)	**198,034,462**
Academic support	634,182,553	47,838,415	15,627,561	(1,810,420)	**695,838,109**
Student services	700,153,413	64,661,976	98,043,985	(31,289,727)	**831,569,647**
Institutional support	688,328,063	149,746,120	35,653,263	(6,911,168)	**866,816,278**
Operation and maintenance of plant	581,928,742	26,953,817	20,144,837	(3,777,745)	**625,249,651**
Student grants and scholarships	862,478,881	28,053,066	23,136,916	(26,489,357)	**887,179,506**
Auxiliary enterprise expenses	308,191,052	207,488,764	232,024,661	(13,148,937)	**734,555,540**
Depreciation and amortization	423,797,065	30,489,103	17,896,541	-	**472,182,709**
Total operating expenses	**6,557,124,288**	**953,246,268**	**556,526,518**	**(90,150,276)**	**7,976,746,798**
Operating income (loss)	**(3,700,768,284)**	**(70,243,296)**	**(48,969,954)**	**67,581,098**	**(3,752,400,436)**
Nonoperating revenues (expenses):					
State appropriations, noncapital	2,345,754,661	-	-	-	**2,345,754,661**
Federal financial aid grants, noncapital	885,326,582	1,198,377	-	-	**886,524,959**
State financial aid grants, noncapital	521,795,910	1,310,270	-	-	**523,106,180**
Local financial aid grants, noncapital	-	268,543	-	-	**268,543**
Nongovernmental and other financial aid grants, noncapital	34,883,741	325,472	-	(17,979,022)	**17,230,191**
Other federal nonoperating grants, noncapital	3,925,071	-	-	-	**3,925,071**
Gifts, noncapital	39,636,174	92,178,431	90,245,291	(35,764,033)	**186,295,863**
Investment income (loss), net	43,624,169	58,070,204	36,264,755	-	**137,959,128**
Endowment income (loss), net	85,809	75,669,732	60,357,264	-	**136,112,805**
Interest expense	(226,268,162)	(20,510,173)	(6,536,901)	-	**(253,315,236)**
Other nonoperating revenues (expenses)	66,320,295	(4,047,493)	(15,810,372)	4,012,631	**50,475,061**
Net nonoperating revenues (expenses)	**3,715,084,250**	**204,463,363**	**164,520,037**	**(49,730,424)**	**4,034,337,226**
Income (loss) before other additions	**14,315,966**	**134,220,067**	**115,550,083**	**17,850,674**	**281,936,790**
State appropriations, capital	1,895,730	-	-	-	**1,895,730**
Grants and gifts, capital	45,727,883	4,734,670	3,431,309	(17,850,674)	**36,043,188**
Additions (reductions) to permanent endowments	(1,883,277)	19,057,985	28,334,144	-	**45,508,852**
Increase (decrease) in net position	**60,056,302**	**158,012,722**	**147,315,536**	-	**365,384,560**
				Net to Zero	
Net position:					
Net position at beginning of year, as previously reported	5,683,001,992	1,262,002,057	1,060,128,039	-	**8,005,132,088**
Restatements	-	18,475,337	(24,677,642)	-	**(6,202,305)**
Net position at beginning of year, as restated	5,683,001,992	1,280,477,394	1,035,450,397	-	**7,998,929,783**
Net position at end of year	**$ 5,743,058,294**	**1,438,490,116**	**1,182,765,933**	-	**8,364,314,343**
	Agree with SNP	**Agree with SNP**	**Agree with SNP**	**Net to Zero**	**Agree with SNP**

REPORTING PACKAGE
All Campuses
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2013

			Discretely presented component units			
		University	GASB Auxiliary Organizations	FASB Auxiliary Organizations	Eliminations	Total
Revenues:						
Operating revenues:						
Student tuition and fees, gross	$	3,207,254,422	88,164,718	97,066,066	(11,494,202)	**3,380,991,004**
Scholarship allowances (enter as negative)		(1,126,003,322)	-	(17,790)	-	**(1,126,021,112)**
Student tuition and fees (net of scholarship allowances of $ 1126003322)		2,081,251,100	88,164,718	97,048,276	(11,494,202)	**2,254,969,892**
Grants and contracts, noncapital:						
Federal		62,371,248	210,673,867	122,576,098	-	**395,621,213**
State		14,002,401	48,058,478	30,496,867	(3,367,999)	**89,189,747**
Local		6,900,681	9,177,206	4,850,668	-	**20,928,555**
Nongovernmental		8,698,213	38,294,855	12,288,067	(340,428)	**58,940,707**
Sales and services of educational activities		35,355,301	25,698,195	2,896,454	-	**63,949,950**
Sales and services of auxiliary enterprises, gross		455,934,499	213,718,102	231,798,326	(6,882,801)	**894,568,126**
Scholarship allowances - aux ent (enter as negative)		(53,308,738)	-	13,575,266	-	**(39,733,472)**
Sales and services of auxiliary enterprises (net of scholarship allowances of $ 53308738)		402,625,761	213,718,102	245,373,592	(6,882,801)	854,834,654
Other operating revenues		199,125,990	175,994,446	52,776,591	(5,912,581)	**421,984,446**
Total operating revenues		**2,810,330,695**	**809,779,867**	**568,306,613**	**(27,998,011)**	**4,160,419,164**
Expenses:						
Operating expenses:						
Instruction		2,139,110,430	118,636,137	52,248,417	(2,709,372)	**2,307,285,612**
Research		42,571,836	122,825,737	80,066,283	(374,249)	**245,089,607**
Public service		65,419,631	121,463,122	33,983,074	(4,535,911)	**216,329,916**
Academic support		602,701,156	46,639,558	21,492,998	(1,697,418)	**669,136,294**
Student services		654,925,050	61,915,756	89,116,178	(29,152,431)	**776,804,553**
Institutional support		641,953,350	148,135,589	42,550,942	(12,875,950)	**819,763,931**
Operation and maintenance of plant		530,023,142	18,296,593	17,451,933	(6,001,895)	**559,769,773**
Student grants and scholarships		826,932,783	16,563,311	32,547,382	(24,185,542)	**851,857,934**
Auxiliary enterprise expenses		281,823,298	174,644,070	245,730,433	(12,222,662)	**689,975,139**
Depreciation and amortization		435,529,914	28,883,768	17,727,765	-	**482,141,447**
Total operating expenses		**6,220,990,590**	**858,003,641**	**632,915,405**	**(93,755,430)**	**7,618,154,206**
Operating income (loss)		**(3,410,659,895)**	**(48,223,774)**	**(64,608,792)**	**65,757,419**	**(3,457,735,042)**
Nonoperating revenues (expenses):						
State appropriations, noncapital		2,068,464,981	-	-	-	**2,068,464,981**
Federal financial aid grants, noncapital		810,838,214	-	1,540,521	-	**812,378,735**
State financial aid grants, noncapital		437,517,648	-	1,332,553	-	**438,850,201**
Local financial aid grants, noncapital		-	-	232,773	-	**232,773**
Nongovernmental and other financial aid grants, noncapital		30,830,519	68,893	102,790	(16,528,674)	**14,473,528**
Other federal nonoperating grants, noncapital		3,326,458	-	-	-	**3,326,458**
Gifts, noncapital		47,860,738	89,447,732	78,943,945	(34,248,089)	**182,004,326**
Investment income (loss), net		33,098,840	34,272,014	24,830,383	-	**92,201,237**
Endowment income (loss), net		128,989	46,104,164	39,137,064	-	**85,370,217**
Interest expense		(244,195,912)	(22,626,026)	(6,920,936)	-	**(273,742,874)**
Other nonoperating revenues (expenses)		90,421,403	(8,165,994)	(18,253,359)	6,203,313	**70,205,363**
Net nonoperating revenues (expenses)		**3,278,291,878**	**139,100,783**	**120,945,734**	**(44,573,450)**	**3,493,764,945**
Income (loss) before other additions		**(132,368,017)**	**90,877,009**	**56,336,942**	**21,183,969**	**36,029,903**
State appropriations, capital		16,982,947	-	-	-	**16,982,947**
Grants and gifts, capital		40,832,192	4,947,200	12,074,026	(21,183,969)	**36,669,449**
Additions (reductions) to permanent endowments		(576,473)	28,962,251	27,249,040	-	**55,634,818**
Increase (decrease) in net position		**(75,129,351)**	**124,786,460**	**95,660,008**	**-**	**145,317,117**
					Net to Zero	
Net position:						
Net position at beginning of year, as previously reported		5,892,779,850	1,059,288,738	991,551,316	-	**7,943,619,904**
Restatements		(134,648,507)	77,926,859	(27,083,285)	-	**(83,804,933)**
Net position at beginning of year, as restated		5,758,131,343	1,137,215,597	964,468,031	-	**7,859,814,971**
Net position at end of year	**$**	**5,683,001,992**	**1,262,002,057**	**1,060,128,039**	**-**	**8,005,132,088**
		Agree with SNP	**Agree with SNP**	**Agree with SNP**	**Net to Zero**	**Agree with SNP**

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Years ended June 30, 2014 and 2013

	2014	2013
Cash flows from operating activities:		
Tuition and fees	$ 2,130,308,582	2,074,066,094
Federal grants and contracts	45,936,514	64,384,036
State grants and contracts	21,363,740	14,091,237
Local grants and contracts	7,552,306	6,334,862
Nongovernmental grants and contracts	10,257,593	8,602,557
Payments to suppliers	(1,227,222,837)	(1,114,461,634)
Payments to employees	(3,951,506,178)	(3,782,920,589)
Payments to students	(867,721,247)	(828,698,782)
Collections of student loans	3,805,543	3,642,518
Sales and services of educational activities	39,970,028	32,669,782
Sales and services of auxiliary enterprises	417,655,839	387,550,300
Other receipts (payments)	195,817,526	192,373,406
Net cash provided by (used in) operating activities	**(3,173,782,591)**	**(2,942,366,213)**
Cash flows from noncapital financing activities:		
State appropriations	2,345,695,710	2,063,387,124
Federal financial aid grants	887,985,733	808,400,422
State financial aid grants	521,801,485	436,751,254
Local financial aid grants	-	-
Nongovernmental and other financial aid grants	34,890,641	30,865,519
Other federal nonoperating grants	4,108,052	3,326,458
Gifts and grants received for other than capital purposes	38,877,348	46,218,314
Federal loan program receipts	1,300,769,168	1,358,860,535
Federal loan program disbursements	(1,301,982,135)	(1,359,282,655)
Monies received on behalf of others	112,854,208	122,211,773
Monies disbursed on behalf of others	(118,561,441)	(117,187,237)
Other noncapital financing activities	78,392,423	83,622,502
Net cash provided by (used in) noncapital financing activities	**3,904,831,192**	**3,477,174,009**
Cash flows from capital and related financing activities:		
Proceeds from capital debt	464,371,622	577,151,631
State appropriations	141,054,037	109,162,403
Capital grants and gifts	24,393,033	17,397,686
Proceeds from sale of capital assets	163,745	236,385
Acquisition of capital assets	(526,947,315)	(469,878,125)
Issuance of notes receivable (CO use only)	(6,284,000)	(55,950,000)
Transfers to escrow agent	(349,701,568)	(327,827,540)
Principal paid on capital debt and leases	(171,309,235)	(188,900,461)
Interest paid on capital debt and leases	(216,096,622)	(210,648,143)
Principal payments received on capital leases	12,150,417	7,881,622
Interest payments received on capital leases	17,595,554	14,719,095
Principal payments received on notes receivable	6,190,000	5,272,206
Interest payments received on notes receivable	11,542,536	14,313,248
Net cash provided by (used in) capital and related financing activities	**(592,877,796)**	**(507,069,993)**
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	11,776,161,384	12,211,512,250
Purchases of investments	(11,939,263,228)	(12,283,345,058)
Investment income received	20,720,580	43,148,452
Net cash provided by (used in) investing activities	**(142,381,264)**	**(28,684,356)**
Net increase (decrease) in cash and cash equivalents	(4,210,459)	(946,553)
Cash and cash equivalents at beginning of year	8,374,926	9,321,479
Cash and cash equivalents at end of year	**$ 4,164,467**	**8,374,926**
	Agree with FN 3	

Summary of cash and cash equivalents at end of year:

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Years ended June 30, 2014 and 2013

		2014	2013
Cash and cash equivalents	$	4,074,360	
Restricted cash and cash equivalents		90,107	
Total cash and cash equivalents at end of year	**$**	**4,164,467**	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating income (loss)	$	(3,700,768,284)	(3,410,659,895)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization		423,797,065	435,529,914
Change in assets and liabilities:			
Accounts receivable, net		(6,287,135)	(10,774,497)
Student loans receivable, net		(1,374,396)	197,608
Pledges receivable, net		(691,585)	-
Prepaid expenses and other assets		(3,510,787)	(22,315,321)
Accounts payable		5,756,286	8,542,425
Accrued salaries and benefits		18,838,590	5,505,273
Accrued compensated absences		10,425,211	1,217,492
Unearned revenue		15,727,644	(12,129,584)
Depository accounts		195,850	761,887
Other postemployment benefits obligation		47,995,002	46,430,999
Other liabilities		16,113,948	15,327,486
Net cash provided by (used in) operating activities	**$**	**(3,173,782,591)**	**(2,942,366,213)**
		Agree with above	
Supplemental schedule of noncash transactions:			
Contributed capital/donated assets	$	17,542,312	19,015,093
Acquisition of capital asset through capital lease		2,485,419	1,390,312
Acquisition of capital asset through long-term debt obligation (other than capital lease)		1,140,095	-
Construction work in progress acquired from the Office of the Chancellor		1,347,067	-
Capital asset transferred from the Office of the Chancellor		-	-
Change in accrued capital asset costs (purchased but unpaid at year-end)		8,913,601	4,665,162
Gifts in-kind		1,020,373	455,902
Operating expenses paid through long-term debt obligation		-	1,789,000
Prepaid expenses paid through long-term debt obligation		261,163	-
Amortization of bond premium / (discount)		16,467,930	(9,800,146)
Revenue recognition of deferred inflows from SCAs, grants, and others		-	-
Capital assets paid by the Office of the Chancellor		(1,347,067)	(311,087)
Amortization of loss on refundings		6,571,564	10,593,645
		24,158,217	42,169,641
		16,311,712	(3,099,717)
		174,856,925	182,465,803
		(4,825,000)	-
		30,015,000	-
		10,449,000	13,901,000
		(11,685,000)	-
		3,641,558	-
		-	-
		-	-

REPORTING PACKAGE
All Campuses
Analytical Review - Statement of Net Position
June 30, 2014

Scope:
All changes +/- > $ 22,361,000 **and** 240%
(enter scope for your campus)

Assets	**2014 University**	**As a % of Total Assets/ Total Liabs. & NP**	**2013 University**	**As a % of Total Assets/ Total Liabs. & NP**	**2012 University**	**As a % of Total Assets/ Total Liabs. & NP**	**2014 vs 2013 Increase (Decrease) Dollar**	**2014 vs 2013 Increase (Decrease) Percent**	**Analytical Reference**	**2013 vs 2012 Increase (Decrease) Dollar**	**2013 vs 2012 Increase (Decrease) Percent**
Current assets:											
Cash and cash equivalents	$ 4,074,360	0.03%	$ 8,331,713	0.07%	$ 8,435,016	0.07%	$ (4,257,353)	-51.10%	**<1a>**	$ (103,303)	-1.22%
Short-term investments	2,855,578,066	23.01%	2,626,675,315	21.63%	2,595,458,528	21.29%	228,902,751	8.71%	**<2a>**	31,216,787	1.20%
Accounts receivable, net	162,229,940	1.31%	159,633,664	1.31%	145,473,848	1.19%	2,596,276	1.63%	**See Section 1**	14,159,816	9.73%
Leases receivable, current portion	11,441,592	0.09%	10,991,569	0.09%	9,215,752	0.08%	450,023	4.09%	**<4a>**	1,775,817	19.27%
Notes receivable, current portion	51,319,287	0.41%	11,452,818	0.09%	7,192,902	0.06%	39,866,469	348.09%	**<23a>**	4,259,916	59.22%
Pledges receivable, net	240,000	0.00%	412,899	0.00%	534,504	0.00%	(172,899)	-41.87%	**<5a>**	(121,605)	-22.75%
Prepaid expenses and other assets	64,239,037	0.52%	57,133,536	0.47%	60,887,822	0.50%	7,105,501	12.44%	**<6>**	(3,754,286)	-6.17%
Total current assets	**3,149,122,282**	**25.37%**	**2,874,631,514**	**23.67%**	**2,827,198,372**	**23.19%**	**274,490,768**	**9.55%**		**47,433,142**	**1.68%**
Noncurrent assets:											
Restricted cash and cash equivalents	90,107	0.00%	43,213	0.00%	886,463	0.01%	46,894	108.52%	**<1b>**	(843,250)	-95.13%
Accounts receivable, net	298,631,638	2.41%	366,443,224	3.02%	451,735,071	3.71%	(67,811,586)	-18.51%	**See Section 1**	(85,291,847)	-18.88%
Leases receivable, net of current portion	358,914,616	2.89%	371,361,209	3.06%	383,855,318	3.15%	(12,446,593)	-3.35%	**<4b>**	(12,494,109)	-3.25%
Notes receivable, net of current portion	257,367,070	2.07%	274,233,357	2.26%	240,133,358	1.97%	(16,866,287)	-6.15%	**<23b>**	34,099,999	14.20%
Student loans receivable, net	88,251,294	0.71%	87,171,350	0.72%	91,749,510	0.75%	1,079,944	1.24%	**<7>**	(4,578,160)	-4.99%
Pledges receivable, net	960,000	0.01%	455,938	0.00%	957,558	0.01%	504,062	110.55%	**<5b>**	(501,620)	-52.39%
Endowment investments	16,218,443	0.13%	20,656,997	0.17%	21,584,250	0.18%	(4,438,554)	-21.49%	**<2b>**	(927,253)	-4.30%
Other long-term investments	340,934,785	2.75%	397,072,175	3.27%	511,403,233	4.20%	(56,137,390)	-14.14%	**<2c>**	(114,331,058)	-22.36%
Capital assets, net	7,820,312,189	63.00%	7,689,115,443	63.31%	7,623,133,086	62.54%	131,196,746	1.71%	**<8>**	65,982,357	0.87%
Other assets	81,785,291	0.66%	63,573,346	0.52%	36,381,708	0.30%	18,211,945	28.65%	**<9>**	27,191,638	74.74%
Total noncurrent assets	**9,263,465,433**	**74.63%**	**9,270,126,252**	**76.33%**	**9,361,819,555**	**76.81%**	**(6,660,819)**	**-0.07%**		**(91,693,303)**	**-0.98%**
Total assets	**$ 12,412,587,715**	**100.00%**	**$ 12,144,757,766**	**100.00%**	**$ 12,189,017,927**	**100.00%**	**$ 267,829,949**	**2.21%**		**$ (44,260,161)**	**-0.36%**
Deferred outflows of resources:											
Unamortized loss on refunding(s)	45,426,459	100.00%	32,019,572	100.00%	-	0.00%	13,406,887	41.87%	**<30>**	32,019,572	100.00%
Total deferred outflows of resources	**45,426,459**	**100.00%**	**32,019,572**	**100.00%**	**-**	**0.00%**	**13,406,887**	**41.87%**		**32,019,572**	**100.00%**
Liabilities											
Current liabilities:											
Accounts payable	$ 205,775,387	3.06%	$ 191,751,252	2.95%	$ 195,789,688	3.11%	$ 14,024,135	7.31%	**<10>**	$ (4,038,436)	-2.06%
Accrued salaries and benefits payable	297,794,176	4.43%	278,947,345	4.30%	273,442,072	4.34%	18,846,831	6.76%	**<11>**	5,505,273	2.01%
Accrued compensated absences - current portion	119,689,893	1.78%	116,286,670	1.79%	114,925,875	1.83%	3,403,223	2.93%	**<12a>**	1,360,795	1.18%
Unearned revenue	262,763,758	3.91%	248,785,344	3.83%	263,288,256	4.18%	13,978,414	5.62%	**<13a>**	(14,502,912)	-5.51%
Capitalized lease obligations - current portion	70,042,010	1.04%	68,363,579	1.05%	59,661,671	0.95%	1,678,431	2.46%	**<14a>**	8,701,908	14.59%
Long-term debt obligations - current portion	260,601,405	3.88%	98,746,633	1.52%	110,322,066	1.75%	161,854,772	163.91%	**<15a>**	(11,575,433)	-10.49%
Claims liability for losses and LAE - current portion	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<16a>**	-	0.00%
Depository accounts - current portion	7,264,062	0.11%	7,425,183	0.11%	7,098,778	0.11%	(161,121)	-2.17%	**<19a>**	326,405	4.60%
Other liabilities	94,273,809	1.40%	75,308,306	1.16%	66,675,220	1.06%	18,965,503	25.18%	**<17a>**	8,633,086	12.95%
Total current liabilities	**1,318,204,500**	**19.63%**	**1,085,614,312**	**16.72%**	**1,091,203,626**	**17.33%**	**232,590,188**	**21.42%**		**(5,589,314)**	**-0.51%**
Noncurrent liabilities:											
Accrued compensated absences, net of current portion	98,552,843	1.47%	89,527,887	1.38%	87,885,540	1.40%	9,024,956	10.08%	**<12b>**	1,642,347	1.87%
Unearned revenue	11,459,540	0.17%	11,438,811	0.18%	11,387,136	0.18%	20,729	0.18%	**<13b>**	51,675	0.45%
Grants refundable	93,504,489	1.39%	93,818,285	1.44%	95,717,747	1.52%	(313,796)	-0.33%	**<18>**	(1,899,462)	-1.98%
Capitalized lease obligations, net of current portion	1,180,231,560	17.58%	1,077,274,300	16.59%	930,039,575	14.77%	102,957,260	9.56%	**<14b>**	147,234,725	15.83%
Long-term debt obligations, net of current portion	3,651,923,871	54.38%	3,755,356,344	57.83%	3,607,728,095	57.30%	(103,432,473)	-2.75%	**<15b>**	147,628,249	4.09%
Claims liability for losses and LAE, net of current portion	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<16b>**	-	0.00%
Depository accounts	2,125,350	0.03%	4,463,418	0.07%	5,085,052	0.08%	(2,338,068)	-52.38%	**<19>**	(621,634)	-12.22%
Other postemployment benefits obligation	267,012,999	3.98%	219,018,000	3.37%	172,587,000	2.74%	47,994,999	21.91%	**<24>**	46,431,000	26.90%
Other liabilities	91,940,728	1.37%	157,263,989	2.42%	294,604,306	4.68%	(65,323,261)	-41.54%	**<17b>**	(137,340,317)	-46.62%
Total noncurrent liabilities	**5,396,751,380**	**80.37%**	**5,408,161,034**	**83.28%**	**5,205,034,451**	**82.67%**	**(11,409,654)**	**-0.21%**		**203,126,583**	**3.90%**
Total liabilities	**6,714,955,880**	**100.00%**	**6,493,775,346**	**100.00%**	**6,296,238,077**	**100.00%**	**221,180,534**	**3.41%**		**197,537,269**	**3.14%**
Deferred inflows of resources:											
Deferred inflows from SCAs, grants, and others	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<35>**	-	0.00%
Total deferred inflows of resources	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**		**-**	**0.00%**
Net position:											
Net investment in capital assets	3,625,542,875	63.13%	3,693,065,526	64.98%	3,809,169,567	64.64%	(67,522,651)	-1.83%	**<20>**	(116,104,041)	-3.05%
Restricted for:											
Nonexpendable - endowments	16,218,701	0.28%	20,626,997	0.36%	21,584,250	0.37%	(4,408,296)	-21.37%	**<21a>**	(957,253)	-4.43%
Expendable:											
Scholarships and fellowships	14,670,908	0.26%	14,099,275	0.25%	13,280,110	0.23%	571,633	4.05%	**<21b>**	819,165	6.17%
Research	35,424	0.00%	419,866	0.01%	270,206	0.00%	(384,442)	-91.56%	**<21c>**	149,660	55.39%
Loans	14,309,692	0.25%	14,403,428	0.25%	14,097,073	0.24%	(93,736)	-0.65%	**<21d>**	306,355	2.17%

Assets	2014 University	As a % of Total Assets/ Total Liabs. & NP	2013 University	As a % of Total Assets/ Total Liabs. & NP	2012 University	As a % of Total Assets/ Total Liabs. & NP	2014 vs 2013 Increase (Decrease) Dollar	2014 vs 2013 Increase (Decrease) Percent	Analytical Reference	2013 vs 2012 Increase (Decrease) Dollar	2013 vs 2012 Increase (Decrease) Percent
Capital projects	64,778,012	1.13%	39,557,389	0.70%	29,758,944	0.51%	25,220,623	63.76%	**<21e>**	9,798,445	32.93%
Debt service	139,315	0.00%	2,362,729	0.04%	2,389,640	0.04%	(2,223,414)	-94.10%	**<21f>**	(26,911)	-1.13%
Other	20,551,351	0.36%	15,211,999	0.27%	13,713,252	0.23%	5,339,352	35.10%	**<21g>**	1,498,747	10.93%
Unrestricted	1,986,812,016	34.60%	1,883,254,783	33.14%	1,988,516,808	33.74%	103,557,233	5.50%	**<22>**	(105,262,025)	-5.29%
Total net position	**$ 5,743,058,294**	**100.00%**	**$ 5,683,001,992**	**100.00%**	**$ 5,892,779,850**	**100.00%**	**$ 60,056,302**	**1.06%**		**$ (209,777,858)**	**-3.56%**
	Balance		**Balance**		**Balance**		**Balance**			**Balance**	
Section 1: Summary of accounts receivable											
Current:											
State appropriations	$ 5,221,827	0.04%	$ 5,162,876	0.04%	$ 85,019	0.00%	$ 58,951	1.14%	**<3a>**	$ 5,077,857	5972.61%
Auxiliary organizations	36,090,917	0.29%	34,629,969	0.29%	32,606,504	0.27%	1,460,948	4.22%	**<3b>**	2,023,465	6.21%
Student accounts	62,098,303	0.50%	59,333,795	0.49%	53,760,557	0.44%	2,764,508	4.66%	**<3c>**	5,573,238	10.37%
Government grants and contracts	20,294,146	0.16%	27,883,247	0.23%	25,487,560	0.21%	(7,589,101)	-27.22%	**<3d>**	2,395,687	9.40%
Accounts receivable from Chancellor's Office - revenue bond programs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3e>**	-	0.00%
Accounts receivable from Chancellor's Office - other	6,122,851	0.05%	4,093,246	0.03%	3,236,625	0.03%	2,029,605	49.58%	**<3f>**	856,621	26.47%
Accounts receivable from campuses (other than CO)	6,837,341	0.06%	84,391	0.00%	152,362	0.00%	6,752,950	8001.98%	**<3g>**	(67,971)	-44.61%
Accounts receivable from campuses to CO (CO use only)	4,516,330	0.04%	3,785,116	0.03%	11,557	0.00%	731,214	19.32%	**<3h>**	3,773,559	32651.72%
Interest receivable (accrued interest) on investments	2,344,611	0.02%	2,559,339	0.02%	5,894,491	0.05%	(214,728)	-8.39%	**<3i>**	(3,335,152)	-56.58%
Accrued interest on leases receivable	222,553	0.00%	232,752	0.00%	3,645,829	0.03%	(10,199)	-4.38%	**<3j>**	(3,413,077)	-93.62%
Other receivables	43,198,031	0.35%	44,155,566	0.36%	43,376,748	0.36%	(957,535)	-2.17%	**<3k>**	778,818	1.80%
Total current accounts receivable, gross	**186,946,910**	**1.51%**	**181,920,297**	**1.50%**	**168,257,252**	**1.38%**	**5,026,613**	**2.76%**		**13,663,045**	**8.12%**
Allowance for doubtful accounts, student accounts (enter as negative number)	(18,646,768)	-0.15%	(16,137,155)	-0.13%	(14,911,776)	-0.12%	(2,509,613)	15.55%	**<3l>**	(1,225,379)	8.22%
Allowance for doubtful accounts, other (enter as negative number)	(6,070,202)	-0.05%	(6,149,478)	-0.05%	(7,871,628)	-0.06%	79,276	-1.29%	**<3m>**	1,722,150	-21.88%
Total allowance	**(24,716,970)**	**-0.20%**	**(22,286,633)**	**-0.18%**	**(22,783,404)**	**-0.19%**	**(2,430,337)**	**10.90%**		**496,771**	**-2.18%**
Total current accounts receivable, net	**$ 162,229,940**	**1.31%**	**$ 159,633,664**	**1.31%**	**$ 145,473,848**	**1.19%**	**$ 2,596,276**	**1.63%**		**$ 14,159,816**	**9.73%**
Noncurrent:											
State appropriations	$ 295,072,051	2.38%	$ 356,780,373	2.94%	$ 446,643,826	3.66%	$ (61,708,322)	-17.30%	**<3n>**	$ (89,863,453)	-20.12%
Auxiliary organizations	2,541,307	0.02%	3,220,912	0.03%	3,842,625	0.03%	(679,605)	-21.10%	**<3o>**	(621,713)	-16.18%
Student accounts	-	0.00%	-	0.00%	701	0.00%	-	0.00%	**<3p>**	(701)	-100.00%
Government grants and contracts	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3q>**	-	0.00%
Accounts receivable from Chancellor's Office - revenue bond programs	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3r>**	-	0.00%
Accounts receivable from Chancellor's Office - other	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3s>**	-	0.00%
Accounts receivable from campuses (other than CO)	-	0.00%	4,180,329	0.03%	-	0.00%	(4,180,329)	-100.00%	**<3t>**	4,180,329	100.00%
Accounts receivable from campuses to CO (CO use only)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3u>**	-	0.00%
Interest receivable (accrued interest) on investments	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3v>**	-	0.00%
Accrued interest on leases receivable	213,580	0.00%	-	0.00%	-	0.00%	213,580	100.00%	**<3w>**	-	0.00%
Other major receivables	804,700	0.01%	2,261,610	0.02%	1,247,919	0.01%	(1,456,910)	-64.42%	**<3x>**	1,013,691	81.23%
Total noncurrent accounts receivable, gross	**298,631,638**	**2.41%**	**366,443,224**	**3.02%**	**451,735,071**	**3.71%**	**(67,811,586)**	**-18.51%**		**(85,291,847)**	**-18.88%**
Allowance for doubtful accounts, student accounts (enter as negative number)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3y>**	-	0.00%
Allowance for doubtful accounts, other (enter as negative number)	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<3z>**	-	0.00%
Total allowance	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**		**-**	**0.00%**
Total noncurrent accounts receivable, net	**$ 298,631,638**	**2.41%**	**$ 366,443,224**	**3.02%**	**$ 451,735,071**	**3.71%**	**$ (67,811,586)**	**-18.51%**		**$ (85,291,847)**	**-18.88%**
Allowance:											
Total allowance as a % of total gross accounts receivable for:											
Total student accounts	30.03%		27.20%		27.74%						
Total other receivables	13.80%		13.25%		17.64%						

Current assets:	**Analytical Reference**	**Explanation for variances**
Cash and cash equivalents	**<1a>**	
Short-term investments	**<2a>**	
Accounts receivable, net	**See Section 1**	
Leases receivable, current portion	**<4a>**	
Notes receivable, current portion	**<23a>**	
Pledges receivable, net	**<5a>**	
Prepaid expenses and other assets	**<6>**	
Noncurrent assets:		
Restricted cash and cash equivalents	**<1b>**	
Accounts receivable, net	**See Section 1**	
Leases receivable, net of current portion	**<4b>**	
Notes receivable, net of current portion	**<23b>**	
Student loans receivable, net	**<7>**	
Pledges receivable, net	**<5b>**	
Endowment investments	**<2b>**	
Other long-term investments	**<2c>**	
Capital assets, net	**<8>**	
Other assets	**<9>**	
Deferred outflows of resources:		
Unamortized loss on refunding(s)	**<30>**	
Current liabilities:		
Accounts payable	**<10>**	
Accrued salaries and benefits payable	**<11>**	
Accrued compensated absences - current portion	**<12a>**	

Assets	2014 University	As a % of Total Assets/ Total Liabs. & NP	2013 University	As a % of Total Assets/ Total Liabs. & NP	2012 University	As a % of Total Assets/ Total Liabs. & NP	2014 vs 2013 Increase (Decrease) Dollar	2014 vs 2013 Increase (Decrease) Percent	Analytical Reference	2013 vs 2012 Increase (Decrease) Dollar	2013 vs 2012 Increase (Decrease) Percent
Unearned revenue	<13a>										
Capitalized lease obligations - current portion	<14a>										
Long-term debt obligations - current portion	<15a>										
Self-insurance claims liability - current portion	<16a>										
Depository accounts - current portion	<19a>										
Other liabilities	<17a>										
Noncurrent liabilities:											
Accrued compensated absences, net of current portion	<12b>										
Unearned revenue	<13b>										
Grants refundable	<18>										
Capitalized lease obligations, net of current portion	<14b>										
Long-term debt obligations, net of current portion	<15b>										
Self-insurance claims liability, net of current portion	<16b>										
Depository accounts	<19>										
Other postemployment benefits obligation	<24>										
Other liabilities	<17b>										
Deferred inflows of resources:											
Deferred inflows from SCAs, grants, and others	<35>										
Net position:											
Net investment in capital assets	<20>										
Restricted for:											
Nonexpendable - endowments	<21a>										
Expendable:											
Scholarships and fellowships	<21b>										
Research	<21c>										
Loans	<21d>										
Capital projects	<21e>										
Debt service	<21f>										
Other	<21g>										
Unrestricted	<22>										
Section 1: Summary of accounts receivable											
Current:											
State appropriations	<3a>										
Auxiliary organizations	<3b>										
Student accounts	<3c>										
Government grants and contracts	<3d>										
Accounts receivable from Chancellor's Office - revenue bond programs	<3e>										
Accounts receivable from Chancellor's Office - other	<3f>										
Accounts receivable from campuses (other than CO)	<3g>										
Accounts receivable from campuses to CO (CO use only)	<3h>										
Interest receivable (accrued interest) on investments	<3i>										
Accrued interest on leases receivable	<3j>										
Other major receivables	<3k>										
Allowance for doubtful accounts, student accounts (enter as negative number)	<3l>										
Allowance for doubtful accounts, other (enter as negative number)	<3m>										
Noncurrent:											
State appropriations	<3n>										
Auxiliary organizations	<3o>										
Student accounts	<3p>										
Government grants and contracts	<3q>										
Accounts receivable from Chancellor's Office - revenue bond programs	<3r>										
Accounts receivable from Chancellor's Office - other	<3s>										
Accounts receivable from campuses (other than CO)	<3t>										
Accounts receivable from campuses to CO (CO use only)	<3u>										
Interest receivable (accrued interest) on investments	<3v>										
Accrued interest on leases receivable	<3w>										
Other major receivables	<3x>										
Allowance for doubtful accounts, student accounts (enter as negative number)	<3y>										
Allowance for doubtful accounts, other (enter as negative number)	<3z>										

REPORTING PACKAGE
All Campuses
Analytical Review - Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2014

Scope:
All changes +/- > $ **22,361,000** and **240%**

	2014 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	2013 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	2012 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	2014 vs 2013 Increase (Decrease) Dollar	2014 vs 2013 Percent	Analytical Reference	2013 vs 2012 Increase (Decrease) Dollar	2013 vs 2012 Percent
Revenues:														
Operating revenues:														
Student tuition and fees (net of scholarship allowances)	$ 2,127,835,174	74.49%	**100.00%**	$ 2,081,251,100	74.06%	**100.00%**	$ 2,066,040,161	74.46%	**100.00%**	$ 46,584,074	2.24%	**See Section 1**	$ 15,210,939	0.74%
Grants and contracts, noncapital:														
Federal	42,917,319	1.50%		62,371,248	2.22%		65,555,852	2.36%		(19,453,929)	-31.19%	**<2>**	(3,184,604)	-4.86%
State	15,359,616	0.54%		14,002,401	0.50%		15,297,124	0.55%		1,357,215	9.69%	**<3>**	(1,294,723)	-8.46%
Local	7,523,239	0.26%		6,900,681	0.25%		5,084,832	0.18%		622,558	9.02%	**<4>**	1,815,849	35.71%
Nongovernmental	8,017,805	0.28%		8,698,213	0.31%		7,478,477	0.27%		(680,408)	-7.82%	**<5>**	1,219,736	16.31%
Sales and services of educational activities	42,226,844	1.48%		35,355,301	1.26%		35,406,341	1.28%		6,871,543	19.44%	**<6>**	(51,040)	-0.14%
Sales and services of auxiliary enterprises (net of scholarship allowances)	416,300,093	14.57%		402,625,761	14.33%		389,245,531	14.03%		13,674,332	3.40%	**<7>**	13,380,230	3.44%
Other operating revenues	196,175,914	6.87%		199,125,990	7.09%		190,704,309	6.87%		(2,950,076)	-1.48%	**<8>**	8,421,681	4.42%
Total operating revenues	**2,856,356,004**	**100.00%**		**2,810,330,695**	**100.00%**		**2,774,812,627**	**100.00%**		**46,025,309**	**1.64%**		**35,518,068**	**1.28%**
Expenses:														
Operating expenses:												**See Section 2**		
Instruction	2,258,702,614	79.08%	106.15%	2,139,110,430	76.12%	102.78%	2,115,164,369	76.23%	102.38%	119,592,184	5.59%	**<9>**	23,946,061	1.13%
Research	45,415,576	1.59%	2.13%	42,571,836	1.51%	2.05%	43,182,514	1.56%	2.09%	2,843,740	6.68%	**<10>**	(610,678)	-1.41%
Public service	53,946,329	1.89%	2.54%	65,419,631	2.33%	3.14%	68,215,127	2.46%	3.30%	(11,473,302)	-17.54%	**<11>**	(2,795,496)	-4.10%
Academic support	634,182,553	22.20%	29.80%	602,701,156	21.45%	28.96%	581,359,083	20.95%	28.14%	31,481,397	5.22%	**<12>**	21,342,073	3.67%
Student services	700,153,413	24.51%	32.90%	654,925,050	23.30%	31.47%	626,972,035	22.60%	30.35%	45,228,363	6.91%	**<13>**	27,953,015	4.46%
Institutional support	688,328,063	24.10%	32.35%	641,953,350	22.84%	30.84%	676,622,422	24.38%	32.75%	46,374,713	7.22%	**<14>**	(34,669,072)	-5.12%
Operation and maintenance of plant	581,928,742	20.37%	27.35%	530,023,142	18.86%	25.47%	527,006,310	18.99%	25.51%	51,905,600	9.79%	**<15>**	3,016,832	0.57%
Student grants and scholarships	862,478,881	30.20%	40.53%	826,932,783	29.42%	39.73%	833,399,529	30.03%	40.34%	35,546,098	4.30%	**<16>**	(6,466,746)	-0.78%
Auxiliary enterprise expenses	308,191,052	10.79%	14.48%	281,823,298	10.03%	13.54%	266,085,864	9.59%	12.88%	26,367,754	9.36%	**<17>**	15,737,434	5.91%
Depreciation and amortization	423,797,065	14.84%	19.92%	435,529,914	15.50%	20.93%	413,518,961	14.90%	20.02%	(11,732,849)	-2.69%	**<18>**	22,010,953	5.32%
Total operating expenses	**6,557,124,288**	**229.56%**	**308.16%**	**6,220,990,590**	**221.36%**	**298.91%**	**6,151,526,214**	**221.69%**	**297.74%**	**336,133,698**	**5.40%**		**69,464,376**	**1.13%**
Operating income (loss)	**(3,700,768,284)**	**-129.56%**		**(3,410,659,895)**	**-121.36%**		**(3,376,713,587)**	**-121.69%**		**(290,108,389)**	**8.51%**		**(33,946,308)**	**1.01%**
Nonoperating revenues (expenses):														
State appropriations, noncapital	2,345,754,661	82.12%		2,068,464,981	73.60%		1,996,421,106	71.95%		277,289,680	13.41%	**<19>**	72,043,875	3.61%
Federal financial aid grants, noncapital	885,326,582	30.99%		810,838,214	28.85%		795,097,494	28.65%		74,488,368	9.19%	**<33>**	15,740,720	1.98%
State financial aid grants, noncapital	521,795,910	18.27%		437,517,648	15.57%		394,367,095	14.21%		84,278,262	19.26%	**<34>**	43,150,553	10.94%
Local financial aid grants, noncapital	-	0.00%		-	0.00%		-	0.00%		-	0.00%	**<36>**	-	0.00%
Nongovernmental and other financial aid grants, noncapital	34,883,741	1.22%		30,830,519	1.10%		20,356,205	0.73%		4,053,222	13.15%	**<35>**	10,474,314	51.46%
Other federal nonoperating grants, noncapital	3,925,071	0.14%		3,326,458	0.12%		4,197,298	0.15%		598,613	18.00%	**<37>**	(870,840)	-20.75%
Gifts, noncapital	39,636,174	1.39%		47,860,738	1.70%		39,834,855	1.44%		(8,224,564)	-17.18%	**<20>**	8,025,883	20.15%
Investment income (loss), net	43,624,169	1.53%		33,098,840	1.18%		59,124,170	2.13%		10,525,329	31.80%	**<21>**	(26,025,330)	-44.02%
Endowment income (loss), net	85,809	0.00%		128,989	0.00%		84,993	0.00%		(43,180)	-33.48%	**<22>**	43,996	51.76%
Interest expense	(226,268,162)	-7.92%		(244,195,912)	-8.69%		(213,195,499)	-7.68%		17,927,750	-7.34%	**<23>**	(31,000,413)	14.54%
Other nonoperating revenues (expenses)	66,320,295	2.32%		90,421,403	3.22%		135,148,110	4.87%		(24,101,108)	-26.65%	**<24>**	(44,726,707)	-33.09%
Net nonoperating revenues (expenses)	**3,715,084,250**	**130.06%**		**3,278,291,878**	**116.65%**		**3,231,435,827**	**116.46%**		**436,792,372**	**13.32%**		**46,856,051**	**1.45%**
Income (loss) before other additions	**14,315,966**	**0.50%**		**(132,368,017)**	**-4.71%**		**(145,277,760)**	**-5.24%**		**146,683,983**	**-110.82%**		**12,909,743**	**-8.89%**
State appropriations, capital	1,895,730	0.07%		16,982,947	0.60%		7,020,701	0.25%		(15,087,217)	-88.84%	**<25>**	9,962,246	141.90%
Grants and gifts, capital	45,727,883	1.60%		40,832,192	1.45%		35,978,453	1.30%		4,895,691	11.99%	**<26>**	4,853,739	13.49%
Additions (reductions) to permanent endowments	(1,883,277)	-0.07%		(576,473)	-0.02%		(37,194)	0.00%		(1,306,804)	226.69%	**<27>**	(539,279)	1449.91%
Increase (decrease) in net position	**$ 60,056,302**	**2.10%**		**$ (75,129,351)**	**-2.67%**		**$ (102,315,800)**	**-3.69%**		**$ 135,185,653**	**-179.94%**		**$ 27,186,449**	**-26.57%**

Section 1: Student tuition and fees	2014 University	2013 University	2012 University	2014 vs 2013 Dollar	2014 vs 2013 Percent	Analytical Reference	2013 vs 2012 Dollar	2013 vs 2012 Percent
Student tuition and fees, gross	$ 3,362,027,708	$ 3,207,254,422	$ 3,109,611,908	$ 154,773,286	4.83%	**<1a>**	$ 97,642,514	3.14%
Scholarship allowances (enter as negative number)	(1,234,192,534)	(1,126,003,322)	(1,043,571,747)	(108,189,212)	9.61%	**<1b>**	(82,431,575)	7.90%
Total student tuition and fees, net	**$ 2,127,835,174**	**$ 2,081,251,100**	**$ 2,066,040,161**	**$ 46,584,074**	**2.24%**		**$ 15,210,939**	**0.74%**
Scholarship allowance as a % of tuition and fees	**36.71%**	**35.11%**	**33.56%**					

Section 2: Operating expenses by natural classification	2014 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	As a % of Total Op. Expenses	2013 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	As a % of Total Op. Expenses	2012 University	As a % of Operating Revenues	As a % of Student Tuition & Fees	As a % of Total Op. Expenses	2014 vs 2013 Dollar	2014 vs 2013 Percent	Analytical Reference	2013 vs 2012 Dollar	2013 vs 2012 Percent
Salaries	$ 2,781,360,463	97.37%	130.71%	42.42%	$ 2,656,726,847	94.53%	127.65%	42.71%	$ 2,655,248,218	95.69%	128.52%	43.16%	$ 124,633,616	4.69%	**<28>**	$ 1,478,629	0.06%
Benefits	1,251,814,090	43.83%	58.83%	19.09%	1,181,231,890	42.03%	56.76%	18.99%	1,119,289,467	40.34%	54.18%	18.20%	70,582,200	5.98%	**<29>**	61,942,423	5.53%
Scholarships and fellowships	862,478,881	30.20%	40.53%	13.15%	826,932,783	29.42%	39.73%	13.29%	833,399,529	30.03%	40.34%	13.55%	35,546,098	4.30%	**<30>**	(6,466,746)	-0.78%
Supplies and other services	1,237,673,789	43.33%	58.17%	18.88%	1,120,569,156	39.87%	53.84%	18.01%	1,130,070,039	40.73%	54.70%	18.37%	117,104,633	10.45%	**<31>**	(9,500,883)	-0.84%
Depreciation and amortization	423,797,065	14.84%	19.92%	6.46%	435,529,914	15.50%	20.93%	7.00%	413,518,961	14.90%	20.02%	6.72%	(11,732,849)	-2.69%	**<32>**	22,010,953	5.32%
Total operating expenses	**$ 6,557,124,288**	**229.56%**	**308.16%**	**100.00%**	**$ 6,220,990,590**	**221.36%**	**298.91%**	**100.00%**	**$ 6,151,526,214**	**221.69%**	**297.74%**	**100.00%**	**$ 336,133,698**	**5.40%**		**$ 69,464,376**	**1.13%**

Section 3: Operating expenses by function for each natural classification type:

Salaries	2014 University	As a % of Total	2013 University	As a % of Total	2012 University	As a % of Total	2014 vs 2013 Dollar	2014 vs 2013 Percent	Analytical Reference	2013 vs 2012 Dollar	2013 vs 2012 Percent
Instruction	$ 1,455,211,288	52.32%	$ 1,391,669,881	52.38%	$ 1,395,698,731	52.56%	63,541,407	4.57%	**<28a>**	(4,028,850)	-0.29%
Research	20,212,553	0.73%	20,781,750	0.78%	20,451,195	0.77%	(569,197)	-2.74%	**<28b>**	330,555	1.62%
Public service	29,596,111	1.06%	31,594,660	1.19%	31,713,902	1.19%	(1,998,549)	-6.33%	**<28c>**	(119,242)	-0.38%
Academic support	328,708,122	11.82%	312,662,586	11.77%	312,233,566	11.76%	16,045,536	5.13%	**<28d>**	429,020	0.14%
Student services	345,835,358	12.43%	327,966,492	12.34%	326,602,356	12.30%	17,868,866	5.45%	**<28e>**	1,364,136	0.42%
Institutional support	346,344,347	12.45%	327,452,181	12.33%	328,069,325	12.36%	18,892,166	5.77%	**<28f>**	(617,144)	-0.19%
Operation and maintenance of plant	186,267,391	6.70%	178,138,009	6.71%	175,261,403	6.60%	8,129,382	4.56%	**<28g>**	2,876,606	1.64%
Student grants and scholarships	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<28h>**	-	0.00%
Auxiliary enterprise expenses	69,185,293	2.49%	66,461,288	2.50%	65,217,740	2.46%	2,724,005	4.10%	**<28i>**	1,243,548	1.91%
Depreciation and amortization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<28j>**	-	0.00%
	$ 2,781,360,463	100.00%	$ 2,656,726,847	100.00%	$ 2,655,248,218	100.00%	124,633,616	4.69%		1,478,629	0.06%

Benefits	2014 University	As a % of Total	2013 University	As a % of Total	2012 University	As a % of Total	2014 vs 2013 Dollar	2014 vs 2013 Percent	Analytical Reference	2013 vs 2012 Dollar	2013 vs 2012 Percent
Instruction	$ 607,253,165	48.51%	$ 574,746,426	48.66%	$ 543,127,211	48.52%	32,506,739	5.66%	**<29a>**	31,619,215	5.82%
Research	7,862,166	0.63%	6,737,220	0.57%	6,530,009	0.58%	1,124,946	16.70%	**<29b>**	207,211	3.17%
Public service	8,073,948	0.64%	10,631,280	0.90%	10,360,856	0.93%	(2,557,332)	-24.05%	**<29c>**	270,424	2.61%
Academic support	147,665,793	11.80%	139,337,149	11.80%	131,162,072	11.72%	8,328,644	5.98%	**<29d>**	8,175,077	6.23%
Student services	160,020,270	12.78%	150,126,782	12.71%	141,883,994	12.68%	9,893,488	6.59%	**<29e>**	8,242,788	5.81%
Institutional support	162,398,469	12.97%	149,170,489	12.63%	145,422,527	12.99%	13,227,980	8.87%	**<29f>**	3,747,962	2.58%
Operation and maintenance of plant	105,895,531	8.46%	100,024,769	8.47%	93,762,554	8.38%	5,870,762	5.87%	**<29g>**	6,262,215	6.68%
Student grants and scholarships	-	0.00%	-	0.00%	-	0.00%	-	0.00%	**<29h>**	-	0.00%
Auxiliary enterprise expenses	52,644,748	4.21%	50,457,775	4.27%	47,040,244	4.20%	2,186,973	4.33%	**<29i>**	3,417,531	7.27%

Depreciation and amortization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	<29j>	-	0.00%
	$ 1,251,814,090	100.00%	$ 1,181,231,890	100.00%	$ 1,119,289,467	100.00%	70,582,200	5.98%		61,942,423	5.53%

	2014 University	As a % of Total	2013 University	As a % of Total	2012 University	As a % of Total	2014 vs 2013 Increase (Decrease) Dollar	Percent		2013 vs 2012 Increase (Decrease) Dollar	Percent
Supplies and other services											
Instruction	$ 196,238,161	15.86%	$ 172,694,123	15.41%	$ 176,338,427	15.60%	23,544,038	13.63%	<31a>	(3,644,304)	-2.07%
Research	17,340,857	1.40%	15,052,866	1.34%	16,201,310	1.43%	2,287,991	15.20%	<31b>	(1,148,444)	-7.09%
Public service	16,276,270	1.32%	23,193,691	2.07%	26,140,369	2.31%	(6,917,421)	-29.82%	<31c>	(2,946,678)	-11.27%
Academic support	157,808,638	12.75%	150,701,421	13.45%	137,963,445	12.21%	7,107,217	4.72%	<31d>	12,737,976	9.23%
Student services	194,297,785	15.70%	176,831,776	15.78%	158,485,685	14.02%	17,466,009	9.88%	<31e>	18,346,091	11.58%
Institutional support	179,585,247	14.51%	165,330,680	14.75%	203,130,570	17.98%	14,254,567	8.62%	<31f>	(37,799,890)	-18.61%
Operation and maintenance of plant	289,765,820	23.41%	251,860,364	22.48%	257,982,353	22.83%	37,905,456	15.05%	<31g>	(6,121,989)	-2.37%
Student grants and scholarships	-	0.00%	-	0.00%	-	0.00%	-	0.00%	<31h>	-	0.00%
Auxiliary enterprise expenses	186,361,011	15.06%	164,904,235	14.72%	153,827,880	13.61%	21,456,776	13.01%	<31i>	11,076,355	7.20%
Depreciation and amortization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	<31j>	-	0.00%
	$ 1,237,673,789	100.00%	$ 1,120,569,156	100.00%	$ 1,130,070,039	100.00%	117,104,633	10.45%		(9,500,883)	-0.84%

	Analytical Reference	Explanation for variances
Operating revenues:		
Student tuition and fees (net of scholarship allowances)		
Grants and contracts, noncapital:		
Federal	<2>	
State	<3>	
Local	<4>	
Nongovernmental	<5>	
Sales and services of educational activities	<6>	
Sales and services of auxiliary enterprises (net of scholarship allowances)	<7>	
Other operating revenues	<8>	
Operating expenses:		
Instruction	<9>	
Research	<10>	
Public service	<11>	
Academic support	<12>	
Student services	<13>	
Institutional support	<14>	
Operation and maintenance of plant	<15>	
Student grants and scholarships	<16>	
Auxiliary enterprise expenses	<17>	
Depreciation and amortization	<18>	
Nonoperating revenues (expenses):		
State appropriations, noncapital	<19>	
Federal financial aid grants, noncapital	<33>	
State financial aid grants, noncapital	<34>	
Local financial aid grants, noncapital	<36>	
Nongovernmental and other financial aid grants, noncapital	<35>	
Other federal nonoperating grants, noncapital	<37>	
Gifts, noncapital	<20>	
Investment income (loss), net	<21>	
Endowment income (loss), net	<22>	
Interest expense	<23>	
Other nonoperating revenues (expenses)	<24>	
State appropriations, capital	<25>	
Grants and gifts, capital	<26>	
Additions (reductions) to permanent endowments	<27>	
Section 1: Student tuition and fees		
Student tuition and fees, gross	<1a>	
Scholarship allowances (enter as negative)	<1b>	
Section 2: Operating expenses by natural classification		
Salaries	<28>	
Benefits	<29>	
Scholarships and fellowships	<30>	
Supplies and other services	<31>	
Depreciation and amortization	<32>	
Section 3: Operating expenses by function for each natural classification type:		
Salaries		
Instruction	<28a>	
Research	<28b>	
Public service	<28c>	
Academic support	<28d>	
Student services	<28e>	
Institutional support	<28f>	
Operation and maintenance of plant	<28g>	
Student grants and scholarships	<28h>	
Auxiliary enterprise expenses	<28i>	
Depreciation and amortization	<28j>	
Benefits		
Instruction	<29a>	
Research	<29b>	
Public service	<29c>	
Academic support	<29d>	
Student services	<29e>	
Institutional support	<29f>	
Operation and maintenance of plant	<29g>	
Student grants and scholarships	<29h>	
Auxiliary enterprise expenses	<29i>	
Depreciation and amortization	<29j>	
Supplies and other services		
Instruction	<31a>	
Research	<31b>	
Public service	<31c>	
Academic support	<31d>	
Student services	<31e>	
Institutional support	<31f>	
Operation and maintenance of plant	<31g>	
Student grants and scholarships	<31h>	
Auxiliary enterprise expenses	<31i>	
Depreciation and amortization	<31j>	

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Year ended June 30, 2014

Scope:
All changes +/- > **$ 22,361,000** and **240%**

	2014	2013	2014 vs 2013 Increase (Decrease)		Analytical
Cash flows from operating activities:	**University**	**University**	**Dollar**	**Percent**	**Reference**
Tuition and fees	$ 2,130,308,582	$ 2,074,066,094	$ 56,242,488	2.71%	**<1>**
Federal grants and contracts	45,936,514	64,384,036	(18,447,522)	-28.65%	**<2>**
State grants and contracts	21,363,740	14,091,237	7,272,503	51.61%	**<3>**
Local grants and contracts	7,552,306	6,334,862	1,217,444	19.22%	**<4>**
Nongovernmental grants and contracts	10,257,593	8,602,557	1,655,036	19.24%	**<5>**
Payments to suppliers	(1,227,222,837)	(1,114,461,634)	(112,761,203)	10.12%	**<6>**
Payments to employees	(3,951,506,178)	(3,782,920,589)	(168,585,589)	4.46%	**<7>**
Payments to students	(867,721,247)	(828,698,782)	(39,022,465)	4.71%	**<8>**
Collections of student loans	3,805,543	3,642,518	163,025	4.48%	**<9>**
Sales and services of educational activities	39,970,028	32,669,782	7,300,246	22.35%	**<10>**
Sales and services of auxiliary enterprises	417,655,839	387,550,300	30,105,539	7.77%	**<11>**
Other receipts (payments)	195,817,526	192,373,406	3,444,120	1.79%	**<12>**
Net cash provided by (used in) operating activities	**(3,173,782,591)**	**(2,942,366,213)**	**(231,416,378)**		
Cash flows from noncapital financing activities:					
State appropriations	2,345,695,710	2,063,387,124	282,308,586	13.68%	**<13>**
Federal financial aid grants	887,985,733	808,400,422	79,585,311	9.84%	**<14>**
State financial aid grants	521,801,485	436,751,254	85,050,231	19.47%	**<15>**
Local financial aid grants	-	-	-	0.00%	**<39>**
Nongovernmental and other financial aid grants	34,890,641	30,865,519	4,025,122	13.04%	**<16>**
Other federal nonoperating grants	4,108,052	3,326,458	781,594	23.50%	**<40>**
Gifts and grants received for other than capital purposes	38,877,348	46,218,314	(7,340,966)	-15.88%	**<17>**
Federal loan program receipts	1,300,769,168	1,358,860,535	(58,091,367)	-4.28%	**<18>**
Federal loan program disbursements	(1,301,982,135)	(1,359,282,655)	57,300,520	-4.22%	**<19>**
Monies received on behalf of others	112,854,208	122,211,773	(9,357,565)	-7.66%	**<20>**
Monies disbursed on behalf of others	(118,561,441)	(117,187,237)	(1,374,204)	1.17%	**<21>**
Other noncapital financing activities	78,392,423	83,622,502	(5,230,079)	-6.25%	**<22>**
Net cash provided by (used in) noncapital financing activities	**3,904,831,192**	**3,477,174,009**	**427,657,183**		
Cash flows from capital and related financing activities:					
Proceeds from capital debt	464,371,622	577,151,631	(112,780,009)	-19.54%	**<23>**
State appropriations	141,054,037	109,162,403	31,891,634	29.21%	**<24>**
Capital grants and gifts	24,393,033	17,397,686	6,995,347	40.21%	**<25>**
Proceeds from sale of capital assets	163,745	236,385	(72,640)	-30.73%	**<26>**
Acquisition of capital assets	(526,947,315)	(469,878,125)	(57,069,190)	12.15%	**<27>**
Issuance of notes receivable (CO use only)	(6,284,000)	(55,950,000)	49,666,000	-88.77%	**<28>**
Transfers to escrow agent	(349,701,568)	(327,827,540)	(21,874,028)	6.67%	**<29>**
Principal paid on capital debt and leases	(171,309,235)	(188,900,461)	17,591,226	-9.31%	**<30>**
Interest paid on capital debt and leases	(216,096,622)	(210,648,143)	(5,448,479)	2.59%	**<31>**
Principal payments received on capital leases	12,150,417	7,881,622	4,268,795	54.16%	**<32>**
Interest payments received on capital leases	17,595,554	14,719,095	2,876,459	19.54%	**<33>**
Principal payments received on notes receivable	6,190,000	5,272,206	917,794	17.41%	**<34>**
Interest payments received on notes receivable	11,542,536	14,313,248	(2,770,712)	-19.36%	**<35>**
Net cash provided by (used in) capital and related financing activities	**(592,877,796)**	**(507,069,993)**	**(85,807,803)**		
Cash flows from investing activities:					
Proceeds from sales and maturities of investments	11,776,161,384	12,211,512,250	(435,350,866)	-3.57%	**<36>**
Purchases of investments	(11,939,263,228)	(12,283,345,058)	344,081,830	-2.80%	**<37>**
Investment income received	20,720,580	43,148,452	(22,427,872)	-51.98%	**<38>**
Net cash provided by (used in) investing activities	**(142,381,264)**	**(28,684,356)**	**(113,696,908)**		
Net increase (decrease) in cash and cash equivalents	(4,210,459)	(946,553)			
Cash and cash equivalents at beginning of year	8,374,926	9,321,479			
Cash and cash equivalents at end of year	**$ 4,164,467**	**$ 8,374,926**			
	Agree with FN 3	**Agree with FN 3**			
Summary of cash and cash equivalents at end of year:					
Cash and cash equivalents	$ 4,074,360	$ 8,331,713			

Restricted cash and cash equivalents	90,107	43,213
Total cash and cash equivalents at end of year	**$ 4,164,467**	**$ 8,374,926**

Cash flows from operating activities:	**Analytical Reference**	**Explanation for variances**
Tuition and fees	**<1>**	
Federal grants and contracts	**<2>**	
State grants and contracts	**<3>**	
Local grants and contracts	**<4>**	
Nongovernmental grants and contracts	**<5>**	
Payments to suppliers	**<6>**	
Payments to employees	**<7>**	
Payments to students	**<8>**	
Collections of student loans	**<9>**	
Sales and services of educational activities	**<10>**	
Sales and services of auxiliary enterprises	**<11>**	
Other receipts (payments)	**<12>**	
Cash flows from noncapital financing activities:		
State appropriations	**<13>**	
Federal financial aid grants	**<14>**	
State financial aid grants	**<15>**	
Local financial aid grants	**<39>**	
Nongovernmental and other financial aid grants	**<16>**	
Other federal nonoperating grants	**<40>**	
Gifts and grants received for other than capital purposes	**<17>**	
Federal loan program receipts	**<18>**	
Federal loan program disbursements	**<19>**	
Monies received on behalf of others	**<20>**	
Monies disbursed on behalf of others	**<21>**	
Other noncapital financing activities	**<22>**	
Cash flows from capital and related financing activities:		
Proceeds from capital debt	**<23>**	
State appropriations	**<24>**	
Capital grants and gifts	**<25>**	
Proceeds from sale of capital assets	**<26>**	
Acquisition of capital assets	**<27>**	
Issuance of notes receivable (CO use only)	**<28>**	
Transfers to escrow agent	**<29>**	
Principal paid on capital debt and leases	**<30>**	
Interest paid on capital debt and leases	**<31>**	
Principal payments received on capital leases	**<32>**	
Interest payments received on capital leases	**<33>**	
Principal payments received on notes receivable	**<34>**	
Interest payments received on notes receivable	**<35>**	
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	**<36>**	
Purchases of investments	**<37>**	
Investment income received	**<38>**	

Note 1 - Campus Management Approval Sheet

All Campuses
2014

I have reviewed the June 30, 2014 Reporting Package, as listed in the accompanying index, and believe it to be complete and accurate:

Approvals:

	Signature (print separate sheet with original signature)	Date (please type)	Name (please type)	Title (please type)
1	**Preparer:**			
2	**Reviewer:**			
3	**Reviewer:**			

Note 2 - List of Auxiliary Organization Names

All Campuses

Instruction: Items 1-3 are reserved for the campus' foundation, associated students and student union entities. Any changes to below must be communicated to and changed by the Chancellor's Office.

GASB Auxiliaries

1
2
3
4
5
6
7
8
9
10

FASB Auxiliaries

1
2
3
4
5
6
7
8
9
10

Note 3 - Cash, Cash Equivalents and Investments

All Campuses
2014

3.1 - Restricted and unrestricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	$ -
All other restricted cash and cash equivalents	90,107
Restricted cash and cash equivalents	**90,107**
Cash and cash equivalents	4,074,360
Book balance at June 30, 2014	**$ 4,164,467**
Bank balance at June 30, 2014	**$ 15,825,081**
Significant reconciling items consist of:	

3.2 - Composition of investments at June 30, 2014:

Instruction: Please refer to Chapter 1 of the GAAP manual for classification of investments.

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ 20,115,000	$ 1,552,000	$ 21,667,000	$ -	$ 74,026,000	$ 74,026,000	**$ 95,693,000**
Investments held by CO - Revenue Bond Program (Campus use only)	-	1,555,536	1,555,536	-	72,681,508	72,681,508	74,237,044
Investments held for campuses - Revenue Bond Program (CO use only, enter as negative number)	(6,438)	(1,552,000)	(1,558,438)	-	(72,675,970)	(72,675,970)	(74,234,408)
Total SMIF Investments	**20,108,562**	**1,555,536**	**21,664,098**	**-**	**74,031,538**	**74,031,538**	**95,695,636**
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	2,788,851,620	45,059,348	2,833,910,968	193,643,099	65,400,033	259,043,132	**3,092,954,100**
Collateralized mortgage obligations:							
Agency pass-through	-	-	-	-	-	-	-
Private pass-through	-	-	-	-	-	-	-
Other (list by type of investment):							
	3,000	-	3,000	-	22,628,089	22,628,089	**22,631,089**
	-	-	-	-	1,450,469	1,450,469	**1,450,469**
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total investments	**2,808,963,182**	**46,614,884**	**2,855,578,066**	**193,643,099**	**163,510,129**	**357,153,228**	**3,212,731,294**
Less endowment investments (enter as negative number)	-	-	-	-	(16,218,443)	(16,218,443)	**(16,218,443)**
Total investments, net of endowments	**$ 2,808,963,182**	**$ 46,614,884**	**$ 2,855,578,066**	**$ 193,643,099**	**$ 147,291,686**	**$ 340,934,785**	**$ 3,196,512,851**

3.3 - Investments held under contractual agreements at June 30, 2014:

Instruction: Must include all investment amounts held under contractual agreements on behalf of other entities regardless of whether such investments are recorded on the University's SNP.

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total	
On behalf of auxiliary organizations (Auxiliaries recorded as investments)	$ 31,435,292	$ 4,738,241	$ 36,173,533	$ -	$ 734,093	$ 734,093	**$ 36,907,626**	Disagree with total Aux FN2.2
On behalf of auxiliary organizations (Auxiliaries recorded as accounts receivable)	3,558,699	-	3,558,699	-	-	-	**3,558,699**	
On behalf of others	-	-	-	-	-	-	-	
Total investments held under contractual agreements	**$ 34,993,991**	**$ 4,738,241**	**$ 39,732,232**	**$ -**	**$ 734,093**	**$ 734,093**	**$ 40,466,325**	

3.4 - Restricted current investments at June 30, 2014 related to:

	$ 21,135,574
	15,056,623
	7,205,665
	1,877,424
	1,185,733
	153,651
	214
	-
	-
	-
Total restricted current investments at June 30, 2014	$ 46,614,884
	Agree with FN 3.2 above

3.5 - Restricted noncurrent investments at June 30, 2014 related to:

Endowment Investments	$ 16,218,443
	28,395,179
	42,270,145
	52,532,381
	6,649,432
	15,210,684
	2,066,202
	167,663
	-
	-
Total restricted noncurrent investments at June 30, 2014	$ 163,510,129
	Agree with FN 3.2 above

Note 4 - Receivables

All Campuses

Instruction: (A) Accounts receivable due from Chancellor's Office related to BAN proceeds must be classified as noncurrent.

4.1 - Composition of accounts receivable at June 30,

	2014 Current	2014 Noncurrent	2014 Total	2013 Current	2013 Noncurrent	2013 Total
State appropriations	$ 5,221,827	$ 295,072,051	$ **300,293,878**	$ 5,162,876	$ 356,780,373	$ **361,943,249**
Auxiliary organizations	36,090,917	2,541,307	**38,632,224**	34,629,969	3,220,912	**37,850,881**
Student accounts	62,098,303	-	**62,098,303**	59,333,795	-	**59,333,795**
Allowance for doubtful accounts, student accounts (enter as negative number)	(18,646,768)	-	**(18,646,768)**	(16,137,155)	-	**(16,137,155)**
Government grants and contracts	20,294,146	-	**20,294,146**	27,883,247	-	**27,883,247**
Accounts receivable from Chancellor's Office - revenue bond programs (A)	-	-	**-**	-	-	**-**
Accounts receivable from Chancellor's Office - other	6,122,851	-	**6,122,851**	4,093,246	-	**4,093,246**
Accounts receivable from campuses (other than CO)	6,837,341	-	**6,837,341**	84,391	4,180,329	**4,264,720**
Accounts receivable from campuses to CO (CO use only)	4,516,330	-	**4,516,330**	3,785,116	-	**3,785,116**
Interest receivable (accrued interest) on investments (e.g. 4th Qtr SMIF, June's SWIFT)	2,344,611	-	**2,344,611**	2,559,339	-	**2,559,339**
Accrued interest on leases receivable (exclude auxiliary organizations)	222,553	213,580	**436,133**	232,752	-	**232,752**
Other major receivables:						
	12,641,935	804,700	**13,446,635**	11,473,681	2,070,745	**13,544,426**
	10,958,419	-	**10,958,419**	8,012,368	-	**8,012,368**
	2,018,143	-	**2,018,143**	2,355,753	190,865	**2,546,618**
	13,127,006	-	**13,127,006**	16,198,691	-	**16,198,691**
	2,975,054	-	**2,975,054**	3,574,267	-	**3,574,267**
	700,463	-	**700,463**	1,147,249	-	**1,147,249**
	212,845	-	**212,845**	241,202	-	**241,202**
	318,750	-	**318,750**	521,585	-	**521,585**
	169,659	-	**169,659**	538,051	-	**538,051**
	75,757	-	**75,757**	92,719	-	**92,719**
Total other receivables	**43,198,031**	**804,700**	**44,002,731**	**44,155,566**	**2,261,610**	**46,417,176**
Allowance for doubtful accounts, other (enter as negative number)	(6,070,202)	-	**(6,070,202)**	(6,149,478)	-	**(6,149,478)**
Total accounts receivable, net	**$ 162,229,940**	**$ 298,631,638**	**$ 460,861,578**	**$ 159,633,664**	**$ 366,443,224**	**$ 526,076,888**

4.2 - Leases (as lessor) - future minimum lease payments to be received:

Year ending June 30:	Operating leases	Capital leases receivable: Principal Only	Interest Only	Principal and Interest
2015	$ 4,994,285	$ 11,441,592	$ 17,863,041	$ 29,304,633
2016	4,781,015	9,235,651	17,403,790	26,639,441
2017	3,949,607	10,005,077	16,924,651	26,929,728
2018	3,819,897	10,601,231	16,413,309	27,014,540
2019	2,103,948	11,147,540	15,891,309	27,038,849
2020 - 2024	9,549,345	75,296,485	69,659,097	144,955,582
2025 - 2029	8,840,599	97,979,399	47,201,292	145,180,691
2030 - 2034	8,178,072	92,518,608	21,939,461	114,458,069
2035 - 2039	6,366,811	28,500,625	8,394,714	36,895,339
2040 - 2044	5,259,302	19,235,000	3,230,438	22,465,438
2045 - 2049	-	4,395,000	98,888	4,493,888
2050 - 2054	-	-	-	-
2055 - 2059	-	-	-	-
2060 - 2064	-	-	-	-
Thereafter	-	-	-	-
Total minimum lease payments to be received	**$ 57,842,881**	**$ 370,356,208**	**$ 235,019,990**	**605,376,198**
Less: amounts representing interest				(235,019,990)
Present value of future minimum lease payments to be received				**370,356,208**
Less: current portion				(11,441,592)
Leases receivable, net of current portion				**$ 358,914,616**

4.2.1 - Operating lease income for the year ended June 30, 2014: $ 6,037,716

4.3 - Notes receivable - future minimum notes payments to be received:

Year ending June 30:	Notes Receivable: Principal Only	Interest Only	Principal and Interest
2015	$ 51,319,287	$ 12,206,831	$ 63,526,118
2016	21,079,836	11,714,404	32,794,240
2017	8,411,477	11,115,284	19,526,761
2018	8,803,230	10,729,831	19,533,061
2019	9,192,596	10,349,196	19,541,792
2020 - 2024	49,596,275	45,090,265	94,686,540
2025 - 2029	56,146,109	32,246,132	88,392,241
2030 - 2034	56,105,784	17,756,571	73,862,355
2035 - 2039	38,830,546	5,771,128	44,601,674
2040 - 2044	7,195,396	427,136	7,622,532
2045 - 2049	1,110,336	14,062	1,124,398
2050 - 2054	895,485	4,033	899,518
2055 - 2059	-	-	-
2060 - 2064	-	-	-
Thereafter	-	-	-
Total minimum notes payments to be received	**$ 308,686,357**	**$ 157,424,873**	**466,111,230**
Less: amounts representing interest			(157,424,873)
Present value of future minimum notes payments to be received			**308,686,357**
Less: current portion			(51,319,287)
Notes receivable, net of current portion			**$ 257,367,070**

4.4 - Student loans receivable	**Perkins**	**Nursing**	**Other loans**	**Total**
Total student loans receivable	$ 90,394,561	$ 1,316,017	$ 20,425,473	$ 112,136,051
Allowance for doubtful accounts (enter as negative number)	(15,240,778)	(73,377)	(8,570,602)	(23,884,757)
Total student loans receivable, net	**$ 75,153,783**	**$ 1,242,640**	**$ 11,854,871**	**$ 88,251,294**

Note 5 - Capital Assets

All Campuses
2014

Instruction:
(A) All reclassifications of the beginning balances between categories must be included in this column. Total of this column must net to zero.
(B) All transfers from CWIP to the various capital assets categories must be included in this column. Total of this column must net to zero.
(C) Transfer of capital assets between CO/campus and campus must be included in this column. Total of this column must net to zero at CSU consolidated level.

5.1 - Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior Period Adjustments	(A) Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	(B) Transfer of completed CWIP	(C) Transfers from/to CO/Campus	Balance June 30, 2014	Balance June 30, 2014 Capital Assets, net (Calculated) (for MD&A purposes)
Non-depreciable/Non-amortizable capital assets:										
Land and land improvements	$ **256,976,854**	$ -	$ -	$ **256,976,854**	$ 4,978,692	$ (1)	$ 34,662	$ -	$ **261,990,207**	$ 261,990,207
Works of art and historical treasures	**28,697,250**	-	-	**28,697,250**	1,647,172	(35,670)	32,680	-	**30,341,432**	30,341,432
Construction work in progress (CWIP)	**553,976,446**	-	-	**553,976,446**	393,142,633	(1,829,768)	(475,984,919)	-	**469,304,392**	469,304,392
Intangible assets:										
Intangible assets	-	-	-	-	-	-	-	-	-	
Rights and easements	-	-	-	-	-	-	-	-	-	
Patents, copyrights and trademarks	15,605	-	-	15,605	-	-	-	-	15,605	
Internally generated intangible assets in progress	5,901,576	-	-	5,901,576	7,575,246	-	(3,171,065)	-	10,305,757	
Licenses and permits	670,000	-	-	670,000	-	-	-	-	670,000	
Other intangible assets:										
	103,831	-	-	103,831	31,160	(96,921)	-	-	38,070	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	
Total intangible assets	**6,691,012**	-	-	**6,691,012**	7,606,406	(96,921)	(3,171,065)	-	**11,029,432**	11,029,432
Total non-depreciable/non-amortizable capital assets	**846,341,562**	**-**	**-**	**846,341,562**	**407,374,903**	**(1,962,360)**	**(479,088,642)**	**-**	**772,665,463**	**772,665,463**
Depreciable/Amortizable capital assets:										
Buildings and building improvements	**10,070,240,070**	-	-	**10,070,240,070**	88,823,992	(15,794,540)	432,978,038	-	**10,576,247,560**	6,028,225,162
Improvements, other than buildings	**525,246,519**	-	-	**525,246,519**	7,657,698	(24,500)	16,172,379	-	**549,052,096**	156,928,125
Infrastructure	**974,640,731**	-	-	**974,640,731**	12,282,738	(6,017,922)	16,802,759	-	**997,708,306**	583,452,360
Leasehold improvements	**21,754,625**	-	-	**21,754,625**	709,783	-	54,251	-	**22,518,659**	10,605,452
Personal property:										
Equipment	**712,195,232**	-	-	**712,195,232**	47,839,135	(24,586,624)	9,845,850	-	**745,293,593**	210,875,984
Library books and materials	**387,837,197**	-	-	**387,837,197**	6,334,977	(2,517,513)	-	-	**391,654,661**	37,162,642
Intangible assets:										
Intangible assets	-	-	-	-	-	-	-	-	-	
Software and websites	309,538,495	-	-	309,538,495	4,734,560	(2,830,729)	2,642,247	-	314,084,573	
Rights and easements	-	-	-	-	-	-	-	-	-	
Patents, copyrights and trademarks	104,373	-	-	104,373	-	(1)	-	-	104,372	
Licenses and permits	2,159,621	-	-	2,159,621	388,661	(210,356)	593,118	-	2,931,044	
Other intangible assets:										
	282,388	-	-	282,388	-	-	-	-	282,388	
	56,285	-	-	56,285	-	-	-	-	56,285	
	294,915	-	-	294,915	-	-	-	-	294,915	
	10,913	-	-	10,913	-	-	-	-	10,913	
	7,116	-	-	7,116	-	-	-	-	7,116	
Total intangible assets	**312,454,106**	-	-	**312,454,106**	5,123,221	(3,041,086)	3,235,365	-	**317,771,606**	20,397,001
Total depreciable/amortizable capital assets	**13,004,368,480**	**-**	**-**	**13,004,368,480**	**168,771,544**	**(51,982,185)**	**479,088,642**	**-**	**13,600,246,481**	**7,047,646,726**
Total capital assets	**13,850,710,042**	**-**	**-**	**13,850,710,042**	**576,146,447**	**(53,944,545)**	**-**	**-**	**14,372,911,944**	**$ 7,820,312,189**
Less accumulated depreciation/amortization: (enter as negative number, except for reductions enter as positive number)										
Buildings and building improvements	**(4,246,382,068)**	-	-	**(4,246,382,068)**	(303,126,946)	1,486,616		-	**(4,548,022,398)**	
Improvements, other than buildings	**(371,054,673)**	-	-	**(371,054,673)**	(20,875,939)	(193,359)		-	**(392,123,971)**	
Infrastructure	**(386,783,353)**	-	-	**(386,783,353)**	(31,654,736)	4,182,143		-	**(414,255,946)**	
Leasehold improvements	**(9,753,191)**	-	-	**(9,753,191)**	(2,160,016)	-		-	**(11,913,207)**	
Personal property:										
Equipment	**(509,385,556)**	-	-	**(509,385,556)**	(47,312,306)	22,280,253		-	**(534,417,609)**	
Library books and materials	**(348,642,034)**	-	-	**(348,642,034)**	(8,441,903)	2,591,918		-	**(354,492,019)**	
Intangible assets:										
Intangible assets	-	-	-	-	-	-		-	-	
Software and websites	(288,037,572)	-	-	(288,037,572)	(9,603,830)	2,287,951		-	(295,353,451)	
Rights and easements	-	-	-	-	-	-		-	-	
Patents, copyrights and trademarks	(28,295)	-	-	(28,295)	(6,918)	-		-	(35,213)	
Licenses and permits	(1,138,788)	-	-	(1,138,788)	(577,822)	156,387		-	(1,560,223)	
Other intangible assets:										
	(270,518)	-	-	(270,518)	(7,158)	-		-	(277,676)	

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Transfer of completed CWIP	Transfers from/to CO/Campus	Balance June 30, 2014	(for MD&A purposes)
	(85,776)	-	-	(85,776)	29,491	-		-	(56,285)	
	(14,746)	-	-	(14,746)	(58,982)	-		-	(73,728)	
	(10,913)	-	-	(10,913)	-	-		-	(10,913)	
	(7,116)	-	-	(7,116)	-	-		-	(7,116)	
Total intangible assets	**(289,593,724)**	-	-	**(289,593,724)**	(10,225,219)	2,444,338	-	-	**(297,374,605)**	
Total accumulated depreciation/amortization	**(6,161,594,599)**	-	-	**(6,161,594,599)**	**(423,797,065)**	**32,791,909**	-	-	**(6,552,599,755)**	
Total capital assets, net	**$ 7,689,115,443**	**$ -**	**$ -**	**$ 7,689,115,443**	**$ 152,349,382**	**$ (21,152,636)**	**$ -**	**$ -**	**$ 7,820,312,189**	
			Net to zero				**Net to zero**			

5.2 - Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	$ 423,797,065
Amortization expense related to other assets	-
Total depreciation and amortization	**$ 423,797,065**

5.3 - Reconciliation of capital assets additions per rollforward to acquisition of capital assets per statement of cash flows (SCF):

Total capital assets additions per rollforward	$ 576,146,447	
Less adjustments (enter reduction as negative number):		
Noncash contributed capital/donated assets	(17,542,312)	
Acquisition of capital asset through capital lease	(2,485,419)	
Acquisition of capital asset through long-term debt obligation (other than capital lease)	(1,140,095)	
Construction work in progress acquired from the Office of the Chancellor	(1,347,067)	
Common Network Infrastructure (CNI) paid by Office of the Chancellor	1,347,067	
Capital asset transferred from the Office of the Chancellor	-	
Change in accrued capital asset costs (purchased but unpaid at year-end)	(8,913,601)	Agree with changes for the 2nd line items on FN17
Capitalized interest, net of related investment income	(11,132,215)	
Other adjustments (please list):		
	(7,769,305)	
	(216,185)	
	-	
	-	
	-	
	-	
Total acquisition of capital assets per SCF	**$ 526,947,315**	

5.4 - Capitalized interest, net of related investment income for the year ended June 30, 2014:

Interest expense capitalized for construction projects	$ 11,288,538
Investment income related to unspent bond proceeds for construction (enter as negative number)	(156,323)
Capitalized interest, net of related investment income	**$ 11,132,215**

Note 6 - Lease Obligations

All Campuses
2014

6.1 - Capital lease information (passed down from Chancellor's Office):

Carrying value of capital assets under capital leases at June 30, 2014	$ -
Range of interest rates on capital leases (e.g. 12%-15%)	
Maturity date of capital lease with longest term	
Carrying value of capital assets under State Public Works Board Lease Revenue Bond at June 30, 2014	$ 718,118,607

6.2 - Capital lease information (campus originated leases):

Carrying value of capital assets under capital leases at June 30, 2014	$ 89,945,824
Range of interest rates on capital leases (e.g. 12%-15%)	
Maturity date of capital lease with longest term	

6.3 - Operating lease information:

Maturity date of operating lease with longest term	
Operating lease expenditures for the year ended June 30, 2014	$ 27,387,188
Operating lease expenditures paid to Auxiliary Organizations for the year ended June 30, 2014	$ 15,116,608

6.4 - Future minimum lease payments:

	Operating leases	**Capital lease obligations passed down from CO**			**Capital lease obligations originated by campus**			**Total capital lease obligations**		
Year ending June 30,		Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest	Principal Only	Interest Only	Principal and Interest
2015	$ 23,736,770	$ -	$ -	$ -	$ 70,042,010	$ 62,416,585	$ 132,458,595	$ 70,042,010	$ 62,416,585	$ 132,458,595
2016	17,625,575	-	-	-	73,066,089	59,019,618	132,085,707	73,066,089	59,019,618	132,085,707
2017	16,500,790	-	-	-	72,157,002	55,522,026	127,679,028	72,157,002	55,522,026	127,679,028
2018	13,842,261	-	-	-	75,271,343	51,925,079	127,196,422	75,271,343	51,925,079	127,196,422
2019	10,551,135	-	-	-	54,519,293	48,699,435	103,218,728	54,519,293	48,699,435	103,218,728
2020 - 2024	30,889,915	-	-	-	230,915,999	208,121,984	439,037,983	230,915,999	208,121,984	439,037,983
2025 - 2029	16,372,711	-	-	-	234,262,308	151,494,019	385,756,327	234,262,308	151,494,019	385,756,327
2030 - 2034	9,940,482	-	-	-	268,765,824	78,737,550	347,503,374	268,765,824	78,737,550	347,503,374
2035 - 2039	3,030,937	-	-	-	133,414,931	15,585,229	149,000,160	133,414,931	15,585,229	149,000,160
2040 - 2044	967,755	-	-	-	4,488,920	285,920	4,774,840	4,488,920	285,920	4,774,840
2045 - 2049	397,087	-	-	-	-	-	-	-	-	-
2050 - 2054	178,336	-	-	-	-	-	-	-	-	-
2055 - 2059	32,500	-	-	-	-	-	-	-	-	-
2060 - 2064	256,750	-	-	-	-	-	-	-	-	-
Total minimum lease payments	**$ 144,323,004**	**$ -**	**$ -**	-	**$ 1,216,903,719**	**$ 731,807,445**	1,948,711,164	**$ 1,216,903,719**	**$ 731,807,445**	1,948,711,164
Less: amounts representing interest				-			(731,807,445)			(731,807,445)
Present value of future minimum lease payments				-			1,216,903,719			1,216,903,719
Less: current portion				-			(70,042,010)			(70,042,010)
Capital lease obligations, net of current portion				**$ -**			**$ 1,146,861,709**			**$ 1,146,861,709**

Note 7 - Long-Term Debt Obligations

All Campuses
2014

7.1 - Long-term obligations detail (Passed down from Chancellor's Office)

Please manually input the systemwide revenue bond description by program in the following format: SRB 200XX Program. Example: SRB 2002A Parking.

	Description	Interest rate (or range)	Fiscal year maturity date	Original Issue Amount	Amount outstanding at June 30
1				$ 335,263,000	$ 212,643,000
2				591,300,000	405,445,000
3				596,968,900	411,622,320
4				389,981,100	338,709,680
5				503,455,000	462,900,000
6				497,960,000	471,671,000
7				274,525,000	259,015,000
8				220,635,000	208,675,000
9				209,840,000	204,024,000
10				161,859,966	158,049,966
11				66,805,000	63,800,000
12				176,634,014	171,834,014
13				44,671,020	43,436,020
14				35,470,000	34,015,000
15				26,420,000	24,685,000
16				36,620,000	36,620,000
17				53,690,000	52,855,000
18				20,406,000	19,711,000
19				7,380,000	7,085,000
20				10,400,000	10,290,000
21				7,750,000	7,650,000
22				8,950,000	8,700,000
23				2,710,000	2,710,000
24				13,470,000	13,470,000
25				1,900,000	1,900,000
26				3,574,000	3,574,000
27				30,015,000	30,015,000
28				10,449,000	10,449,000
29				0	0
30				0	0
	Total debt obligations (passed down from Chancellor's Office)			**$ 4,339,102,000**	**$ 3,675,554,000**

7.2 - Long-term obligations detail (Campus-originated)

	Description	Interest rate (or range)	Fiscal year maturity date	Original Issue Amount	Amount outstanding at June 30	
1				$ 78,357,262	$ 50,150,746	
2				19,139,327	24,458,231	
3				6,494,040	4,107,760	
4				2,413,000	2,181,260	
5				-	-	
6				-	-	
7				-	-	
8				-	-	
9				-	-	
10				-	-	
11				-	-	
12				-	-	
13				-	-	
14				-	-	
15				-	-	
16				-	-	
17				-	-	
18				-	-	
19				-	-	
20				-	-	
	Total debt obligations (campus originated)			**106,403,629**	**80,897,997**	
	Total			**$ 4,445,505,629**	**3,756,451,997**	**Agree with FN 8**
	Unamortized bond premium / (discount)				156,073,279	
	Total long-term debt obligations				**$ 3,912,525,276**	**Agree with FN 8**

7.3 - Long-Term Debt Obligation Schedule

	Passed down from CO			Campus-Originated			Total		
Year ending June 30:	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**
2015	$ 249,631,000	$ 172,029,101	$ 421,660,101	$ 10,970,405	$ 1,836,469	$ 12,806,874	$ 260,601,405	$ 173,865,570	$ 434,466,975
2016	113,005,000	167,680,995	280,685,995	9,819,413	1,633,682	11,453,095	122,824,413	169,314,677	292,139,090
2017	105,855,000	163,024,242	268,879,242	9,754,804	1,412,671	11,167,475	115,609,804	164,436,913	280,046,717
2018	110,615,000	158,128,824	268,743,824	9,731,144	1,166,468	10,897,612	120,346,144	159,295,292	279,641,436
2019	115,925,000	152,849,068	268,774,068	9,531,890	1,174,019	10,705,909	125,456,890	154,023,087	279,479,977
2020 - 2024	629,218,001	674,716,218	1,303,934,219	23,740,837	1,915,962	25,656,799	652,958,838	676,632,180	1,329,591,018
2025 - 2029	734,760,001	505,825,897	1,240,585,898	2,935,806	141,794	3,077,600	737,695,807	505,967,691	1,243,663,498
2030 - 2034	805,920,000	309,247,040	1,115,167,040	1,088,587	35,811	1,124,398	807,008,587	309,282,851	1,116,291,438
2035 - 2039	610,829,998	125,580,616	736,410,614	1,098,419	25,979	1,124,398	611,928,417	125,606,595	737,535,012
2040 - 2044	195,400,000	17,795,061	213,195,061	1,108,341	16,057	1,124,398	196,508,341	17,811,118	214,319,459
2045 - 2049	4,395,000	98,888	4,493,888	1,118,351	6,046	1,124,397	5,513,351	104,934	5,618,285
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
Total	**$ 3,675,554,000**	**$ 2,446,975,949**	**$ 6,122,529,949**	**$ 80,897,997**	**$ 9,364,958**	**$ 90,262,955**	**$ 3,756,451,997**	**$ 2,456,340,907**	**$ 6,212,792,904**
	Agree with above			**Agree with above**			**Agree with above**		

Note 8 - Long-Term Liabilities Activity Schedule

All Campuses
2014

8.1 - Long-term liabilities activity schedule:
Instruction:
(A) List formal name of debt issue. Also, in order to ensure debt issue is properly classified in the table above, please verify classification with the Systemwide financial statements.
(B) List each bond anticipation note (BAN) by month/year of issue. The entire balance of any BANs should be classified as current.

Description	Balance June 30, 2013	Prior Period Adjustments	Balance June 30, 2013 (Restated)	Additions	Reductions	Reductions (Bond Defeasance)	Balance June 30, 2014	Current Portion	Long-term Portion
Accrued compensated absences	**$ 205,814,557**	$ -	**$ 205,814,557**	$ 134,512,825	$ (122,084,646)		**$ 218,242,736**	$ 119,689,893	$ 98,552,843
Capitalized lease obligations:									
Gross balance	**1,121,426,127**	-	**1,121,426,127**	165,850,123	(70,372,531)		**1,216,903,719**	70,042,010	1,146,861,709
Unamortized premium / (discount) on capitalized lease obligation	**24,211,752**	-	**24,211,752**	11,546,924	(2,388,825)		**33,369,851**		33,369,851
Total capitalized lease obligations	**1,145,637,879**	**-**	**1,145,637,879**	**177,397,047**	**(72,761,356)**		**1,250,273,570**	**70,042,010**	**1,180,231,560**
							Agree with FN 6		
Long-term debt obligations:									
Systemwide Revenue Bonds (include old housing bonds)	**(A)**								
	120,320,000	-	**120,320,000**	-	(4,115,000)	(20,280,000)	**95,925,000**	4,350,000	91,575,000
	203,250,000	-	**203,250,000**	-	(9,175,000)	(33,595,000)	**160,480,000**	8,005,000	152,475,000
	271,070,340	-	**271,070,340**	-	(12,132,500)	(36,425,520)	**222,512,320**	11,029,260	211,483,060
	682,210,000	-	**682,210,000**	6,140,000	(14,850,000)	(187,625,000)	**485,875,000**	15,365,000	470,510,000
	332,980,000	-	**332,980,000**	-	(8,885,000)	(33,025,000)	**291,070,000**	8,430,000	282,640,000
	375,875,000	-	**375,875,000**	-	(7,175,000)	(1,190,000)	**367,510,000**	8,270,000	359,240,000
	253,155,000	-	**253,155,000**	-	(5,530,000)	-	**247,625,000**	6,290,000	241,335,000
	219,853,000	-	**219,853,000**	4,130,000	(3,730,000)	-	**220,253,000**	3,800,000	216,453,000
	256,375,000	-	**256,375,000**	22,130,000	(4,710,000)	-	**273,795,000**	5,525,000	268,270,000
	155,305,000	-	**155,305,000**	96,925,000	(5,350,000)	-	**246,880,000**	5,920,000	240,960,000
	211,965,000	-	**211,965,000**	9,815,000	(2,800,000)	-	**218,980,000**	3,980,000	215,000,000
	127,075,000	-	**127,075,000**	23,265,000	(2,735,000)	-	**147,605,000**	2,870,000	144,735,000
	139,304,660	-	**139,304,660**	13,525,000	(3,072,500)	(4,989,480)	**144,767,680**	4,030,740	140,736,940
	67,720,000	-	**67,720,000**	60,268,980	(2,265,000)	-	**125,723,980**	2,535,000	123,188,980
	69,120,000	-	**69,120,000**	12,879,343	(403,323)	-	**81,596,020**	2,340,000	79,256,020
	13,880,000	-	**13,880,000**	13,960,000	(795,000)	-	**27,045,000**	830,000	26,215,000
	21,105,000	-	**21,105,000**	7,630,000	(150,000)	-	**28,585,000**	160,000	28,425,000
	26,070,000	-	**26,070,000**	7,840,000	(420,000)	-	**33,490,000**	430,000	33,060,000
	15,435,000	-	**15,435,000**	5,105,000	(350,000)	-	**20,190,000**	775,000	19,415,000
	10,375,000	-	**10,375,000**	19,440,000	(295,000)	-	**29,520,000**	330,000	29,190,000
	15,565,000	-	**15,565,000**	-	(110,000)	-	**15,455,000**	265,000	15,190,000
	8,950,000	-	**8,950,000**	3,100,000	(250,000)	-	**11,800,000**	260,000	11,540,000
	7,750,000	-	**7,750,000**	-	(100,000)	-	**7,650,000**	100,000	7,550,000
	-	-	**-**	2,710,000	-	-	**2,710,000**	200,000	2,510,000
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
Total	**3,604,708,000**	**-**	**3,604,708,000**	**308,863,323**	**(89,398,323)**	**(317,130,000)**	**3,507,043,000**	**96,090,000**	**3,410,953,000**
Bond Anticipation Notes	**(B)**								
	13,470,000	-	**13,470,000**	95,043,049	(86,049)	-	**108,427,000**	94,957,000	13,470,000
	-	-	**-**	14,146,939	(939)	-	**14,146,000**	14,146,000	-
	13,585,000	-	**13,585,000**	12,455	(11,697,455)	-	**1,900,000**	400,000	1,500,000
	-	-	**-**	3,575,920	(1,920)	-	**3,574,000**	3,574,000	-
	-	-	**-**	30,044,170	(29,170)	-	**30,015,000**	30,015,000	-
	-	-	**-**	10,449,000	-	-	**10,449,000**	10,449,000	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
Total	**27,055,000**	**-**	**27,055,000**	**153,271,533**	**(11,815,533)**	**-**	**168,511,000**	**153,541,000**	**14,970,000**
Financing Authority	**(A)**								
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
Total	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

Description	Balance June 30, 2013	Prior Period Adjustments	Balance June 30, 2013 (Restated)	Additions	Reductions	Reductions (Bond Defeasance)	Balance June 30, 2014	Current Portion	Long-term Portion
Other:	(A)								
	44,107,533	-	**44,107,533**	694,000	(5,572,916)	-	**39,228,617**	5,186,707	34,041,910
	17,872,813	-	**17,872,813**	1,374,905	(4,035,544)	-	**15,212,174**	2,623,051	12,589,123
	4,470,226	-	**4,470,226**	808,850	(847,592)	-	**4,431,484**	838,960	3,592,524
	-	-	**-**	-	-	-	**-**	-	-
	15,426,069	-	**15,426,069**	-	(1,173,030)	-	**14,253,039**	1,207,708	13,045,331
	2,582,401	-	**2,582,401**	-	(461,499)	-	**2,120,902**	215,829	1,905,073
	3,892,328	-	**3,892,328**	-	(421,807)	-	**3,470,521**	428,428	3,042,093
	-	-	**-**	2,413,000	(231,740)	-	**2,181,260**	469,722	1,711,538
	-	-	**-**	-	-	-	**-**	-	-
	-	-	**-**	-	-	-	**-**	-	-
Total	**88,351,370**	**-**	**88,351,370**	**5,290,755**	**(12,744,128)**	**-**	**80,897,997**	**10,970,405**	**69,927,592**
Total	**3,720,114,370**	**-**	**3,720,114,370**	**467,425,611**	**(113,957,984)**	**(317,130,000)**	**3,756,451,997**	**260,601,405**	**3,495,850,592**
								Agree with FN 7	
Unamortized bond premium / (discount)	**133,988,607**	-	**133,988,607**	42,137,408	(14,079,105)	(5,973,631)	**156,073,279**		156,073,279
Total long-term debt obligations	**3,854,102,977**	**-**	**3,854,102,977**	**509,563,019**	**(128,037,089)**	**(323,103,631)**	**3,912,525,276**	**260,601,405**	**3,651,923,871**
Total long-term liabilities	**$ 5,205,555,413**	**$ -**	**$ 5,205,555,413**	**$ 821,472,891**	**$ (322,883,091)**	**$ (323,103,631)**	**$ 5,381,041,582**	**$ 450,333,308**	**$ 4,930,708,274**

8.2 - Reconciliation of additions per rollforward schedule to proceeds from capital debt per statement of cash flows (SCF):

Total additions of long-term debt per rollforward	$ 509,563,019
Less adjustments (enter as negative number):	
Acquisition of capital asset through long-term debt obligation (other than capital lease)	(1,140,095)
Operating expenses paid through long-term debt obligation	-
Prepaid expenses paid through long-term debt obligation	(261,163)
	(33,276,987)
	(10,449,000)
	(64,152)
	-
	-
	-
Total proceeds from capital debt per SCF	**$ 464,371,622**

8.3 - Reconciliation of reductions per rollforward schedule to principal paid per statement of cash flows (SCF):

Total reductions in capital leases and long-term debt per rollforward	$ (200,798,445)
Less adjustments (enter as positive number):	
Amortization of bond premium / (discount)	16,467,930
	667,556
	12,353,724
	-
	-
	-
	-
Total principal paid on capital debt and capital leases per SCF	**$ (171,309,235)**

Note 9 - Short-Term Financing Activity schedule

Instruction: Excluding BANs which are listed in note 8; must list even if balance is zero as of June 30, 2014

All Campuses
2014

Description	Interest rate (or range)	Balance June 30, 2013	Prior Period Adjustments	Balance June 30, 2013 (Restated)	Additions	Reductions	Balance June 30, 2014
		$ -	$ -	$ -	$ -	$ -	$ -
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
		-	-	-	-	-	-
Total short-term financing		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**

Note 10 - Pension Plan and Postretirement Benefits

Contributions to CalPERS:	2012	$ 411,926,002
	2013	$ 462,607,150
	2014	$ 493,922,257

Note 11 - Self-Insurance Program

	June 30, 2014 Dr. (Cr.)
Pass down from Chancellor's Office - net balance (due to) due from CSU Risk Management Authority for future funding commitment	**$ -**

Note 12 - Commitments and Contingencies

All Campuses
2014

12.1 - Commitments

Unexpended authorized construction project expenditures at June 30, 2014	$	265,117,818
Source of funding for such expenditures		
Other Commitments: (List brief description and dollar amounts)		

Instruction: If there are none, please indicate "None".

	$	40,831,293
	$	106,784,819
	$	232,209
	$	554,610
	$	-
	$	-
	$	-
	$	-
	$	-
	$	-

12.2 - Contingencies: (List brief description and dollar amounts)

Instruction: If there are none, please indicate "None".

Descriptions:		**Amount**
	$	1,740,000
	$	112,000
	$	428,800
	$	169,000
	$	50,000
	$	40,000
	$	30,000
	$	5,000
	$	60,000
	$	-

12.3 - Pollution remediation liabilities under GASB 49: (List brief description and dollar amounts)

Instruction: If there are none, please indicate "None". Pollution remediation liabilities should be reported within other liabilities on the SNA.

Descriptions:		**Amount**
	$	1,285,827
		554,775
		677,883
		1,300
		900
		-
		-
		-
		-
		-
Total pollution remediation liabilities		2,520,685
Less: current portion (enter as negative number)		(2,020,685)
Pollution remediation liabilities, net of current portion	$	500,000

Note 13 - Natural Classifications of Operating Expenses

All Campuses

2014		Salaries	Benefits	Scholarships and fellowships expense	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	$	1,455,211,288	607,253,165		196,238,161		**2,258,702,614**
Research		20,212,553	7,862,166		17,340,857		**45,415,576**
Public service		29,596,111	8,073,948		16,276,270		**53,946,329**
Academic support		328,708,122	147,665,793		157,808,638		**634,182,553**
Student services		345,835,358	160,020,270		194,297,785		**700,153,413**
Institutional support		346,344,347	162,398,469		179,585,247		**688,328,063**
Operation and maintenance of plant		186,267,391	105,895,531		289,765,820		**581,928,742**
Student grants and scholarships				862,478,881			**862,478,881**
Auxiliary enterprise expenses		69,185,293	52,644,748		186,361,011		**308,191,052**
Depreciation and amortization						423,797,065	**423,797,065**
	$	**2,781,360,463**	**1,251,814,090**	**862,478,881**	**1,237,673,789**	**423,797,065**	**6,557,124,288**

2013		Salaries	Benefits	Scholarships and fellowships expense	Supplies and other services	Depreciation and amortization	Total operating expenses
Instruction	$	1,391,669,881	574,746,426		172,694,123		2,139,110,430
Research		20,781,750	6,737,220		15,052,866		42,571,836
Public service		31,594,660	10,631,280		23,193,691		65,419,631
Academic support		312,662,586	139,337,149		150,701,421		602,701,156
Student services		327,966,492	150,126,782		176,831,776		654,925,050
Institutional support		327,452,181	149,170,489		165,330,680		641,953,350
Operation and maintenance of plant		178,138,009	100,024,769		251,860,364		530,023,142
Student grants and scholarships				826,932,783			826,932,783
Auxiliary enterprise expenses		66,461,288	50,457,775		164,904,235		281,823,298
Depreciation and amortization						435,529,914	435,529,914
	$	**2,656,726,847**	**1,181,231,890**	**826,932,783**	**1,120,569,156**	**435,529,914**	**6,220,990,590**

Note 14 - Transactions with Related Entities

All Campuses
2014

Instruction: Please input information for each auxiliary individually. To view the total for all GASB auxiliaries, please select "GASB Auxiliaries"; to view the total for all FASB auxiliaries, please select "FASB Auxiliaries".

	GASB Auxiliaries	FASB Auxiliaries		Total	
	GASB Auxiliaries	FASB Auxiliaries			
Payments from discretely presented component units for salaries of personnel working on contracts, grants, and other programs	45,646,602	25,336,375	**$**	**70,982,977**	**Disagree with Aux FN8
Payments from discretely presented component units for other than salaries of personnel	74,882,292	45,110,841	**$**	**119,993,133**	**Disagree with Aux FN8
Payments to discretely presented component units for services, space, and programs	54,637,306	79,103,890	**$**	**133,741,196**	**Disagree with Aux FN8
Gifts-in-kind from discretely presented component units	3,375,998	1,546,921	**$**	**4,922,919**	**Disagree with Aux FN8
Gifts (cash or assets) from discretely presented component units	42,245,870	24,265,083	**$**	**66,510,953**	**Disagree with Aux FN8
Accounts receivable from discretely presented component units	21,991,225	15,640,131	**$**	**37,631,356**	Disagree with FN4.1
Other amounts receivable from discretely presented component units	-	65,041	**$**	**65,041**	**Total receivables disagree with Aux FN8
Accounts (payable to) discretely presented component units (enter as negative number)	(4,834,631)	(7,627,753)	**$**	**(12,462,384)**	
Other amounts (payable to) discretely presented component units (enter as negative number)	(883,199)	(4,421,433)	**$**	**(5,304,632)**	**Total payables disagree with Aux FN8
Payments to CO for administrative activities			$	9,809,631	
Payments to CO for state pro-rata charges			$	15,747,919	
Accounts receivable from CO			**$**	**6,122,851**	
Accounts (payable) to CO (enter as negative number)			$	(4,516,330)	
Accounts receivable from campuses other than CO			**$**	**6,837,341**	
Accounts (payable) to campuses other than CO (enter as negative number)			$	(85,015)	
State Lottery appropriations received			$	30,343,833	
State Lottery appropriations receivable			$	-	

** Refer to PBC item: Reconciliation of Note 14 to Auxiliary Note 8 (generated from YES).

Note 15 - Prior Period Adjustments

All Campuses
2014

15.1 - The nature and amount of the prior period adjustment(s) recorded to beginning net position:

		Net Position Class	Amount
	Net position as of June 30, 2013, as previously reported		$ 5,683,001,992
Transaction1			-
Transaction2			-
Transaction3			-
Transaction4			-
Transaction5			-
Transaction6			-
Transaction7			-
Transaction8			-
Transaction9			-
Transaction10			-
	Net position as of June 30, 2013, as restated		**$ 5,683,001,992**

15.2 - Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each prior period adjustment as listed above:

Instruction: After entering description for a transaction, select a net position classification. The amount for the net position will automatically calculate. On each entry line thereafter, type in the financial statements line item descriptions and enter the amount.

		Debit	Credit
Transaction1			
Net Position Classification		$ -	$ -
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
Transaction2			
Net Position Classification		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-

Transaction3

Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Transaction4

Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Transaction5

Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Transaction6

Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

15.3 - Please complete separate excel documents as provided in Chapter 9, Exhibit 21 - "Summary of Prior Period Audit Differences/Adjustments" and "Summary of Prior Period Reclassifications (SNP and SRECNP)".

Note 16 - Elimination of Nonexchange Transactions

All Campuses
2014

Instructions: For each nonexchange transaction, please indicate the formal name of the entities the transaction is between and whether the related auxiliary organization is a GASB or FASB entity, a description of the transaction, and the financial statement line items where the elimination is recorded.

	16.1 - Transactions between University and Auxiliary Organizations	**Revenues and Expenses Dr. (Cr.)**
1		$ 13,606,482
2		(9,081,482)
3		15,177,158
4		(15,447,587)
5		(3,581,683)
6		(2,125,915)
7		10,357,227
8		(13,671,724)
9		8,983,461
10		(1,915,600)
11		903,160
12		290,180
13		462,478
14		(628,199)
15		(2,608,509)
16		(719,447)
17		557,542
18		5,620,433
19		(111,088)
20		(842,503)
21		2,760,067
22		(7,946,833)
23		(37,618)
24		304,862
25		(304,862)
26		1,572
27		(1,572)
28		-
29		-
30		-
		$ -
		Net to Zero

	16.2 - Transactions between Auxiliary Organizations and Auxiliary Organizations	
1		$ 3,591,938
2		(3,591,938)
3		1,002,709
4		(200,266)
5		(674,152)
6		(68,500)
7		4,802
8		1,782,912
9		(1,847,505)
10		-
11		619,062
12		(619,062)
13		-
14		-
15		-
16		-
17		-
18		-
19		-
20		-
21		-
22		-
23		-
24		-
25		-
26		-
27		-
28		-
29		-
30		-
		$ -
		Net to Zero

Note 17 - Accounts Payable

All Campuses
2014

		June 30, 2014		June 30, 2013		Changes
Accounts payable to third-party vendors (noncapital)	$	109,218,243	$	109,396,964	$	(178,721)
Accounts payable to third-party vendors (capital, including construction retention)		68,115,092		59,201,491		8,913,601
Accounts payable to campuses from CO - revenue bond programs (CO use only)		-		-		-
Accounts payable to campuses from CO - other (CO use only)		6,122,851		4,037,736		2,085,115
Accounts payable to Chancellor's Office		4,516,330		3,785,116		731,214
Accounts payable to campuses (other than CO)		85,015		10,421		74,594
Accounts payable to recognized auxiliary organizations		12,462,384		8,193,456		4,268,928
Other payables: (please list by major item)						
		1,546,205		2,959,387		(1,413,182)
		3,640,558		2,367,326		1,273,232
		68,709		1,799,355		(1,730,646)
		-		-		-
		-		-		-
		-		-		-
		-		-		-
		-		-		-
		-		-		-
		-		-		-
Total accounts payable	**$**	**205,775,387**	**$**	**191,751,252**	**$**	**14,024,135**

Note 18 - Calculation of Net Position per Statement of Net Position (SNP)

All Campuses

		2014		2013
18.1 Net investment in capital assets				
Capital assets, net of accumulated depreciation	$	7,820,312,189	$	7,689,115,443
Capitalized lease obligations - current portion		(70,042,010)		(68,363,579)
Capitalized lease obligations, net of current portion		(1,180,231,560)		(1,077,274,300)
Long-term debt obligations - current portion		(260,601,405)		(98,746,633)
Long-term debt obligations, net of current portion		(3,651,923,871)		(3,755,356,344)
Portion of o/s debt that is unspent at year-end (i.e. unspent bond proceeds) (enter as positive number)		278,305,696		336,326,010
Add back: Long-term debt obligations related to leases receivables and notes receivable with auxiliary organizations		473,481,564		245,482,190
Unamortized loss on debt refunding		45,067,221		-
Other adjustments: (please list)				
		9,302,706		28,096,898
		2,830,415		216,889,706
		21,072,119		36,225,990
		137,969,811		139,526,125
		-		1,144,020
		-		-
		-		-
		-		-
		-		-
		-		-
Net position - net investment in capital assets, per SNP	**$**	**3,625,542,875**	**$**	**3,693,065,526**
18.2 Restricted for nonexpendable - endowments				
Portion of restricted cash and cash equivalents related to endowments	$	-	$	-
Endowment investments		16,218,443		20,656,997
Other adjustments: (please list)				
		258		(30,000)
		-		-
		-		-
		-		-
		-		-
		-		-
		-		-
		-		-
		-		-
		-		-
Net position - Restricted for nonexpendable - endowments per SNP	**$**	**16,218,701**	**$**	**20,626,997**

Note 19 - Other Postemployment Benefits Obligation (OPEB)

All Campuses
2014

Annual required contribution (ARC):		
Billable accounts - Health	$	36,846,000
Billable accounts - Dental (CO use only)		2,096,000
Nonbillable accounts - Dental (CO use only)		40,057,000
Total ARC		78,999,000
Contributions during the year: (enter as negative number)		
Billable accounts - Health		(13,799,001)
Billable accounts - Dental (CO use only)		(785,000)
Nonbillable accounts - Dental (CO use only)		(16,420,000)
Total contributions during the year		(31,004,001)
Increase in net OPEB obligation (NOO)	$	47,994,999
NOO - beginning of year	$	219,018,000
NOO - end of year:		
Billable accounts - Health		120,036,999
Billable accounts - Dental (CO use only)		7,271,000
Nonbillable accounts - Dental (CO use only)		139,705,000
Total NOO	$	267,012,999
Percentage of annual OPEB cost contributed during the year ended June 30, 2014		39%

Consolidated
All Campuses
Schedule of Net Position
June 30, 2014

2014

Assets	GASB1	GASB2	GASB3	GASB4	GASB5	GASB6	GASB7	GASB8	GASB9	GASB10	GASB Auxiliary Organization Total
Current assets:											
Cash and cash equivalents	$ 29,337,001	2,168,897	7,659,010	58,108,431	26,996,492	580,968	-	-	-	-	124,850,799
Short-term investments	94,042,127	16,838,085	42,006,574	65,205,189	100,806,907	-	-	-	-	-	318,898,882
Accounts receivable, net	31,013,279	1,055,293	7,199,696	208,428,031	12,880,343	651,438	-	-	-	-	261,228,080
Leases receivable, current portion	62,146	-	-	811,726	-	-	-	-	-	-	873,872
Notes receivable, current portion	30,000	-	-	36,075	1,778,365	-	-	-	-	-	1,844,440
Pledges receivable, net	12,438,273	-	426,937	5,785,408	809,932	5,000	-	-	-	-	19,465,550
Prepaid expenses and other assets	4,769,821	841,655	299,284	2,075,897	8,723,096	136,976	-	-	-	-	16,846,729
Total current assets	171,692,647	20,903,930	57,591,501	340,450,757	151,995,135	1,374,382	-	-	-	-	744,008,352
Noncurrent assets:											
Restricted cash and cash equivalents	7,528,358	-	25,000	7,512,389	3,710,113	56,779	-	-	-	-	18,832,639
Accounts receivable, net	282,000	-	16,789,436	21,388,171	19,731	-	-	-	-	-	38,479,338
Leases receivable, net of current portion	-	-	-	44,345,862	-	-	-	-	-	-	44,345,862
Notes receivable, net of current portion	-	-	-	11,209,140	3,450,657	-	-	-	-	-	14,659,797
Student loans receivable, net	-	-	-	-	-	-	-	-	-	-	-
Pledges receivable, net	26,185,466	-	2,158,099	13,034,054	5,621,252	14,971	-	-	-	-	47,013,842
Endowment investments	369,505,244	45,973	-	271,220,420	5,327,199	18,265,128	-	-	-	-	664,363,964
Other long-term investments	136,346,946	2,548,776	11,415,090	93,167,982	141,627,673	-	-	-	-	-	385,106,467
Capital assets, net	140,287,331	5,306,823	49,428,297	146,043,751	151,490,365	291,570	-	-	-	-	492,848,137
Other assets	1,680,329	3,742,640	92,033	8,542,572	9,676,958	-	-	-	-	-	23,734,532
Total noncurrent assets	681,815,674	11,644,212	79,907,955	616,464,341	320,923,948	18,628,448	-	-	-	-	1,729,384,578
Total assets	853,508,321	32,548,142	137,499,456	956,915,098	472,919,083	20,002,830	-	-	-	-	2,473,392,930
Deferred outflows of resources:											
Unamortized loss on refunding(s)	3,829,589	-	240,721	634,450	-	-	-	-	-	-	4,704,760
Total deferred outflows of resources	3,829,589	-	240,721	634,450	-	-	-	-	-	-	4,704,760
Liabilities											
Current liabilities:											
Accounts payable	17,036,423	1,080,204	4,421,667	15,356,532	11,346,765	185,012	-	-	-	-	49,426,603
Accrued salaries and benefits payable	3,971,163	287,572	1,596,227	8,960,603	2,046,552	126,387	-	-	-	-	16,988,504
Accrued compensated absences - current portion	2,520,137	394,404	1,236,152	3,738,984	1,082,872	16,127	-	-	-	-	8,988,676
Unearned revenue	14,794,662	1,158,785	6,314,138	8,668,435	8,769,895	7,235	-	-	-	-	39,713,150
Capitalized lease obligations - current portion	2,769,847	-	-	1,140,000	1,546,000	-	-	-	-	-	5,455,847
Long-term debt obligations - current portion	213,989	-	955,000	165,125,405	1,156,201	19,469	-	-	-	-	167,470,064
Claims liability for losses and LAE - current portion	-	-	-	-	32,971,274	-	-	-	-	-	32,971,274
Depository accounts - current portion	5,542,224	756,558	-	721,476	77,776	-	-	-	-	-	7,098,034
Other liabilities	5,793,998	1,273,035	823,073	18,756,404	3,701,411	212,838	-	-	-	-	30,560,759
Total current liabilities	52,642,443	4,950,558	15,346,257	222,467,839	62,698,746	567,068	-	-	-	-	358,672,911
Noncurrent liabilities:											
Accrued compensated absences, net of current portion	504,234	28,592	86,789	244,955	723,296	159,546	-	-	-	-	1,747,412
Unearned revenue	6,256,883	16,876	-	232,397	1,071,071	-	-	-	-	-	7,577,227
Grants refundable	-	-	-	1,886,925	4,995,712	-	-	-	-	-	6,882,637
Capitalized lease obligations, net of current portion	91,260,079	-	-	40,570,564	135,833,574	-	-	-	-	-	267,664,217
Long-term debt obligations, net of current portion	3,108,374	-	30,555,121	131,522,639	65,261,716	258,025	-	-	-	-	230,705,875
Claims liability for losses and LAE, net of current portion	-	-	-	1,902,402	65,492,757	-	-	-	-	-	67,395,159
Depository accounts	2,608,965	-	92,033	6,575	6,744,822	-	-	-	-	-	9,452,395
Other postemployment benefits obligation	20,223,044	7,586,069	11,659,818	9,219,655	32,626	-	-	-	-	-	48,721,212
Other liabilities	12,582,802	10,310	9,569,542	5,856,655	12,322,361	-	-	-	-	-	40,341,670
Total noncurrent liabilities	136,544,381	7,641,847	51,963,303	191,442,767	292,477,935	417,571	-	-	-	-	680,487,804
Total liabilities	189,186,824	12,592,405	67,309,560	413,910,606	355,176,681	984,639	-	-	-	-	1,039,160,715
Deferred inflows of resources:											
Deferred inflows from SCAs, grants, and others	239,930	-	-	206,929	-	-	-	-	-	-	446,859
Total deferred inflows of resources	239,930	-	-	206,929	-	-	-	-	-	-	446,859
Net position:											
Net investment in capital assets	46,816,842	5,306,823	17,918,176	36,767,519	13,901,287	14,076	-	-	-	-	120,724,723
Restricted for:											
Nonexpendable - endowments	273,495,093	45,973	-	212,537,824	-	9,756,864	-	-	-	-	495,835,754
Expendable:											
Scholarships and fellowships	47,199,896	-	-	21,312,096	-	4,957,427	-	-	-	-	73,469,419
Research	9,763,005	-	5,186,246	12,681,565	222,484	-	-	-	-	-	27,853,300
Loans	93,255	-	-	50,101	-	-	-	-	-	-	143,356
Capital projects	17,298,443	-	-	7,779,045	2,871,445	-	-	-	-	-	27,948,933
Debt service	-	-	-	-	5,913	-	-	-	-	-	5,913
Other	170,415,052	1,237,347	21,509,221	118,422,617	11,904,493	4,159,891	-	-	-	-	327,648,621
Unrestricted	102,829,570	13,365,594	25,816,974	133,881,246	88,836,780	129,933	-	-	-	-	364,860,097
Total net position	$ 667,911,156	19,955,737	70,430,617	543,432,013	117,742,402	19,018,191	-	-	-	-	1,438,490,116
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE

Assets	FASB1	FASB2	FASB3	FASB4	FASB5	FASB6	FASB7	FASB8	FASB9	FASB10	FASB Auxiliary Organization Total	Total Auxiliary Organizations
Current assets:												
Cash and cash equivalents	50,065,097	7,011,180	3,948,350	28,007,426	14,281,442	-	-	667,069	-	-	103,980,564	228,831,363
Short-term investments	110,802,490	61,120,363	23,932,170	29,355,386	32,152,643	-	-	25,722	-	-	257,388,774	576,287,656
Accounts receivable, net	30,005,054	13,199,338	737,132	13,827,634	17,730,342	-	-	76,746	-	-	75,576,246	336,804,326
Leases receivable, current portion	-	-	-	-	1,685,000	-	-	-	-	-	1,685,000	2,558,872
Notes receivable, current portion	232,664	13,208	82,341	23,570	1,028,833	-	-	-	-	-	1,380,616	3,225,056
Pledges receivable, net	22,618,665	-	-	4,833,734	1,091,215	-	-	-	-	-	28,543,614	48,009,164
Prepaid expenses and other assets	547,672	1,601,032	294,733	8,750,843	3,859,973	-	-	17,520	-	-	15,071,773	31,918,502
Total current assets	214,271,642	82,945,121	28,994,726	84,798,593	71,829,448	-	-	787,057	-	-	483,626,587	1,227,634,939
Noncurrent assets:												
Restricted cash and cash equivalents	7,412,013	212,794	-	130,483	137,390	-	-	-	-	-	7,892,680	26,725,319
Accounts receivable, net	1,643,719	-	-	1,221,849	37,535	-	-	-	-	-	2,903,103	41,382,441
Leases receivable, net of current portion	-	-	-	-	23,600,000	-	-	-	-	-	23,600,000	67,945,862
Notes receivable, net of current portion	6,367,589	-	290,332	1,536,140	2,130,981	-	-	-	-	-	10,325,042	24,984,839
Student loans receivable, net	840,287	-	-	-	388,793	-	-	-	-	-	1,229,080	1,229,080
Pledges receivable, net	35,974,175	-	-	16,928,944	1,784,488	-	-	-	-	-	54,687,607	101,701,449
Endowment investments	558,936,376	-	-	24,457,753	25,630,749	-	-	-	-	-	609,024,878	1,273,388,842
Other long-term investments	90,375,103	2,830,194	-	5,651,408	14,321,523	-	-	-	-	-	113,178,228	498,284,695
Capital assets, net	11,288,104	12,114,898	3,741,521	215,047,164	76,363,200	-	-	2,140	-	-	318,557,027	811,405,164
Other assets	11,577,360	893,292	2,196	5,795,566	241,291	-	-	-	-	-	18,509,705	42,244,237
Total noncurrent assets	724,414,726	16,051,178	4,034,049	270,769,307	144,635,950	-	-	2,140	-	-	1,159,907,350	2,889,291,928
Total assets	938,686,368	98,996,299	33,028,775	355,567,900	216,465,398	-	-	789,197	-	-	1,643,533,937	4,116,926,867
Deferred outflows of resources:												
Unamortized loss on refunding(s)	-	-	-	498,851	-	-	-	-	-	-	498,851	5,203,611
Total deferred outflows of resources	-	-	-	498,851	-	-	-	-	-	-	498,851	5,203,611
Liabilities												
Current liabilities:												
Accounts payable	14,862,001	4,192,084	1,674,160	4,574,515	6,375,932	-	-	67,218	-	-	31,745,910	81,172,513
Accrued salaries and benefits payable	1,889,695	1,566,640	252,763	1,335,409	1,498,901	-	-	-	-	-	6,543,408	23,531,912
Accrued compensated absences - current portion	498,736	1,419,908	561,635	2,266,303	335,753	-	-	2,500	-	-	5,084,835	14,073,511
Unearned revenue	5,095,827	2,474,120	631,532	11,017,410	3,177,833	-	-	-	-	-	22,396,722	62,109,872
Capitalized lease obligations - current portion	-	3,636	369	10,100,847	345,000	-	-	-	-	-	10,449,852	15,905,699
Long-term debt obligations - current portion	37,864	15,366	-	2,498,946	2,519,872	-	-	-	-	-	5,072,048	172,542,112
Claims liability for losses and LAE - current portion	-	-	-	-	-	-	-	-	-	-	-	32,971,274
Depository accounts - current portion	399,822	2,539,404	667,994	18,786	2,142,065	-	-	-	-	-	5,768,071	12,866,105
Other liabilities	20,081,732	3,577,855	367,791	3,878,484	6,308,631	-	-	-	-	-	34,214,493	64,775,252
Total current liabilities	42,865,677	15,789,013	4,156,244	35,690,700	22,703,987	-	-	69,718	-	-	121,275,339	479,948,250
Noncurrent liabilities:												
Accrued compensated absences, net of current portion	104,107	372,878	109,156	362,428	758,175	-	-	16,975	-	-	1,723,719	3,471,131
Unearned revenue	5,402,658	71,129	-	-	-	-	-	-	-	-	5,473,787	13,051,014
Grants refundable	-	-	-	-	-	-	-	-	-	-	-	6,882,637
Capitalized lease obligations, net of current portion	-	2,619	-	83,778,159	8,574,655	-	-	-	-	-	92,355,433	360,019,650
Long-term debt obligations, net of current portion	2,044,566	30,732	-	87,120,541	80,249,396	-	-	-	-	-	169,445,235	400,151,110
Claims liability for losses and LAE, net of current portion	-	-	-	-	-	-	-	-	-	-	-	67,395,159
Depository accounts	2,590,094	1,058,591	-	127,352	-	-	-	-	-	-	3,776,037	13,228,432
Other postemployment benefits obligation	9,087,282	7,724,153	2,646,321	17,095,986	11,018,045	-	-	-	-	-	47,571,787	96,292,999
Other liabilities	11,941,047	1,040,670	1,493,246	3,732,377	323,948	-	-	-	-	-	18,531,288	58,872,958
Total noncurrent liabilities	31,169,754	10,300,772	4,248,723	192,216,843	100,924,219	-	-	16,975	-	-	338,877,286	1,019,365,090
Total liabilities	74,035,431	26,089,785	8,404,967	227,907,543	123,628,206	-	-	86,693	-	-	460,152,625	1,499,313,340
Deferred inflows of resources:												
Deferred inflows from SCAs, grants, and others	485,018	-	-	629,212	-	-	-	-	-	-	1,114,230	1,561,089
Total deferred inflows of resources	485,018	-	-	629,212	-	-	-	-	-	-	1,114,230	1,561,089
Net position:												
Net investment in capital assets	11,244,674	12,062,545	3,741,152	30,990,168	3,059,277	-	-	2,140	-	-	61,099,956	181,824,679
Restricted for:												
Nonexpendable - endowments	387,363,113	-	-	18,645,965	23,007,752	-	-	-	-	-	429,016,830	924,852,584
Expendable:												
Scholarships and fellowships	166,084,719	125,074	-	5,551,160	2,945,718	-	-	-	-	-	174,706,671	248,176,090
Research	1,785,401	-	-	-	1,749,173	-	-	-	-	-	3,534,574	31,387,874
Loans	1,800,082	-	-	-	-	-	-	-	-	-	1,800,082	1,943,438
Capital projects	12,151,568	-	-	-	49,080	-	-	-	-	-	12,200,648	40,149,581
Debt service	-	-	-	9,981,331	-	-	-	-	-	-	9,981,331	9,987,244
Other	232,912,782	176,751	-	8,450,527	5,264,721	-	-	-	-	-	246,804,781	574,453,402
Unrestricted	50,823,580	60,542,144	20,882,656	53,910,845	56,761,471	-	-	700,364	-	-	243,621,060	608,481,157
Total net position	864,165,919	72,906,514	24,623,808	127,529,996	92,837,192	-	-	702,504	-	-	1,182,765,933	2,621,256,049
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE

Consolidated
All Campuses
Schedule of Revenues, Expenses, and Changes in Net Position
June 30, 2014

2014

	GASB1	GASB2	GASB3	GASB4	GASB5	GASB6	GASB7	GASB8	GASB9	GASB10	GASB Auxiliaries	FASB1	FASB2	FASB3	FASB4	FASB5	FASB6	FASB7	FASB8	FASB9	FASB10	FASB Auxiliaries	Total Auxiliaries
Revenues:																							
Operating revenues:																							
Student tuition and fees, gross	$ 10,295,506	24,360,935	8,369,044	29,248,245	4,213,670	-	-	-	-	-	76,487,400	-	53,963,413	33,624,141	6,277,574	-	-	-	361,586	-	-	94,226,714	170,714,114
Scholarship allowances (enter as negative)	-	-	-	-	-	-	-	-	-	-	-	-	(11,190)	-	-	-	-	-	-	-	-	(11,190)	(11,190)
Student tuition and fees (net of scholarship allowance	10,295,506	24,360,935	8,369,044	29,248,245	4,213,670	-	-	-	-	-	76,487,400	-	53,952,223	33,624,141	6,277,574	-	-	-	361,586	-	-	94,215,524	170,702,924
Grants and contracts, noncapital:																							
Federal	75,544,670	372,842	19,029,160	134,683,616	11,588,220	-	-	-	-	-	241,218,508	42,110,789	822,839	-	-	45,309,031	-	-	331,894	-	-	88,574,553	329,793,061
State	21,760,319	678,816	4,416,562	29,090,443	3,038,227	-	-	-	-	-	58,984,367	13,844,400	1,983,462	-	-	3,848,521	-	-	385,241	-	-	20,061,624	79,045,991
Local	4,701,802	271,641	2,134,495	5,046,710	225,717	-	-	-	-	-	12,380,365	115,105	36,500	105,072	25,995	551,538	-	-	-	-	-	834,210	13,214,575
Nongovernmental	14,175,618	220,200	2,982,845	22,666,376	3,633,566	-	-	-	-	-	43,678,605	5,878,421	398,889	1,474	1,041,642	2,782,356	-	-	-	-	-	10,102,782	53,781,387
Sales and services of educational activities	5,447,784	770,423	4,918,601	19,996,216	-	-	-	-	-	-	31,133,024	2,806,466	-	-	-	518,118	-	-	-	-	-	3,324,584	34,457,608
Sales and services of auxiliary enterprises, gross	80,884,456	2,486,978	21,281,808	48,491,315	86,733,896	12,547	-	-	-	-	239,891,000	6,279,658	36,737,695	3,909,657	126,366,356	58,772,284	-	-	293,107	-	-	232,358,757	472,249,757
Scholarship allowances - aux ent (enter as negat	-	-	260,264	-	-	-	-	-	-	-	260,264	-	2,150,525	1,576,304	-	-	-	-	-	-	-	3,726,829	3,987,093
Sales and services of auxiliary enterprises (net of scholarship allowances)	80,884,456	2,486,978	21,542,072	48,491,315	86,733,896	12,547	-	-	-	-	240,151,264	6,279,658	38,888,220	5,485,961	126,366,356	58,772,284	-	-	293,107	-	-	236,085,586	476,236,850
Other operating revenues	20,535,891	1,726,291	6,609,603	28,467,399	117,893,572	3,736,683	-	-	-	-	178,969,439	16,161,651	15,460,475	4,753,097	5,762,200	12,220,278	-	-	-	-	-	54,357,701	233,327,140
Total operating revenues	**233,346,046**	**30,888,126**	**70,002,382**	**317,690,320**	**227,326,868**	**3,749,230**	**-**	**-**	**-**	**-**	**883,002,972**	**87,196,490**	**111,542,608**	**43,969,745**	**139,473,767**	**124,002,126**	**-**	**-**	**1,371,828**	**-**	**-**	**507,556,564**	**1,390,559,536**
Expenses:																							
Operating expenses:																							
Instruction	33,413,919	-	12,451,218	69,914,695	13,656,359	-	-	-	-	-	129,436,191	20,821,346	-	-	-	4,060,088	-	-	-	-	-	24,881,434	154,317,625
Research	75,114,699	-	8,451,340	59,940,100	14,795,654	-	-	-	-	-	158,301,793	18,912,130	-	-	-	33,964,728	-	-	-	-	-	52,876,858	211,178,651
Public service	14,402,800	-	3,507,925	79,226,114	10,108,994	3,031,190	-	-	-	-	110,277,023	21,867,431	492,622	172,850	9,036,977	4,670,582	-	-	-	-	-	36,240,462	146,517,485
Academic support	18,473,100	-	2,610,465	22,149,635	4,605,215	-	-	-	-	-	47,838,415	12,587,415	1,878,029	-	-	1,162,117	-	-	-	-	-	15,627,561	63,465,976
Student services	6,777,206	21,335,997	14,095,258	18,140,327	4,313,188	-	-	-	-	-	64,661,976	13,251,847	44,831,736	30,089,105	2,587,317	7,283,980	-	-	-	-	-	98,043,985	162,705,961
Institutional support	29,304,869	1,216,319	7,285,340	50,436,342	59,272,752	2,230,498	-	-	-	-	149,746,120	22,004,203	4,523,810	1,177,703	4,732,467	3,215,080	-	-	-	-	-	35,653,263	185,399,383
Operation and maintenance of plant	4,933,021	899,261	1,978,731	13,243,905	5,835,075	63,824	-	-	-	-	26,953,817	3,841,436	5,608,097	2,972,305	336,385	7,386,614	-	-	-	-	-	20,144,837	47,098,654
Student grants and scholarships	15,663,677	597,727	983,418	4,882,533	5,741,561	184,150	-	-	-	-	28,053,066	18,130,030	2,454,363	-	1,627,016	925,507	-	-	-	-	-	23,136,916	51,189,982
Auxiliary enterprise expenses	62,394,143	5,093,682	20,492,959	17,160,754	102,347,226	-	-	-	-	-	207,488,764	7,199,996	44,449,477	8,496,815	116,198,121	54,233,267	-	-	1,446,985	-	-	232,024,661	439,513,425
Depreciation and amortization	9,078,842	693,350	2,151,992	10,333,995	8,214,940	15,984	-	-	-	-	30,489,103	1,174,632	2,148,632	1,102,255	9,989,988	3,479,964	-	-	1,070	-	-	17,896,541	48,385,644
Total operating expenses	**269,556,276**	**29,836,336**	**74,008,646**	**345,428,400**	**228,890,964**	**5,525,646**	**-**	**-**	**-**	**-**	**953,246,268**	**139,790,466**	**106,386,766**	**44,011,033**	**144,508,271**	**120,381,927**	**-**	**-**	**1,448,055**	**-**	**-**	**556,526,518**	**1,509,772,786**
Operating income (loss)	**(36,210,230)**	**1,051,790**	**(4,006,264)**	**(27,738,080)**	**(1,564,096)**	**(1,776,416)**	**-**	**-**	**-**	**-**	**(70,243,296)**	**(52,593,976)**	**5,155,842**	**(41,288)**	**(5,034,504)**	**3,620,199**	**-**	**-**	**(76,227)**	**-**	**-**	**(48,969,954)**	**(119,213,250)**
Nonoperating revenues (expenses):																							
State appropriations, noncapital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Federal financial aid grants, noncapital	1,198,377	-	-	-	-	-	-	-	-	-	1,198,377	-	-	-	-	-	-	-	-	-	-	-	1,198,377
State financial aid grants, noncapital	1,310,270	-	-	-	-	-	-	-	-	-	1,310,270	-	-	-	-	-	-	-	-	-	-	-	1,310,270
Local financial aid grants, noncapital	268,543	-	-	-	-	-	-	-	-	-	268,543	-	-	-	-	-	-	-	-	-	-	-	268,543
Nongovernmental and other financial aid grants, noncapita	325,472	-	-	-	-	-	-	-	-	-	325,472	-	-	-	-	-	-	-	-	-	-	-	325,472
Other federal nonoperating grants, noncapital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Gifts, noncapital	43,036,475	-	3,457,734	38,106,391	7,390,095	187,736	-	-	-	-	92,178,431	75,729,141	151,849	71,996	10,736,626	3,499,269	-	-	56,410	-	-	90,245,291	182,423,722
Investment income (loss), net	22,132,597	529,821	4,408,651	19,975,303	11,022,735	1,097	-	-	-	-	58,070,204	31,000,463	536,373	451,592	1,862,144	2,412,850	-	-	1,333	-	-	36,264,755	94,334,959
Endowment income (loss)	44,387,249	14,855	3,154	28,466,709	-	2,797,765	-	-	-	-	75,669,732	53,396,655	-	-	3,525,916	3,434,693	-	-	-	-	-	60,357,264	136,026,996
Interest expenses	(4,558,362)	-	(1,579,946)	(7,411,186)	(6,954,497)	(6,182)	-	-	-	-	(20,510,173)	(20,000)	(20,427)	(871)	(4,446,704)	(2,048,899)	-	-	-	-	-	(6,536,901)	(27,047,074)
Other nonoperating revenues (expenses)	(3,252,215)	25,042	(1,739,251)	(2,078,610)	2,133,630	863,911	-	-	-	-	(4,047,493)	(10,364,819)	(938,086)	(8,424,557)	5,096,676	(1,212,878)	-	-	33,292	-	-	(15,810,372)	(19,857,865)
Net nonoperating revenues (expenses)	**104,848,406**	**569,718**	**4,550,342**	**77,058,607**	**13,591,963**	**3,844,327**	**-**	**-**	**-**	**-**	**204,463,363**	**149,741,440**	**(270,291)**	**(7,901,840)**	**16,774,658**	**6,085,035**	**-**	**-**	**91,035**	**-**	**-**	**164,520,037**	**368,983,400**
Income (loss) before other additions	**68,638,176**	**1,621,508**	**544,078**	**49,320,527**	**12,027,867**	**2,067,911**	**-**	**-**	**-**	**-**	**134,220,067**	**97,147,464**	**4,885,551**	**(7,943,128)**	**11,740,154**	**9,705,234**	**-**	**-**	**14,808**	**-**	**-**	**115,550,083**	**249,770,150**
State appropriations, capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Grants and gifts, capital	(59,290)	-	-	1,110,937	3,672,973	10,050	-	-	-	-	4,734,670	50,125	-	-	3,103,923	277,261	-	-	-	-	-	3,431,309	8,165,979
Additions (reductions) to permanent endowments	8,536,025	-	-	10,395,799	-	126,161	-	-	-	-	19,057,985	27,293,415	-	-	694,236	346,493	-	-	-	-	-	28,334,144	47,392,129
Increase (decrease) in net position	**77,114,911**	**1,621,508**	**544,078**	**60,827,263**	**15,700,840**	**2,204,122**	**-**	**-**	**-**	**-**	**158,012,722**	**124,491,004**	**4,885,551**	**(7,943,128)**	**15,538,313**	**10,328,988**	**-**	**-**	**14,808**	**-**	**-**	**147,315,536**	**305,328,258**
Net position:																							
Net position at beginning of year, as previously reported	580,536,325	18,334,229	74,397,727	482,604,750	89,314,957	16,814,069	-	-	-	-	1,262,002,057	752,216,283	67,284,174	32,566,936	112,580,558	82,065,787	12,726,605	-	687,696	-	-	1,060,128,039	2,322,130,096
Restatements	10,259,920	-	(4,511,188)	-	12,726,605	-	-	-	-	-	18,475,337	(12,541,368)	736,789	-	(588,875)	442,417	(12,726,605)	-	-	-	-	(24,677,642)	(6,202,305)
Net position at beginning of year, as restated	590,796,245	18,334,229	69,886,539	482,604,750	102,041,562	16,814,069	-	-	-	-	1,280,477,394	739,674,915	68,020,963	32,566,936	111,991,683	82,508,204	-	-	687,696	-	-	1,035,450,397	2,315,927,791
Net position at end of year	**$ 667,911,156**	**19,955,737**	**70,430,617**	**543,432,013**	**117,742,402**	**19,018,191**	**-**	**-**	**-**	**-**	**1,438,490,116**	**864,165,919**	**72,906,514**	**24,623,808**	**127,529,996**	**92,837,192**	**-**	**-**	**702,504**	**-**	**-**	**1,182,765,933**	**2,621,256,049**
	Agree with SNP	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**

Other Information
June 30, 2014
(for inclusion in the California State University)

All Campuses
Total Auxiliaries

1 - Restricted cash and cash equivalents at June 30, 2014:

Portion of restricted cash and cash equivalents related to endowments	$ 8,929,625
All other restricted cash and cash equivalents	17,795,694
Total restricted cash and cash equivalents	**$ 26,725,319**

2.1 - Composition of investments at June 30, 2014:	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
State of California Surplus Money Investment Fund (SMIF)	$ 6,869	$ -	$ 6,869	$ -	$ -	$ -	$ 6,869
State of California Local Agency Investment Fund (LAIF)	163,004,087	11,649,722	174,653,809	-	2,072,610	2,072,610	176,726,419
Wachovia Short Term Fund	-	-	-	-	-	-	-
Wachovia Medium Term Fund	-	-	-	-	-	-	-
Wachovia Equity Fund	-	-	-	-	-	-	-
CSU Consolidated Investment Pool (includes SWIFT and 0948 SMIF)	77,330,509	-	77,330,509	-	734,093	734,093	78,064,602
Common Fund - Short Term Fund	-	-	-	-	16,837	16,837	16,837
Common Fund - Others	1,595,388	-	1,595,388	451,177	19,823,659	20,274,836	21,870,224
Debt securities	25,628,782	208,366	25,837,148	28,355,141	82,113,642	110,468,783	136,305,931
Equity securities	35,217,541	114,681	35,332,222	28,723,978	186,294,255	215,018,233	250,350,455
Fixed income securities (Treasury notes, GNMA's)	16,892,806	70,080	16,962,886	7,096,441	98,881,204	105,977,645	122,940,531
Land and other real estate	955,406	-	955,406	2,973,521	12,811,750	15,785,271	16,740,677
Certificates of deposit	12,056,688	4,547,843	16,604,531	18,383,476	9,606,332	27,989,808	44,594,339
Notes receivable	9,000	-	9,000	60,875	4,629,342	4,690,217	4,699,217
Mutual funds	132,153,422	19,783,870	151,937,292	60,307,367	721,412,883	781,720,250	933,657,542
Money market funds	9,250,365	5,804,762	15,055,127	77,034	8,152,873	8,229,907	23,285,034
Collateralized mortgage obligations:							
Inverse floaters	-	-	-	-	-	-	-
Interest-only strips	-	-	-	-	-	-	-
Agency pass-through	968,787	-	968,787	-	-	-	968,787
Partnership interests (includes private pass-through)	6,288,228	-	6,288,228	120,787	9,878,080	9,998,867	16,287,095
Alternative Investments	-	-	-	5,220,743	27,500,514	32,721,257	32,721,257
Hedge Funds	1,061,432	-	1,061,432	3,810,788	14,684,398	18,495,186	19,556,618
Other major investments:							
	50,097,779	-	50,097,779	151,591,140	26,726,106	178,317,246	228,415,025
	1,309,619	-	1,309,619	5,218,400	65,169,045	70,387,445	71,697,064
	5,605	276,019	281,624	13,708,895	112,875,243	126,584,138	126,865,762
	-	-	-	20,956,284	21,234,624	42,190,908	42,190,908
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
Total investments	**533,832,313**	**42,455,343**	**576,287,656**	**347,056,047**	**1,424,617,490**	**1,771,673,537**	**2,347,961,193**
Less endowment investments (enter as negative number)	-	-	-	-	**(1,273,388,842)**	**(1,273,388,842)**	**(1,273,388,842)**
Total investments, net of endowments	**$ 533,832,313**	**$ 42,455,343**	**$ 576,287,656**	**$ 347,056,047**	**$ 151,228,648**	**$ 498,284,695**	**$ 1,074,572,351**

2.2 - Investments held by the University under contractual agreements at June 30, 2014 :

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total
Portion of investments in note 2.1 held by the University under contractual agreements:	35,362,031	-	35,362,031	-	734,093	734,093	36,096,124

2.3 - Restricted current investments at June 30, 2014 related to:

	42,455,343
	-
	-
	-
	-
	-
	-
	-
	-
	-
Total restricted current investments at June 30, 2014	**$ 42,455,343**
	Agree with FN 2 above

2.4 - Restricted noncurrent investments at June 30, 2014 related to:

Endowment Investments	1,273,388,842
	125,737,660
	15,132,087
	6,988,318
	1,517,051
	1,853,532
	-
	-
	-
	-
Total restricted noncurrent investments at June 30, 2014	**$ 1,424,617,490**
	Agree with FN 2 above

3 - Capital assets
Instruction:
(A) All reclassifications of the beginning balances between categories must be included in this column. Total of this column must net to zero.
(B) All transfers from CWIP to the various capital assets categories must be included in this column. Total of this column must net to zero.

3.1 - Composition of capital assets at June 30, 2014:

	Balance June 30, 2013	Prior Period Adjustments	(A) Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	(B) Transfer of completed CWIP	Balance June 30, 2014
Non-depreciable/Non-amortizable capital assets:								
Land and land improvements	**$ 105,670,854**	$ -	$ -	**$ 105,670,854**	$ 13,629,751	$ (7,823,498)	$ 267,000	**$ 111,744,107**
Works of art and historical treasures	**8,265,598**	-	91,670	**8,357,268**	43,395	-	-	**8,400,663**
Construction work in progress (CWIP)	**14,075,728**	-	-	**14,075,728**	14,236,428	(3,268,544)	(15,153,348)	**9,890,264**
Intangible assets:								
Intangible assets	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	5,082,191	-	-	5,082,191	-	-	-	5,082,191

Total Auxiliaries

Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	5,082,191	-	-	5,082,191	-	-	-	5,082,191
Total non-depreciable/non-amortizable capital assets	133,094,371	-	91,670	133,186,041	27,909,574	(11,092,042)	(14,886,348)	135,117,225
Depreciable/Amortizable capital assets:								
Buildings and building improvements	754,338,820	-	273,693	754,612,513	38,697,773	(18,529,655)	7,081,680	781,862,311
Improvements, other than buildings	7,840,365	-	(358,691)	7,481,674	702,016	(949,203)	36,738	7,271,225
Infrastructure	67,574,507	-	-	67,574,507	-	(10,790)	-	67,563,717
Leasehold improvements	106,612,376	-	(797,839)	105,814,537	4,687,912	(9,211,805)	5,950,215	107,240,859
Personal property:								
Equipment	187,633,617	-	3,822,508	191,456,125	17,693,546	(15,314,332)	1,638,939	195,474,278
Library books and materials	3,017,661	-	(3,017,661)	-	-	-	-	-
Intangible assets:								
Intangible assets	-	-	-	-	-	-	-	-
Software and websites	7,808,232	-	-	7,808,232	433,667	(684,324)	178,776	7,736,351
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	183,729	-	-	183,729	-	(34,991)	-	148,738
Licenses and permits	454,514	-	-	454,514	12,600	-	-	467,114
Other intangible assets:								
	2,200,978	-	-	2,200,978	-	(9,200)	-	2,191,778
	141,123	-	-	141,123	-	-	-	141,123
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	10,788,576	-	-	10,788,576	446,267	(728,515)	178,776	10,685,104
Total depreciable/amortizable capital assets	1,137,805,922	-	(77,990)	1,137,727,932	62,227,514	(44,744,300)	14,886,348	1,170,097,494
Total capital assets	1,270,900,293	-	13,680	1,270,913,973	90,137,088	(55,836,342)	-	1,305,214,719
Less accumulated depreciation/amortization: (enter as negative number, except for reduction, enter as positive number)								
Buildings and building improvements	(248,425,575)	(245,846)	(90,658)	(248,762,079)	(26,818,651)	4,394,006		(271,186,724)
Improvements, other than buildings	(2,696,609)	-	21,996	(2,674,613)	(401,620)	204,770		(2,871,463)
Infrastructure	(14,067,302)	-	-	(14,067,302)	(1,688,700)	-		(15,756,002)
Leasehold improvements	(53,375,443)	-	(280,307)	(53,655,750)	(5,348,993)	7,997,795		(51,006,948)
Personal property:								
Equipment	(147,744,654)	245,837	348,969	(147,149,848)	(13,264,773)	15,423,378		(144,991,243)
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Intangible assets	-	-	-	-	-	-	-	-
Software and websites	(6,115,786)	-	-	(6,115,786)	(645,636)	569,597	-	(6,191,825)
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	(122,887)	-	-	(122,887)	16,322	-	-	(106,565)
Licenses and permits	(190,930)	-	-	(190,930)	-	-	-	(190,930)
Other intangible assets:								
	(1,234,551)	-	(13,680)	(1,248,231)	(159,572)	9,200	-	(1,398,603)
	(91,711)	-	-	(91,711)	(17,541)	-	-	(109,252)
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	(7,755,865)	-	(13,680)	(7,769,545)	(806,427)	578,797	-	(7,997,175)
Total accumulated depreciation/amortization	(474,065,448)	(9)	(13,680)	(474,079,137)	(48,329,164)	28,598,746	-	(493,809,555)
Total capital assets, net	$ 796,834,845	$ (9)	$ -	$ 796,834,836	$ 41,807,924	$ (27,237,596)	$ -	$ 811,405,164
			Net to zero				**Net to zero**	

3.2 - Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	$ 48,329,164
Amortization expense related to other assets	56,480
Total depreciation and amortization	$ 48,385,644

4 - Long-term liabilities activity schedule

	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Balance June 30, 2014	Current Portion	Long-term Portion
Accrued compensated absences	$ 17,524,256	$ -	$ -	$ 17,524,256	$ 12,102,868	$ (12,082,482)	$ 17,544,642	$ 14,073,511	$ 3,471,131
Capitalized lease obligations:									
Gross balance	354,317,848	-	23,037,754	377,355,602	10,045,000	(20,724,060)	366,676,542	15,905,699	350,770,843
Unamortized premium / (discount) on capitalized lease obligation	8,468,807	-	-	8,468,807	1,730,593	(950,593)	9,248,807		9,248,807
Total capitalized lease obligations	362,786,655	-	23,037,754	385,824,409	11,775,593	(21,674,653)	375,925,349	15,905,699	360,019,650
							Agree with FN 5		
Long-term debt obligations:									
Auxiliary revenue bonds	193,945,000	-	(22,455,000)	171,490,000	2,710,000	(8,665,000)	165,535,000	6,252,756	159,282,244
Other bonds (non-revenue bonds)	-	-	-	-	-	-	-	-	-
Commercial paper	83,176,000	-	-	83,176,000	825,848,000	(713,851,000)	195,173,000	160,895,000	34,278,000
Notes payable related to SRB	59,450,000	-	-	59,450,000	-	(1,910,000)	57,540,000	1,970,000	55,570,000
Other: (list by type)									
	46,551,850	-	-	46,551,850	30,054,000	(15,005,186)	61,600,664	2,196,877	59,403,787
	9,378,832	-	-	9,378,832	600,000	(1,388,973)	8,589,859	151,753	8,438,106
	7,120,130	588,874	-	7,709,004	6,338,538	(5,525,004)	8,522,538	44,181	8,478,357
	67,733,964	-	-	67,733,964	-	(1,760,869)	65,973,095	993,145	64,979,950
	-	-	-	-	-	-	-	-	-
	336,400	-	-	336,400	-	(38,400)	298,000	38,400	259,600
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total	467,692,176	588,874	(22,455,000)	445,826,050	865,550,538	(748,144,432)	563,232,156	172,542,112	390,690,044
							Agree with FN 6	**Agree with FN 6**	
Unamortized bond premium / (discount)	10,280,832	-	(582,754)	9,698,078	380,713	(617,725)	9,461,066		9,461,066
Total long-term debt obligations	477,973,008	588,874	(23,037,754)	455,524,128	865,931,251	(748,762,157)	572,693,222	172,542,112	400,151,110

Total Auxiliaries

Total long-term liabilities	**$ 858,283,919**	**$ 588,874**	**$ -**	**$ 858,872,793**	**$ 889,809,712**	**$ (782,519,292)**	**$ 966,163,213**	**$ 202,521,322**	**$ 763,641,891**

5 - Future minimum lease payments

	Capital lease obligations		
Year Ending June 30:	**Principal Only**	**Interest Only**	**Principal and Interest**
2015	15,905,699	17,916,123	33,821,822
2016	9,076,207	16,955,513	26,031,720
2017	9,802,553	16,486,237	26,288,790
2018	10,378,068	15,985,901	26,363,969
2019	10,919,308	15,474,909	26,394,217
2020 - 2024	73,933,225	67,778,457	141,711,682
2025 - 2029	96,183,291	45,743,706	141,926,997
2030 - 2034	90,805,643	21,077,793	111,883,436
2035 - 2039	26,042,548	8,114,996	34,157,544
2040 - 2044	19,235,000	3,230,437	22,465,437
2045 - 2049	4,395,000	98,887	4,493,887
2050 - 2054	-	-	-
2055 - 2059	-	-	-
2060 - 2064	-	-	-
Total minimum lease payments to be received			595,539,501
Less: amounts representing interest			228,862,959
Present value of future minimum lease payments			366,676,542
Less: current portion			(15,905,699)
Capitalized lease obligation, net of current portion			**$ 350,770,843**

6 - Long-term debt obligation schedule

	Revenue Bonds			All Other LT Debt Obligations			Total LT debt obligations		
Year ended June 30:	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**	**Principal Only**	**Interest Only**	**Principal and Interest**
2015	$ 6,252,756	7,813,125	14,065,881	166,289,356	8,222,346	174,511,702	172,542,112	16,035,471	188,577,583
2016	5,630,000	7,572,616	13,202,616	43,049,638	8,956,462	52,006,100	48,679,638	16,529,078	65,208,716
2017	5,875,000	7,318,815	13,193,815	7,461,447	8,926,530	16,387,977	13,336,447	16,245,345	29,581,792
2018	6,135,000	7,056,720	13,191,720	7,822,996	8,666,030	16,489,026	13,957,996	15,722,750	29,680,746
2019	6,255,000	6,772,728	13,027,728	8,341,886	8,347,092	16,688,978	14,596,886	15,119,820	29,716,706
2020 - 2024	34,495,000	29,084,637	63,579,637	35,478,030	36,332,364	71,810,394	69,973,030	65,417,001	135,390,031
2025 - 2029	38,475,000	20,013,040	58,488,040	38,912,352	27,365,057	66,277,409	77,387,352	47,378,097	124,765,449
2030 - 2034	36,297,244	10,615,670	46,912,914	37,532,669	17,451,475	54,984,144	73,829,913	28,067,145	101,897,058
2035 - 2039	21,475,000	3,188,986	24,663,986	34,816,382	7,987,555	42,803,937	56,291,382	11,176,541	67,467,923
2040 - 2044	4,645,000	317,417	4,962,417	13,545,610	2,192,900	15,738,510	18,190,610	2,510,317	20,700,927
2045 - 2049	-	-	-	4,446,790	92,968	4,539,758	4,446,790	92,968	4,539,758
2050 - 2054	-	-	-	-	-	-	-	-	-
2055 - 2059	-	-	-	-	-	-	-	-	-
2060 - 2064	-	-	-	-	-	-	-	-	-
	$ 165,535,000	99,753,754	265,288,754	397,697,156	134,540,779	532,237,935	563,232,156	234,294,533	797,526,689
	Agree with FN4								

7 - Calculation of net position per Statement of Net Position (SNP)

	FASB Auxiliaries	GASB Auxiliaries	Total Auxiliaries
7.1 Net investment in capital assets			
Capital assets, net of accumulated depreciation	$ 318,557,027	$ 492,848,137	$ 811,405,164
Capitalized lease obligations - current portion	(10,449,852)	(5,455,847)	(15,905,699)
Capitalized lease obligations, net of current portion	(92,355,433)	(267,664,217)	(360,019,650)
Long-term debt obligations - current portion	(5,072,048)	(167,470,064)	(172,542,112)
Long-term debt obligations, net of current portion	(169,445,235)	(230,705,875)	(400,151,110)
Portion of o/s debt that is unspent at year-end (i.e. unspent bond proceeds) (enter as positive number)	-	181,150,000	181,150,000
Unamortized loss on debt refunding	-	1,120,201	1,120,201
Other adjustments: (please list)			
	14,920,497	10,968,199	25,888,696
	3,045,000	105,934,189	108,979,189
	1,900,000	-	1,900,000
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
	-	-	-
Net position - net investment in capital assets, per SNP	**$ 61,099,956**	**$ 120,724,723**	**$ 181,824,679**
7.2 Restricted for nonexpendable - endowments			
Portion of restricted cash and cash equivalents related to endowments	$ 6,120,681	$ 2,808,944	$ 8,929,625
Endowment investments	609,024,878	664,363,964	1,273,388,842
Other adjustments: (please list)			
	(113,610,111)	(40,279,473)	(153,889,584)
	(12,640,090)	(53,192,859)	(65,832,949)
	(50,311,611)	(72,608,942)	(122,920,553)
	12,285	(1,230,681)	(1,218,396)
	(2,874,434)	(4,025,199)	(6,899,633)
	-	-	-
	(6,704,768)	-	(6,704,768)
	-	-	-
	-	-	-
	-	-	-
Net position - Restricted for nonexpendable - endowments per SNP	**$ 429,016,830**	**$ 495,835,754**	**$ 924,852,584**

Note 8 - Transactions with Related Entities

	GASB1	GASB2	GASB3	GASB4	GASB5	GASB6	GASB7	GASB8	GASB9	GASB Auxiliary Organization Total
Payments to University for salaries of University personnel working on contracts, grants, and other programs	15,608,483	738,802	4,260,395	20,714,715	4,249,932	87,594	-	-	-	45,659,921
Payments to University for other than salaries of University personnel	25,283,276	2,718,643	14,213,028	21,549,852	16,876,537	649,147	-	-	-	81,290,483
Payments received from University for services, space, and programs	15,631,467	2,793,710	6,894,420	9,488,286	18,929,581	899,842	-	-	-	**54,637,306**
Gifts-in-kind to the University from discretely presented component units	446,399	-	222,667	305,916	1,255,659	-	-	-	-	**2,230,641**
Gifts (cash or assets) to the University from discretely presented component units	22,746,091	789,133	813,577	11,271,808	1,681,311	24,650	-	-	-	**37,326,570**
Accounts (payable to) University (enter as negative number)	(7,332,162)	(317,988)	(2,697,019)	(7,396,955)	(2,836,762)	(191,460)	-	-	-	**(20,772,346)**
Other amounts (payable to) University (enter as negative number)	-	-	(9,462)	-	-	-	-	-	-	**(9,462)**
Accounts receivable from University	2,051,201	590,783	769,284	1,292,202	513,094	218,977	-	-	-	**5,435,541**
Other amounts receivable from University	10,700	14,477	57,702	466,925	-	-	-	-	-	**549,804**

	FASB1	FASB2	FASB3	FASB4	FASB5	FASB6	FASB7	FASB8	FASB9	FASB Auxiliary Organization Total	Total Auxiliary Organizations
Payments to University for salaries of University personnel working on contracts, grants, and other programs	11,024,995	1,331,556	1,700,238	2,539,018	8,320,316	-	-	432,220	-	25,348,343	71,008,264
Payments to University for other than salaries of University personnel	14,657,459	9,632,394	4,727,013	10,690,296	5,801,662	-	-	7,672	-	45,516,496	126,806,979
Payments received from University for services, space, and programs	**1,903,257**	**34,888,154**	**6,385,036**	**13,569,697**	**22,296,616**	-	-	**56,250**	-	**79,099,010**	**133,736,316**
Gifts-in-kind to the University from discretely presented component units	**1,396,619**	**36,800**	-	**102,986**	**211,998**	-	-	-	-	**1,748,403**	**3,979,044**
Gifts (cash or assets) to the University from discretely presented component units	**20,453,848**	**1,318,821**	**2,000,000**	**5,917**	**486,815**	-	-	-	-	**24,265,401**	**61,591,971**
Accounts (payable to) University (enter as negative number)	**(3,358,351)**	**(1,683,121)**	**(730,825)**	**(6,203,962)**	**(2,837,033)**	-	-	-	-	**(14,813,292)**	**(35,585,638)**
Other amounts (payable to) University (enter as negative number)	**(103,373)**	**(401,205)**	-	-	-	-	-	-	-	**(504,578)**	**(514,040)**
Accounts receivable from University	**522,028**	**6,868,409**	**405,890**	**987,862**	**2,029,686**	-	-	-	-	**10,813,875**	**16,249,416**
Other amounts receivable from University	**1,053,947**	**625,690**	**94,655**	**2,710,849**	-	-	-	-	-	**4,485,141**	**5,034,945**

Note 9 - Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$ 21,263,505
Contributions during the year: (enter as negative number)	(40,250,262)
Increase in net OPEB obligation (NOO)	**(18,986,757)**
NOO - beginning of year	112,271,483
NOO - end of year	**$ 93,284,726**
Percentage of annual OPEB cost contributed during the year ended June 30, 2014	-189%

10 - Pollution remediation liabilities under GASB 49: (List brief description and dollar amounts)

Instruction: If there are none, please indicate "None". Pollution remediation liabilities should be reported within other liabilities on the SNP.

Descriptions:	Amount
	$ -
	-
	-
	-
	-
	-
	-
	-
	-
	-
Total pollution remediation liabilities	-
Less: current portion (enter as negative number)	-
Pollution remediation liabilities, net of current portion	$ -

Note 11 - Prior Period Adjustments

11.1 - The nature and amount of the prior period adjustment(s) recorded to beginning net position:

		Net Position Class	Amount
	Net position as of June 30, 2013, as previously reported		$ 2,322,130,096
Transaction1			(6,202,305)
Transaction2			-
Transaction3			-
Transaction4			-
Transaction5			-
Transaction6			-
Transaction7			-
Transaction8			-
Transaction9			-
Transaction10			-
	Net position as of June 30, 2013, as restated		**$ 2,315,927,791**

11.2 - Provide a detailed breakdown of the journal entries (at the financial statement line items level) booked to record each prior period adjustment as listed above:

Instruction: After entering description for a transaction, select a net position classification. The amount for the net position will automatically calculate. On each entry line thereafter, type in the financial statements line item descriptions and enter the amount.

		Debit	Credit
Transaction1			
Net Position Classification		$ 6,202,305	$ -
		25,710,390	27,062,622
		-	4,850,073
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
Transaction2			
Net Position Classification		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
Transaction3			
Net Position Classification		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
Transaction4			
Net Position Classification		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
		-	-
Transaction5			

Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Transaction6		
Net Position Classification	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
Transaction7		
Net Position Classification	-	-
	-	-
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	-	-
Transaction8		
Net Position Classification	-	-
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	-	-
	-	-
Transaction9		
Net Position Classification	-	-
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	-	-
	-	-
	-	-
	-	-
Transaction10		
Net Position Classification	-	-
	-	-
	-	-
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	-	-
	-	-
	-	-
	-	-

A-133

All Campuses
2014

Schedule of Expenditures of Federal Awards:

Instruction:

- **(A)** **Expenditures reported should include administrative cost allowance (ACA) claimed for each program. See note 4.**
- **(B)** **If there is no pass-through agency (i.e. direct program), please indicate "None". Enter full name (Do not use abbreviations).**
- **(C)** **If there is no pass-through agency (i.e. direct program), please indicate "None". If there is a pass-through agency, this field must be completed.**
- **(D)** **Enter full name (Do not use abbreviations).**
- **(E)** **Refer to the OMB Circular A-133 compliance supplement for determination of programs to be included within the Research and Development Cluster.**
- **(F)** **Enter D for "Direct" program and PT for "Pass through" program.**

CFDA	Program Title (D)		Federal Expenditures	(D) Federal Grantor Agency	(F) D/PT	(B) Pass-Through Agency	(C) Pass-Through Entity Identifying Number	Amount provided to Subrecipients	
1. Student Financial Assistance Cluster:									
84.007	Federal Supplemental Educational Opportunity Grant Program	(A)	$ 11,221,630					$ -	Fill in Column (F), (D), (B) and (C)
84.033	Federal Work-Study Program	(A)	14,968,364					-	Fill in Column (F), (D), (B) and (C)
84.038	Federal Perkins Loan Program (Loans Advanced and ACA)	(A)	13,800,653					-	Fill in Column (F), (D), (B) and (C)
84.063	Federal Pell Grant Program		855,341,927					-	Fill in Column (F), (D), (B) and (C)
84.032	Federal Family Education Loan Program		-					-	OK
84.268	William Ford Direct Loan Program		1,497,976,517					-	Fill in Column (F), (D), (B) and (C)
84.375	Academic Competitiveness Grant (ACG)		-					-	OK
84.376	National Science and Mathematics Access to Retain Talent Grant (National SMART Grant)		-					-	OK
93.364	Nursing Student Loan Program (Loans Advanced)		365,410					-	Fill in Column (F), (D), (B) and (C)
93.925	Scholarships for Disadvantaged Students		-					-	OK
			924,279					-	Fill in Column (F), (D), (B) and (C)
			189,078					-	Fill in Column (F), (D), (B) and (C)
			-					-	OK
			-					-	OK
			-					-	OK
			-					-	OK
			-					-	OK
			-					-	OK
Total Student Financial Assistance Cluster			**$ 2,394,787,858**					**$ -**	

2. Additional Programs: (Please list CFDA, program, and amount of expenditures for any additional federal programs on your campus)

CFDA	Program Title	Federal Expenditures	(D) Federal Grantor Agency	(F) D/PT	(B) Pass-Through Agency	(C) Pass-Through Entity Identifying Number	Amount provided to Subrecipients	
		$ 3,976,283					$ 52,847	Fill in Column (F), (D), (B) and (C)
		3,890,447					306,628	Fill in Column (F), (D), (B) and (C)
		1,889,629					163,097	Fill in Column (F), (D), (B) and (C)
		1,464,427					-	Fill in Column (F), (D), (B) and (C)
		1,518,579					-	Fill in Column (F), (D), (B) and (C)
		353,891					-	Fill in Column (F), (D), (B) and (C)
		1,259,009					-	Fill in Column (F), (D), (B) and (C)
		397,588					-	Fill in Column (F), (D), (B) and (C)
		1,110,237					-	Fill in Column (F), (D), (B) and (C)
		1,247,722					-	Fill in Column (F), (D), (B) and (C)
		418,424					118,089	Fill in Column (F), (D), (B) and (C)
		14,715					-	Fill in Column (F), (D), (B) and (C)
		822,245					(13,812)	Fill in Column (F), (D), (B) and (C)
		213,524					24,797	Fill in Column (F), (D), (B) and (C)
		24,578					-	Fill in Column (F), (D), (B) and (C)
		152,288					-	Fill in Column (F), (D), (B) and (C)
		198,752					-	Fill in Column (F), (D), (B) and (C)
		170,876					-	Fill in Column (F), (D), (B) and (C)
		107,761					-	Fill in Column (F), (D), (B) and (C)
		536,692					-	Fill in Column (F), (D), (B) and (C)
		161,707					-	Fill in Column (F), (D), (B) and (C)
		281,224					-	Fill in Column (F), (D), (B) and (C)
		700,874					23,299	Fill in Column (F), (D), (B) and (C)
		450,253					-	Fill in Column (F), (D), (B) and (C)
		1,508,276					-	Fill in Column (F), (D), (B) and (C)
		360,222					-	Fill in Column (F), (D), (B) and (C)
		407,360					1,509	Fill in Column (F), (D), (B) and (C)
		555,259					30,387	Fill in Column (F), (D), (B) and (C)
		20,053					-	Fill in Column (F), (D), (B) and (C)
		254,140					-	Fill in Column (F), (D), (B) and (C)
Additional programs (non SFA Cluster and non R&D Cluster) - overflow page		**6,232,312**					**356,672**	
Total Additional Programs (non SFA Cluster and non R&D Cluster)		**30,699,348**					**1,063,513**	
Total Research and Development Cluster (E)		**16,857,324**					**2,176,166**	
Total Expenditures of Federal Awards		**$ 2,442,344,530**					**$ 3,239,679**	

3. Federal Perkins Loan Program

Total loans made during the year plus prior loans for which the Federal Government is at risk (amount must reconcile to the financial statements):

Amounts are reported in the FISAP, Part III (on lines indicated below) include the following amounts:

2.0	Borrowers whose loans were assigned to and officially accepted by ED	$ -
3.0	Total borrowers not in repayment status	45,955,950
4.0	Borrowers on schedule in repayment status	20,814,172
5.1	In default less than 240 days	6,934,601
5.2	In default 240 days or more (monthly installments) or 270 days or more (other installments), up to 2 years	4,974,599
5.3	In default more than 2 years, up to 5 years	5,761,197
5.4	In default more than 5 years	5,954,042
	Total	$ 90,394,561

4. Administrative Cost Allowances (ACA)

Amounts are reported in the FISAP as indicated	**Expenditures**	**ACA**	**Total Expenditures**
Federal Pell Grant Program	$ 854,616,397	$ 725,530	$ 855,341,927
Federal Perkins Loan Program (FISAP, Part III, lines 7:Loans advanced to students and lines 8:Administrative cost allowance)	12,576,074	1,224,579	13,800,653
Federal Supplemental Educational Opportunity Grant Program (FISAP, Part IV, lines 14:Federal Share of funds to FESOG recipients and 15:Administrative cost allowance claimed)	11,120,872	100,758	11,221,630
Federal Work-Study Program (FISAP, Part V, lines 17:Total federal funds spent for FWS)	14,410,106	558,258	14,968,364
	-	-	-
Total	$ 892,723,449	$ 2,609,125	$ 895,332,574

CFDA	Program Title	Federal Expenditures	Federal Grantor Agency	D/PT	Pass-Through Agency	Pass-Through Entity Identifying Number	Amount provided to Subrecipients	
		$ 530,933					$ -	Fill in Column (F), (D), (B) and (C)
		361,927					-	Fill in Column (F), (D), (B) and (C)
		230,252					-	Fill in Column (F), (D), (B) and (C)
		267,182					159,976	Fill in Column (F), (D), (B) and (C)
		298,069					21,100	Fill in Column (F), (D), (B) and (C)
		39,822					-	Fill in Column (F), (D), (B) and (C)
		31,360					-	Fill in Column (F), (D), (B) and (C)
		250,980					-	Fill in Column (F), (D), (B) and (C)
		127,938					-	Fill in Column (F), (D), (B) and (C)
		823,593					-	Fill in Column (F), (D), (B) and (C)
		295,840					-	Fill in Column (F), (D), (B) and (C)
		126,140					-	Fill in Column (F), (D), (B) and (C)
		2,000,224					-	Fill in Column (F), (D), (B) and (C)
		5,053					-	Fill in Column (F), (D), (B) and (C)
		79,284					-	Fill in Column (F), (D), (B) and (C)
		12,854					-	Fill in Column (F), (D), (B) and (C)
		19,839					-	Fill in Column (F), (D), (B) and (C)
		731,022					175,596	Fill in Column (F), (D), (B) and (C)
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CFDA	Program Title	Federal Expenditures	Federal Grantor Agency	D/PT	Pass-Through Agency	Pass-Through Entity Identifying Number	Amount provided to Subrecipients	
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Total additional programs (non SFA Cluster and non R&D Cluster) - overflow page		**$ 6,232,312**					**$ 356,672**	
Research and Development Cluster:								
		787,833					589,399	Fill in Column (F), (D), (B) and (C)
		373,730					31,882	Fill in Column (F), (D), (B) and (C)
		402,484					-	Fill in Column (F), (D), (B) and (C)
		711,198					-	Fill in Column (F), (D), (B) and (C)
		613,400					154,067	Fill in Column (F), (D), (B) and (C)
		707,777					-	Fill in Column (F), (D), (B) and (C)
		82,471					-	Fill in Column (F), (D), (B) and (C)
		1,009,729					101,507	Fill in Column (F), (D), (B) and (C)
		229,236					-	Fill in Column (F), (D), (B) and (C)
		1,197,568					339,693	Fill in Column (F), (D), (B) and (C)
		249,997					189,628	Fill in Column (F), (D), (B) and (C)
		86,660					-	Fill in Column (F), (D), (B) and (C)
		217,596					-	Fill in Column (F), (D), (B) and (C)
		83,788					-	Fill in Column (F), (D), (B) and (C)
		80,215					-	Fill in Column (F), (D), (B) and (C)
		509					-	Fill in Column (F), (D), (B) and (C)
		181,056					-	Fill in Column (F), (D), (B) and (C)
		17,637					-	Fill in Column (F), (D), (B) and (C)
		15,566					-	Fill in Column (F), (D), (B) and (C)
		127,612					-	Fill in Column (F), (D), (B) and (C)
		126,144					-	Fill in Column (F), (D), (B) and (C)
		21,522					-	Fill in Column (F), (D), (B) and (C)
		55,415					-	Fill in Column (F), (D), (B) and (C)
		909,899					86,426	Fill in Column (F), (D), (B) and (C)
		92,976					-	Fill in Column (F), (D), (B) and (C)
		758,396					-	Fill in Column (F), (D), (B) and (C)
		553					-	Fill in Column (F), (D), (B) and (C)
		39,951					-	Fill in Column (F), (D), (B) and (C)
		127,719					-	Fill in Column (F), (D), (B) and (C)
		749,053					-	Fill in Column (F), (D), (B) and (C)
		13,347					-	Fill in Column (F), (D), (B) and (C)
		202,597					-	Fill in Column (F), (D), (B) and (C)
		773,283					29,223	Fill in Column (F), (D), (B) and (C)
		44,887					-	Fill in Column (F), (D), (B) and (C)
		264,113					-	Fill in Column (F), (D), (B) and (C)
		46,523					-	Fill in Column (F), (D), (B) and (C)

CFDA	Program Title	Federal Expenditures	Federal Grantor Agency	D/PT	Pass-Through Agency	Pass-Through Entity Identifying Number	Amount provided to Subrecipients	
		173,596					-	Fill in Column (F), (D), (B) and (C)
		188,885					-	Fill in Column (F), (D), (B) and (C)
		173,520					-	Fill in Column (F), (D), (B) and (C)
		77,314					-	Fill in Column (F), (D), (B) and (C)
		982					-	Fill in Column (F), (D), (B) and (C)
		103,067					-	Fill in Column (F), (D), (B) and (C)
		1,346,018					407,190	Fill in Column (F), (D), (B) and (C)
		25,638					-	Fill in Column (F), (D), (B) and (C)
		90,570					-	Fill in Column (F), (D), (B) and (C)
		3,622					-	Fill in Column (F), (D), (B) and (C)
		156,618					-	Fill in Column (F), (D), (B) and (C)
		183,569					-	Fill in Column (F), (D), (B) and (C)
		11,436					-	Fill in Column (F), (D), (B) and (C)
		74,660					-	Fill in Column (F), (D), (B) and (C)
		19,949					-	Fill in Column (F), (D), (B) and (C)
		6,801					-	Fill in Column (F), (D), (B) and (C)
		12,534					-	Fill in Column (F), (D), (B) and (C)
		4,393					-	Fill in Column (F), (D), (B) and (C)
		26,747					-	Fill in Column (F), (D), (B) and (C)
		118,156					-	Fill in Column (F), (D), (B) and (C)
		7,977					-	Fill in Column (F), (D), (B) and (C)
		1,023					-	Fill in Column (F), (D), (B) and (C)
		12,430					-	Fill in Column (F), (D), (B) and (C)
		179,514					-	Fill in Column (F), (D), (B) and (C)
		1,338,563					-	Fill in Column (F), (D), (B) and (C)
		21,560					-	Fill in Column (F), (D), (B) and (C)
		106,326					-	Fill in Column (F), (D), (B) and (C)
		47,941					-	Fill in Column (F), (D), (B) and (C)
		20,207					-	Fill in Column (F), (D), (B) and (C)
		893,640					247,151	Fill in Column (F), (D), (B) and (C)
		10,606					-	Fill in Column (F), (D), (B) and (C)
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Total Research and Development Cluster (E)		**$ 16,857,324**					**$ 2,532,838**	

CHAPTER 7.2

GAAP REPORTING IN FIRMS

OVERVIEW

In addition to the entry of financial statement data into TM1, campuses are required to upload their GAAP-basis data to FIRMS. (See Chapter 3 in the *Legal Accounting and Reporting Manual* for a full description of FIRMS.) Unlike the TM1 data, which is presented on a consolidated basis (i.e., not by state or CSU fund), FIRMS data is uploaded at the CSU fund level. Campuses must ensure that the data in both TM1 and FIRMS are consistent.

GAAP DATA IN FIRMS

Data presented on the GAAP basis of accounting is uploaded annually to FIRMS (see the Master Timeline for the upload deadline). The submission procedure is the same as for other FIRMS submissions (see the *FIRMS Data Submission Guide* at the Systemwide Financial Standards & Reporting web page). The upload consists of three files or activity periods:

- Period 16, GAAP pre-closing file
- Period 17, GAAP closing entries file
- Period 18, GAAP post-closing file

Each file is further identified by the FIRMS element Record Type:

- Period 16 includes:
  - ✓ Record Type 30, GAAP beginning balances
  - ✓ Record Type 31, GAAP current year activity
  - ✓ Record Type 32, GAAP current year adjustments
- Period 17 is identified with Record Type 38, GAAP closing entries
- Period 18 is identified with Record Type 39, GAAP ending balances

Assets, liabilities, revenues and expenses in the pre-closing file (Period 16) 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 (Period 18) 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 (Periods 16, 17 and 18) 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.

The GAAP data in FIRMS is used for a variety of purposes by the Chancellor's Office, including preparation of schedules for the SCO to aid them in their completion of the state's GAAP-basis financial statements (known as the CAFR). (See Chapter 18, *SCO GAAP Submission*, in this manual for further information about the CSU's contribution to the CAFR.)

The GAAP data submitted to FIRMS is subject to automated edits and a manual review. The most significant automated edit is based on the GAAP Edits Table. This table determines the validity of CSU fund, natural class code, net position category and program code combinations. The table is maintained by the Chancellor's Office and is downloaded into PeopleSoft CFS each night via an automated process. An Excel version of the GAAP Edits Table is posted on the Chancellor's Office website.

It should be noted that there are two types of combination edits reflected in the table, "X" and "X(A)". "X" denotes a valid combination. "X(A)" denotes a combination that is allowed to flow from the legal-basis records, but which needs to be adjusted in GAAP. When the entry is not adjusted in GAAP an error message will be reflected on the FIRMS Validation Report. Campuses should run the PeopleSoft query **CSU_GAAP_Reclass** to obtain further details about the error so that it can be corrected.

The manual review consists of the following for each campus:

- Comparison of GAAP FIRMS data to Statement of Net Position (SNP) and Statement of Revenue, Expenses and Changes in Net Position (SRECNP) as presented in TM1.
- Confirmation that the changes in asset and liability balances between the pre- and post-closing files are zero.
- Confirmation that the changes in net position between the pre- and post-closing files equals the sum of revenue and expense activity.
- Confirmation that the data as provided in GAAP FIRMS and on the TM1 tie to the SCO GAAP schedules (discussed in Chapter 18 of this manual).

REVISION CONTROL

Document Title: CHAPTER 7.2 – GAAP REPORTING IN FIRMS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	New chapter in FY2015	April 2015

CHAPTER 8

PRESENTATION OF COMPONENT UNITS (BLENDED VS. DISCRETELY PRESENTED)

OVERVIEW

In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus* to improve financial reporting for a governmental financial reporting entity. This Statement addresses reporting entity issues that have arisen since the issuance of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments*. Due to the issuance of GASB Statement No. 61, certain requirements for inclusion of component units in the financial reporting entity have been modified, and although component units that are currently discretely presented are not generally expected to become blended component units as a result of GASB Statement No. 61, it is still necessary to evaluate each component unit based on its governance structure and financial relationship with the primary government to determine whether the component unit meets the blending criteria or should be discretely presented and appropriate adjustment should be made accordingly.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and also amends financial reporting entity display and disclosure requirements. Although financial accountability remains central to the determination of component units, the GASB Statement No. 61's most significant change is the requirement that a financial benefit or burden relationship be present between a primary government and an organization for it to be included in the reporting entity as a component unit, if the organization was previously required to be included as component units by meeting the criterion of fiscal dependency. Furthermore, for organizations that do not meet the financial accountability criteria for inclusion as component units but should be included because the primary government's management determines that it would be misleading to exclude them, GASB Statement No. 61 clarifies the manner in which that determination should be made and the types of relationships that generally should be considered in making the determination.

If a potential component unit has been determined to be a reportable component unit, the next step is to determine whether it should be presented as a blended component unit or a discretely presented component unit in the primary government's financial statements. According to the stated intent of the GASB Statement No. 14, it is desirable for users of the financial statements to be able to distinguish between the primary government and its component units unless blended presentation is necessary because the component units are so intertwined with the primary government that they are, in substance, the same as the primary government. For component units that are currently blended based on the "substantively the same governing body" criterion, GASB Statement No. 61 imposes additional requirements that (1) the primary government and the component unit have a financial benefit or burden relationship or (2) management of the primary government have operational responsibility for the activities of the component unit. Another change is the addition of a new criterion to require blending of component units whose total debt outstanding is expected to be repaid entirely or almost entirely with the resources of the primary government.

COMPONENT UNITS

Paragraph 20 of GASB Statement No. 14 as amended by GASB Statement No. 61 defines a component unit as a legally separate organization for which the elected officials of the primary government are financially accountable, which can be other organizations for which the nature and significance of its relationship with a primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB 61 adds clarification to the following situations:

1. FINANCIAL ACCOUNTABILITY

The primary government is financially accountable if it appoints a voting majority of the organization's governing body **and** (1) it is able to impose its will on that organization **or** (2) there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.

The primary government is financially accountable if an organization is fiscally dependent on **and** there is a potential for the organization to provide specific financial benefits to, or impose financial burdens on the primary government. Under GASB Statement No. 61, fiscal dependence alone is no longer a sufficient reason for inclusion; a financial benefit or burden relationship also must be present between the primary government and the organization. An organization has a financial benefit or burden relationship with the primary government if, for example, **any one** of these conditions exists:

- The primary government is legally entitled to or can otherwise access the organization's resources.
- The primary government is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization.
- The primary government is obligated in some manner for the debt of the organization.

2. Misleading to Exclude

An organization may need to be included in the reporting entity's financial statements even though the primary government is not financially accountable if such exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The ultimate responsibility to decide whether an organization is a component unit rests with the primary government, not with the potential component unit. GASB statements provide no specific criteria to apply in determining whether it would be misleading to exclude an organization. It is a matter of professional judgment, considering all relevant factors. The decision to include or exclude should be based on all pertinent considerations, including the organization's significance in relation to the primary government and other component units and the extent to which the organization is financially integrated with the primary government.

If an organization has been determined to be a component unit, then the next step is to determine how it will be presented in the reporting entity's financial statements, either as a discretely presented component unit or a blended component unit as part of the primary government.

Discretely Presented Component Units

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if **all** of the following criteria are met: (GASB Statement No. 14 paragraph 40a, as amended by GASB Statement No. 39, paragraph 5):

a) The economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents (*includes CSU students*).

b) The primary government, or its component units, is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization. The ability of a primary government to otherwise access the resources of an organization does not necessarily imply control over that organization or its resources, rather, the ability to access the resources of an organization – not necessarily whether there was an actual transaction during the period – is the important factor for determining when a primary government is entitled to an organization's resources.

c) The economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to the primary government.

Organizations that meet the three criteria above should be discretely presented, even if they also meet the blending criteria in paragraph 53b or 53c in GASB Statement No. 14 described below.

BLENDED COMPONENT UNITS

GASB Statement No. 14 paragraph 53, as amended by GASB Statement No. 61, paragraph 8 states that: a component unit should be blended in **any** of the following circumstances:

a) The component unit's governing body is substantively the same as the governing body of the primary government (i.e., the governing body of the component unit substantially includes the same individuals as the Board of the Trustees of the CSU) **and** 1) there is a financial benefit or burden relationship between the primary government and the component unit, or 2) management of the primary government has operational responsibility for the component unit. Substantively the same means sufficient representation of the primary government's entire governing body on the component unit's governing body so that decisions of the primary government cannot be overridden by the component unit.

b) The component unit provides services entirely, or almost entirely, to the primary government or otherwise exclusively, or almost exclusively, benefits the primary government even though it does not provide services directly to it.

As explained in question 4.32.2 of the GASB Comprehensive Implementation Guide, the primary government is the "institution" rather than the populace. The "essence of this type of arrangement is much the same as an internal service fund—the goods or services are provided to the government itself rather to the citizenry." The services or benefits provided to the CSU may be direct or indirect. In a direct relationship, the services or benefits are provided to CSU, whereas in an indirect relationship, the services or benefits are provided to the employees of the CSU.

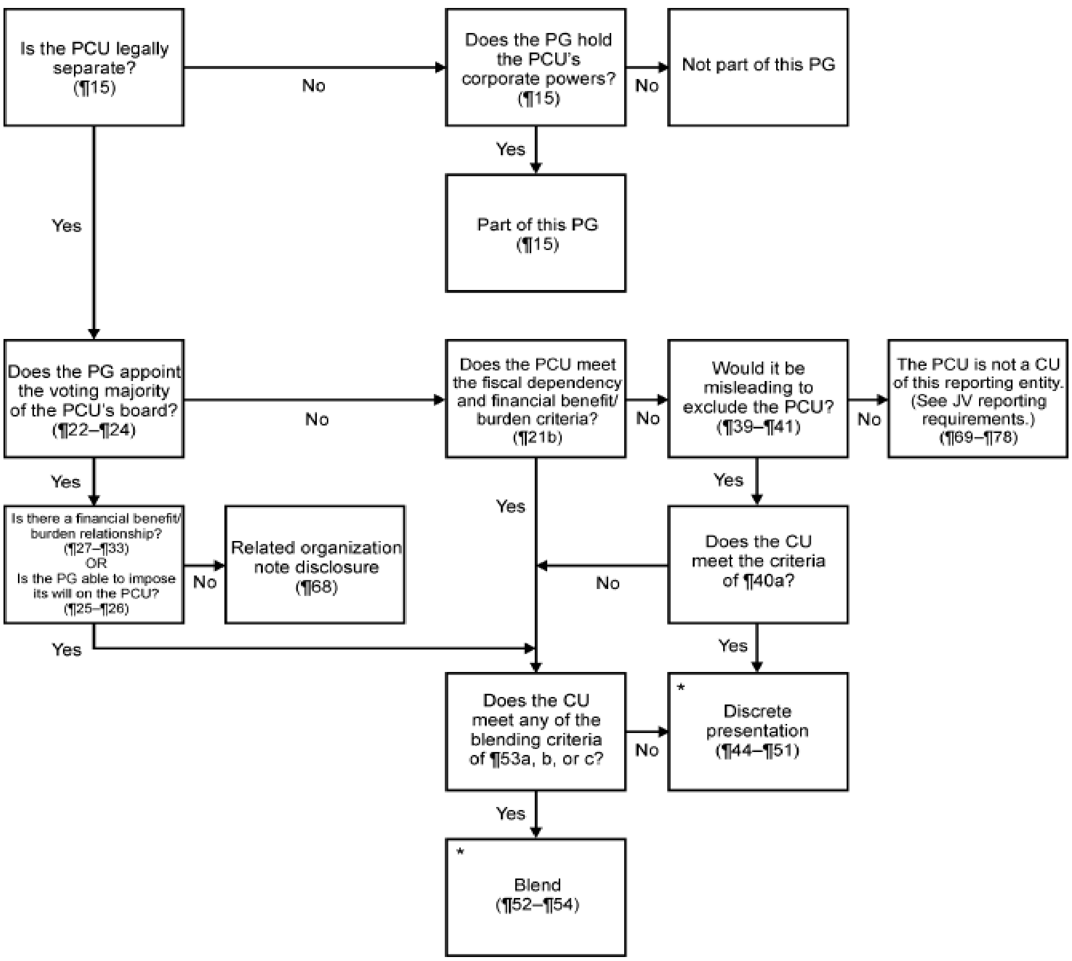
In the context of this criterion, the populace (i.e., students) is not considered to be the same as the institution itself. Given this definition, then, the following examples do not meet the second blending criterion:

- ASI that serves students
- Foundation that provides scholarships to students as part of its main function
- Research foundation that receives funding from external sources and does not exclusively benefit the university

c) The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with resources of the primary government.

ASSESSMENT FLOWCHART

The following flowchart is intended to aid in the application of the provisions of GASB Statement No. 61. This is nonauthoritative and does not cover all aspects of GASB 61. Each campus will need to complete the GASB Statement No. 61 questionnaire and submit to external auditors as a PBC item.



***Note:** A potential component unit for which a primary government is financially accountable may be fiscally dependent on and have a financial benefit or burden relationship with another government. An organization should be included as a component unit of only one reporting entity. Professional judgment should be used to determine the most appropriate reporting entity (¶21b and ¶34–¶38). A primary government that appoints a voting majority of the governing board of a component unit of another government should make the disclosures required by ¶68 for related organizations.

PCU = Potential component unit
PG = Primary government
CU = Component unit
JV = Joint venture

EXAMPLES FROM THE GASB IMPLEMENTATION GUIDE

CASE 17 – STATE UNIVERSITY FOUNDATION

FACTS: A not-for-profit organization was created under state law to perform fund-raising activities on behalf of a state university. The seven-member governing board of the foundation is appointed by the university board of trustees and may be removed for cause. The university provides office space free of charge, but the majority of the funding for the foundation's operations is provided by its fund-raising efforts. The foundation selects its own management and controls its day-to-day operations. All of the foundation's projects benefit the university, but the foundation board specifies the use of foundation funds.

CONCLUSION: The foundation would be a blended component unit of the university. The university <u>appoints the foundation's board of trustees and receives financial benefits from the foundation, which creates financial accountability. The foundation provides services entirely to the university, which would meet the criteria for blending.</u>

CASE 17A

FACTS: Consider the same facts as above, except that 10% of the foundation's funds are used to provide direct scholarships to students of the university and another 5% are used to provide services directly to alumni of the university in the form of informational services. The scholarships are administered by the financial aid office of the university, but awards are approved by the foundation board.

CONCLUSION: The foundation would be a discretely presented component unit of the university. The university is financially accountable for the foundation based on its appointment of the governing board and the financial benefits that the foundation provides. <u>However, the foundation would not meet the criteria for blending because its services are not provided entirely, or almost entirely, to the university. (Students are not part of the university when determining whether the component unit should be blended).</u>

CASE 18—UNIVERSITY CHILDCARE CENTER

FACTS: A legally separate not-for-profit corporation provides childcare services and preschool education for children of the faculty, students, and employees of the university. The services of the corporation are not available to individuals that are not affiliated with the university. The corporation is governed by a board of directors appointed by the university. The majority of the funding for the corporation is provided by tuition and fees paid by those using the daycare services. Day-to-day operations are controlled by a director, who is selected by the board. The corporation adopts its own budget. However, through a contractual arrangement with the university, the corporation operates as a department of the university. In the past, capital assets have been financed through no-interest loans from the university to the corporation, which were forgiven through an agreement between the parties.

CONCLUSION: The corporation would either be a discretely presented component unit of the university or be disclosed as a related organization. The university appoints the governing board of the corporation. If the past financing of capital assets indicates a potential financial burden on the university, then the corporation should be reported as a discretely presented component unit. However, if there is not a potential financial burden, the university would not be financially accountable for the center and it would be disclosed as a related organization of the university.

CASE 22 – UNIVERSITY ALUMNI ASSOCIATION

FACTS: KMH University Alumni Association was established as a legally separate, tax-exempt organization to support both KMH University and students of the university. Generally, when the university awards a scholarship to a student who meets the criteria established by the alumni association, the university requests funds from the alumni association's resources. Normally, the alumni association honors the request and transfers the funds to the university. In the current year, the alumni association endows a chair and fourteen scholarships for the KMH University School of Business and donates the funds to KMH University. The funds donated directly to the university and the resources held by the association are significant to the university's financial statements.

CONCLUSION: KMH University Alumni Association is a component unit of the university and should be discretely presented in the university's reporting entity financial statements. The alumni association's resources are entirely for the direct benefit of the university or the university's students. The "entitlement/ability to access" criterion is met because the association historically has complied with the university's requests for funding. In addition, the resources received and held by the association that is required to be used for the benefit of the university or to provide scholarships to deserving students are significant to the university.

CASE 24—UNIVERSITY FUND-RAISING FOUNDATION

FACTS: CCB University Foundation is a legally separate, tax-exempt organization whose bylaws state that it exists solely to provide financial support to CCB University. The foundation regularly makes distributions directly to the university and pays for the maintenance of the university's football stadium and auditorium (by making payments directly to vendors and contractors rather than the university). Separately, the direct cash payments to the university and the maintenance expenses of the university paid by the foundation are not significant to the university—combined, however, they are significant. The economic resources of the foundation that are restricted for the benefit of the university are significant.

CONCLUSION: CCB University Foundation is a component unit of the university and should be discretely presented in the university's reporting entity financial statements. The language in the foundation's bylaws satisfies the "direct benefit" criterion, and the "entitlement/ability to access" criterion is met due to the foundation's history of supporting the university. The "significance" criterion is met because the combined resources used by university activities and the restricted resources held by the foundation are deemed to be significant to the university, regardless of the extent to which those resources may be used for "in-kind" assistance to the university.

CASE 25—UNIVERSITY RESEARCH FOUNDATION

FACTS: Ten years ago, the State University Research Foundation was established as a legally separate, tax-exempt organization to provide the buildings, laboratory facilities, and administrative support necessary for the faculty of State University to competitively attract and carry out research grants, principally from the federal government and corporations. The total research and administrative costs of the foundation were significant to the university in the current year. The foundation occupies two buildings on campus, constructed by the foundation on land leased from the university. A significant portion of instructional faculty in the School of Engineering, Science, and Technology carry out research at the foundation, and their annual performance evaluations and merit increases at the university give formal consideration to the research they perform at the foundation.

The completion of a research grant typically results in the submittal of a report of research findings and recommendations to the grantee and, often, the publication of results in academic and professional journals. This research activity is deemed integral to the duties of faculty and is consistent with the university's mission.

A formal agreement between the university and the foundation requires the foundation to make its general lecture and meeting rooms available, upon request, to the university, and to make certain research laboratories available for special lectures and seminars. The university's personnel office provides administrative support for the hiring of foundation personnel, including research technicians who typically are selected by committees of faculty. The relationship between the university and the foundation is disclosed in a brochure used to inform prospective faculty of the university.

Students enrolled in university graduate courses work at the foundation as research assistants. They are compensated through stipends paid by research grants, or under financial aid work-study programs administered by the university. Faculty are required to periodically report their research, instructional, and other efforts through an effort reporting system jointly administered by the foundation and the university. Faculty working on research grants typically receives a portion of their compensation from grant funds.

CONCLUSION: The foundation is not *required* to be reported as a component unit because at least one of the criteria is not met. <u>The "direct benefit" criterion is not satisfied because a substantial portion of the economic resources it receives and holds are for the benefit of private companies and the federal government, rather than the university</u>. Because the first criterion is not met, neither the "entitlement/ability to access" criterion nor the "significance" criterion needs to be considered. However, given the manner in which the foundation is *financially integrated* with the university, a further evaluation should be made to determine whether, as a matter of professional judgment, the nature and significance of the foundation's relationship with the university warrant its inclusion in the university's financial statements as a component unit

REVISION CONTROL

Document Title: CHAPTER 8 – PRESENTATION OF COMPONENT UNITS (BLENDED VS. DISCRETELY PRESENTED)

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Discretely Presented Component Units	Expanded the definition of "access of resources" in the second criteria in identifying a discretely presented component unit.	April 2014
General	Previously in Chapter 4.16.	April 2015
GASB 61 Questionnaire	Previously in Chapter 7	April 2015

GASB Statement No. 61 The Reporting Financial Entity: Omnibus

This is a survey to determine what legally separate entities (component units) should be discretely presented, blended, or excluded from a government's financial statements. The completed survey will be submitted to external auditor, KPMG, for audit. Additional procedures or information might be needed after the survey. Please read the attached memo and the "definitions and examples" document before filling out the survey.

1. Please enter the contact information for the person filling out this survey.

Name:

Department and Title:

Email Address:

Telephone Number:

Briefly describe departmental duties for your department:

2. The governmental financial reporting consists of a primary government (CSU) and its component units. Is the potential component unit legally separate from the CSU?

☐ **Yes**

☐ **No**

If NO, continue to question 3. If YES, continue to Question 4.

3. Does CSU hold the potential component unit's corporate powers? Please describe your rationale in the textbox below.

☐ **Yes**

☐ **No**

If NO, the potential component unit is not part of the CSU. Please continue to Question 10, choose Number 1 (Not part of the CSU), and submit this survey. If YES, the potential component unit is part of the CSU. Please continue to Question 10, choose Number 2 (Part of the CSU), and submit the survey.

4. Does CSU appoint the voting majority of the potential component unit's board?

☐ **Yes**

☐ **No**

If NO, continue to Question 5. If YES, continue to Question 8.

5. Does the potential component unit meet the fiscal dependency (CSU has authority over component unit's budget, the setting of its taxes and charges, or its issuance of debt) and the financial benefit/burden criteria? Please describe your rationale in the textbox below.

☐ **Yes**

☐ **No**

If NO, continue to Question 6. If YES, continue to Question 9.

6. Would it be misleading to exclude the potential component unit? Please describe your rationale in the textbox below.

☐ **Yes**

☐ **No**

If NO, the potential component unit is not a component unit of the CSU. Refer to joint venture reporting requirements and continue to Question 10, choose Number 3 (Joint Venture), and submit this survey. If YES, continue to Question 7.

7. Does the component unit meet ALL of the following criteria?

- The economic resources received or held by the separate organization are entirely or almost entirely for the benefit of the CSU, its components units, or its constituents.
- The CSU, or its component units, are entitled to, or has ability to access, a majority of the economic resources received or held by the separate organization.
- The economic resources received or held by an individual organization are significant to CSU.

☐ **Yes**

☐ **No**

If YES, continue to Question 10, choose Number 4 (Discrete Presentation), and submit this survey. If NO, continue to Question 9.

8. Is there a financial benefit/burden relationship or is the CSU able to impose its will on the potential component unit? Please describe your rationale in the textbox below.

☐ **Yes**

☐ **No**

If NO, continue to Question 10, choose Number 5 (Related Organization Note Disclosure), and submit this survey. If YES, continue to Question 9.

9. Does the component unit meet any of the following blending criteria?

- The component unit's governing body is substantively the same as the CSU and 1) there is a financial benefit/burden relationship or 2) management of the CSU has operational responsibility of the component unit.
- The component unit provides services entirely, or almost entirely, to the CSU or otherwise exclusively, or almost exclusively, benefits the CSU even though it does not provide services directly to it.
- The component unit's total debt outstanding, including leases, is expected to be repaid entirely or almost entirely with the resources of the CSU.

☐ **Yes**

☐ **No**

If YES, continue to Question 10, choose Number 6 (Blend), and submit this survey. If NO, continue to Question 10, choose Number 4 (Discrete Presentation), and submit this survey.

10. Accounting, recognition, and F/S disclosure requirement - check only 1

The notes to the reporting entity's financial statements should include a brief description of the component units of the financial reporting entity and their relationships to the primary government. This disclosure should include a discussion of the rationale for including each component unit in the financial reporting entity and whether it is discretely presented, blended, or included in the fiduciary fund financial statements. Component units may be disclosed together if they have common characteristics as long as each component unit is separately identified. The notes should also include information about how the separate financial statements for the individual component units may be obtained.

Accounting, recognition and F/S disclosure requirement	Choose
1. **Not part of the CSU** (if NO to 3)	☐
2. **Part of the CSU** (if YES to 3)	☐
3. **Joint venture** (if NO to 6) See joint venture reporting requirements in Statement 14, par. 69 – 78.	☐
4. **Discrete presentation** (if YES to 7 or NO to 9) CSU is required to report its equity interest in a component unit as an asset, rather than as an outflow of resources, when the component unit is discretely presented. When the discrete presentation method is used, there is a clear distinction between the balances and activities of the primary government and discretely presented component units. This distinction is achieved by presenting information for the discrete component units only in the government-wide financial statements using one of the following approaches: • Present each major component unit in a separate column in the government-wide financial statements • Present combining statements	☐

Accounting, recognition and F/S disclosure requirement	Choose
• Present condensed financial statements in a note to the financial statements	
5. **Related organization note disclosure** (if NO to 8) CSU should disclose in the notes to the financial statements the nature of its accountability for related organizations. Groups of related organizations with similar relationships with CSU may be summarized for purposes of the disclosure. In addition, CSU should disclose any other information required by Codification Section 2300, "Notes to Financial Statements," paragraph [.107h]. The financial statements of a related governmental organization should disclose that the CSU is accountable for it and describe its relationship with the CSU (GASB 14 par. 68)	☐
6. **Blend** (if YES to 9) The component unit's balances and transactions should be reported in a manner similar to the balances and transactions of CSU itself. When the blending method is used, transactions of a component unit are presented as if they were executed directly by the primary government. That is, the funds for the blended component units are evaluated as either major or non-major funds and reported accordingly, just like all other funds (except Fiduciary Funds) of the primary government. The balances and activities of the blended component units cannot be distinguished from those of the primary government. In a similar manner, balances in a component unit's financial statements are merged with similar balances of the primary government in the preparation of the government-wide financial statements.	☐

CHAPTER 8.1

OVERVIEW OF DISCRETELY PRESENTED COMPONENT UNITS

OVERVIEW

CALIFORNIA EDUCATION CODE AND CALIFORNIA CODE OF REGULATIONS

The California Education Code and Title 5 of the California Code of Regulations provide that each auxiliary organization shall have an annual fiscal audit performed by a certified public accountant. Both codes provide that the Office of the Chancellor (CO) shall develop and forward applicable auditing and reporting procedures to the auxiliary organizations. The Education Code also provides that the campus president is responsible for ensuring the propriety of all expenditures and the integrity of financial reporting by the auxiliary organization.

Citations from the applicable sections follow.

Executive Order No. 648 provides that: The campus President shall provide to the Vice Chancellor, Business and Finance annual consolidated financial statements for all funds administered by the campus. In addition, to ensure that the financial statements fairly state the condition of the California State University, auxiliary organizations must be incorporated in the financial statements.

EDUCATION CODE SECTION 89900: STATE UNIVERSITY AND COLLEGES AUXILIARY ORGANIZATIONS; AUDITS; OPERATIONS

(a) A certified public accountant shall be selected by each auxiliary organization described in Section 89901 [Section 89901 defines the term "auxiliary organization."]. The Office of the Chancellor, in cooperation with the Department of Finance, shall develop and forward the applicable auditing and reporting procedures to each auxiliary organization for distribution to the selected certified public accountant. In accordance with procedures prescribed by the Chancellor, the certified public accountant shall annually audit any and all state university auxiliary funds. The auxiliary organizations shall contract for and receive the audit annually, and shall submit the audit to the trustees. Auxiliary organizations shall annually publish an audited statement of their financial condition, which statement shall be disseminated as widely as feasible and be available to any person on request. In the case of an auxiliary organization primarily serving a single campus of the California State University, publication in the campus student newspaper shall be deemed compliance with this requirement. In the case of an auxiliary organization serving the Trustees of the California State University, distribution of the published audited statement of its financial condition at a regularly scheduled meeting of the trustees shall be deemed compliance with this requirement.

(b) In the case of an auxiliary organization primarily serving a single campus of the California State University, the president of that state university shall be responsible for ascertaining that all expenditures are in accordance with policies of the trustees, the propriety of all expenditures, and the integrity of the financial reporting, made by auxiliary organization.

TITLE 5, CALIFORNIA CODE OF REGULATIONS SECTION 42408 FISCAL AUDITS

(a) Each auxiliary organization shall have an annual fiscal audit performed by a certified public accountant selected by the auxiliary organization. When completed, the audit shall be furnished to the Chancellor or designee on the date or dates designated by the Chancellor or designee.

(b) The annual fiscal audits shall be performed in accordance with standard systemwide procedures prescribed by the Chancellor.

(c) Each auxiliary organization, in order to disseminate as widely as feasible the audited financial statements, shall:

  (1) Publish the audited financial statements in a campus newspaper; or

  (2) Publish a notice in a campus newspaper indicating the on-campus location where copies of the audited financial statements may be obtained or reviewed; or

Publish or notice the audited statements in accordance with subdivision (1) or (2) in a campus bulletin or other appropriate medium if a campus newspaper is unavailable.

Revision Control

Document Title: Chapter 8.1 – Overview of Discretely Presented Component Units

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 8.5 Attachment C.	April 2015

CHAPTER 8.2

REQUIREMENTS FROM DISCRETELY PRESENTED COMPONENT UNITS

OVERVIEW

The discretely presented component units have financial reporting requirements due to the Office of the Chancellor (CO). Refer to the audit master timeline in the SFSR website http://www.calstate.edu/SFSR/Workshops/index.shtml for detailed information.

The discretely presented component units' data will continue to be reported in the basic financial statements of the CSU consolidated and in the individual campus' financial statements (supplemental schedule). In accordance with the provisions of GASB Nos. 34 and 35, the **campus' statements** will include:

- Statement of Net Position (SNP)
- Statement of Revenues, Expenses, and Changes in Net Position (SRECNP)
- Statement of Cash Flows

Note that with the CSU's implementation of GASB No. 39 effective July 1, 2003, the discretely presented component units' statement of cash flows is no longer required to be included in the campus' financial statements.

The discretely presented component units' data may also be included in the CSU's consolidated:

- Notes to the Financial Statements
- Management's Discussion and Analysis

Specific supplementary information is prescribed for the discretely presented component units' submission of data to their campuses. This supplementary information is detailed in the financial reporting requirement memorandum which is included in this chapter.

Highlights of the significant differences between the discretely presented component units' financial statements and the campus' required reporting format include:

- Statement of Cash Flows is not included in the campus' financial statements
- Classification of assets and liabilities into current and non-current portions
- Lower level of detail in many line items

Please read the discretely presented component units' financial reporting requirements memorandum for detailed instructions.

PLANNING AND COORDINATION WITH DISCRETELY PRESENTED COMPONENT UNITS

Due to the significant resources needed to complete an audit, it is essential that the campus plan properly for the audit process, including coordination with the discretely presented component units. It is the responsibility of the campus to ensure that the discretely presented component unit's resident on the campus complete their audits in the required timeframe and manner that is necessary for inclusion in the basic financial statements of the campus. The campus must also allow adequate time within the schedule to review of the discretely presented component unit's financial statements in order to properly incorporate the necessary data into the campus' reporting package.

It is strongly recommended that a member of the campus attends the entrance and exit conferences of the discretely presented component units and their independent audit firms or develops another method of monitoring the discretely presented component units' audit process.

Additionally, the campus must notify the discretely presented component units of the timing of the campus audit well in advance in order to ensure that key personnel are available during audit fieldwork and, more importantly, during the time surrounding the submission deadline of the campus reporting package to the CO.

The discretely presented component units are required to complete a GAAP financial reporting checklist (Chapter 8.03.01). This checklist must be initialed and signed by the discretely presented component unit's preparer and reviewer, respectively, and submitted to the campus along with the audited financial statements.

RECONCILIATION OF BALANCES WITH DISCRETELY PRESENTED COMPONENT UNITS

In order to facilitate timely coordination with the campus, it is important that all inter-entity accounts and transactions be reconciled with the respective discretely presented component unit prior to the issuance of the financial statements. Likewise, it is important that the discretely presented component units reconcile inter-entity accounts and transactions among the discretely presented component units. The campus may wish to assist in this process so that the discretely presented component units and the campus are able to meet the deadlines that have been set by the CO.

Additionally, the above reconciliation processes are necessary in order to facilitate the identification of nonexchange transactions between the campus and the respective discretely presented component units, which must be eliminated from the total column in a separate eliminations column in the campus' reporting package.

a. Reconciliation of Related Entity Transactions with the Campus

It is important that significant related entity transactions between the discretely presented component unit and the campus are disclosed in the related entity transactions footnote in the proforma supplementary information template (note 8 in "Other information" tab of Chapter 8.03.01). Below are definitions of the line items listed in note 8:

- **Payments to University for salaries of University personnel working on contract, grants and other programs:**

  Cash payments made by a discretely presented component unit to the campus during the time period from 7/01/PY to 6/30/CY, regardless of the period the billings relate to. The keyword for this category is "cash". The payments must be paid for campus personnel's salaries (i.e. release time and director salaries). The payments must be made by check, and as such, constitute a "cash" payment. Accruals should not be included.

- **Payments to University for other than salaries of University personnel:**

  Cash payments made by a discretely presented component unit to the campus during the period from 7/01/PY to 6/30/CY, regardless of the period the billings relate to. The key word for this category is "cash". The payments must be made by check, and as such, constitute a "cash" payment. The payments must be paid for expenses that the campus has initially paid (included both transactions that eventually reduced the expense or recorded as cost recovery revenue by the University). Accruals should not be included. Payments already disclosed in other footnotes should not be included (e.g. capital lease and salaries of any kind). Agency transactions should not be included (e.g. transfer of collected student fees).

- **Payments received from University for services, space and programs:**

  Cash payments received from the campus during the period from 7/01/PY to 6/30/CY, regardless of the period the billings relate to. The payments must be by check, and as such, constitute a "cash" payment. These are payments received from the campus for space/services provided/performed by a discretely presented component unit. As such, this category includes cash payments received from the campus for space/facility use, operating leases, catering or any other service performed by a discretely presented component unit for the campus. Accruals should not be included. Payments already disclosed in other footnotes should not be included (e.g. capital lease and salaries of any kind). Agency transactions should not be included (e.g. transfer of collected student fees).

- **Gifts-in-kind to the University from Discretely Presented Component Units:**

  Gifts/contributions to the campus other than cash during the period from 7/01/CY to 6/30/CY (**NOT reported** by the campus as "gifts, capital revenue" or "gifts, noncapital revenue" on the SRECNP). This category is for contributions/gifts to the campus that are non-cash that can be given a cash value (for example, donated services, donated building space, donated supplies, etc.).

- **Gifts (cash or assets) to the University from Discretely Presented Component Units:**
  Cash or assets given to the campus during the period from 7/01/CY to 6/30/CY as a gift (**reported** by the campus as "gifts, capital revenue" or "gifts, noncapital revenue" on the SRECNP). This category is for gifts to the campus in the form of cash or assets.
- **Accounts payable to University (enter as negative amount):**
  Accounts payable to the campus balance as of year-end.
- **Other amounts payable to University (enter as negative amount):**
  Other amounts payable, excluding accounts payable, or accrued as other liabilities that are due to the campus as of year-end.
- **Accounts receivable from University:**
  Accounts receivable from the campus as of year-end.
- **Other amounts receivable from University:**
  Other amounts receivable, excluding accounts receivable and leases/notes receivable which are disclosed in other footnotes, or accrued as other assets that are due from the campus as of year-end.

b. Capital Lease / Note Payable Transactions with the Campus

Please refer to Chapter 4.03.5, Financing of Auxiliary Organizations Projects, for discussion.

c. Other Postemployment Benefits (OPEB) Obligation Under GASB No. 45

As an agency of the State, the CSU is included in the State's OPEB actuarial study. Therefore, the amounts of annual required contribution (ARC), employer contributions, and net OPEB obligation (NOO) are provided to the CSU by the State Controller's Office. These amounts provided by the State are related to the University only and do not include discretely presented component units. Therefore, the discretely presented component unit should have its own actuarial study performed in order to report the discretely presented component unit's OPEB obligation and related footnote disclosures in accordance with GASB No. 45 and GASB No. 57. Note that the OPEB obligation, net of current portion is presented separately and OPEB obligation, current portion is included in other current liabilities in the SNP in the proforma supplementary information template ("Supplementary – SNP" tab in Chapter 8.03.01). Additionally, the NOO ending balance reported in note 9 in the proforma supplementary information template ("Other Information" tab in Chapter 8.03.01) must be reconcilable with the total OPEB obligation reported on the SNP.

According to GASB No. 45 paragraph 12, for financial reporting purposes, an actuarial valuation should be performed in accordance with the following minimum frequency:

a. For plans with a total membership of 200 or more—at least biennially
b. For plans with a total membership of fewer than 200—at least triennially.

The actuarial valuation date need not be the employer's balance sheet date, but generally should be the same date each year (or other applicable interval). However, a new valuation should be performed if, since the previous valuation, significant changes have occurred that affect the results of the valuation, including significant changes in benefit provisions, the size or composition of the population covered by the plan, or other factors that impact long-term assumptions. The ARC reported for the employer's current fiscal year should be based on the results of the most recent actuarial valuation, performed in accordance with the parameters as of a date not more than twenty-four months before the beginning of that year, if valuations are annual, or not more than twenty-four months before the beginning of the first year of the two-year or three-year period for which that valuation provides the ARC, if valuations are biennial or triennial.

d. "Underwater" Endowment Investments

Current market conditions have created a situation whereby the value of endowment investments at year-end may have decreased below the original amount of the endowment. FASB component units should analyze their endowment investments in accordance with Financial Accounting Standard Board (FASB) Statements 117 and 124, and also the FASB Staff Positions (FSP) of FASB Statements 117-1. GASB component units should review Governmental Accounting Standard Board (GASB) Comprehensive Implementation Guide Question 7.24.14 to ensure the net position classification is properly presented at year end.

Additionally, such decrease in value must be determined and accounted for on a fund by fund basis and not for the endowment fund in total. Chapter 8.05.01 provides the following:

- Accounting for endowment investments under GASB and FASB
- Example of accounting entries for recording underwater endowments for FASB component units.
- Excerpts from GASB and NACUBO on accounting and reporting of underwater endowments for GASB auxiliary organizations.

PLEDGE REPORTING

The CO has updated the pledge reporting guidelines by referencing to the FASB Accounting Standards Codification and GASB Statement No. 33. Please see Chapter 8.05.02 for more details. Component units should follow these updated guidelines for reporting of pledges or promises to give.

FAIR VALUE MEASUREMENT

The CO has provided a sample fair value classification disclosure of investment type levels required for FASB component units. Please see Chapter 8.05.03 for more details. FASB component units should follow these updated guidelines for note disclosure of investment type levels.

CONTRIBUTIONS OF SERVICES

Contributions of services between the campus and component units shall be recognized if the services received meet any of the following criteria:

a. They create or enhance nonfinancial assets. Nonfinancial assets include land, buildings, use of facilities or utilities, materials and supplies, intangible assets, or services, etc.

b. They require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Services requiring specialized skills are provided by accountants, architects, carpenters, doctors, electricians, lawyers, nurses, plumbers, teachers, and other professionals and craftsmen. Specialized skills are services that require expertise that is not possessed by most members of the general public or that require an individual to be licensed to practice the profession or craft.

Contributed services that do not meet these criteria shall not be recognized (FASB Codification 958-605-25).

Significant contributed / donated services (in-kind) should also be disclosed in the related entity transactions footnote in the proforma supplementary information template (note 8 in "Other Information" tab of Chapter 8.03.01).

ONE TIME MOVEMENTS OF AUXILIARY ORGANIZATION'S FUNDS

On September 7, 2010 EO 1052 (University and Auxiliary Organization Funds) was issued. The EO requires auxiliaries to ". . . remit all university funds temporarily held within 90 days [of receipt], unless an extension of time is expressly authorized and justified in writing by the university president or his/her designee. Auxiliary organizations shall not accept or administer university funds unless they have been specifically authorized in writing to do so by the university president or his/her designee. Said authorization shall be granted judiciously and only when it is advantageous to the university and supportive of the university mission." Written documentation of the advantages of an auxiliary administering university funds is required. As a result of this EO, auxiliary organizations may need to move certain funds to the university.

Movement of funds should be recorded in a way that minimizes distortion of current year operations. Distinction needs to be made between funds accumulated over the years and funds from the current year activity.

Funds being moved that represent net position accumulated from prior years should be treated as a non-operating expense by the auxiliary and non-operating revenue by the university, regardless of the original funding source.

Funds being moved that come from current year activity should use a specific revenue account (e.g., gift income, rental income, fee revenue, etc.) instead of other non-operating revenue /

expense. The recording would be similar to what the university and the auxiliary would have recorded in the first place.

The movement of funds should not be reported as a prior period adjustment that might result in restatement of a prior net position balance since the transaction is not considered correction of an error but results from the implementation of the policy set forth in the EO issued in the current year.

More detailed instructions can be referred to EO 1052: http://calstate.edu/eo/EO-1052.html

Effective January 1, 2012, a new policy was established as set forth in Integrated CSU Administrative Manual (ICSUAM) 13175.00 under policy title "Auxiliary Organization External Auditor Firms Qualifications." In order to best evaluate management's assertions in each of the financial statements, it is necessary that the auxiliary organizations' external auditors possess the minimum proficiency and experience given the unique complexities of the CSU auxiliary organizations. For more details, refer to Chapter 8.3.

Revision Control

Document Title: Chapter 8.2 – Requirements from Discretely Presented Component Units

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 8.0	April 2015

CHAPTER 8.3

INCLUSION OF COMPONENT UNITS & OTHER ENTITIES IN THE CSU CONSOLIDATED FINANCIAL STATEMENTS

OVERVIEW

Beginning with the 1996/97 fiscal year, component units were required to provide information for inclusion in the combined financial statements of the California State University (CSU).

Beginning with the year ending June 30, 2002, the CSU adopted Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements-and Management's Discussion and Analysis-for Public Colleges and Universities*. With minor exceptions, this statement provides that public colleges and universities are subject to the financial reporting requirements of GASB Statement No. 34, applicable to state and local governments. Subsequently issued were GASB Statement No. 37, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments: Omnibus,* and GASB Statement No. 38, *Certain Financial Statement Note Disclosures*.

These changes, commonly referred to as "GASB Nos. 34/35," have in turn impacted the component units and other related entities identified as 'component units' per GASB Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units, an amendment of GASB Statement No. 14*, and have therefore defined the financial reporting entity to be the CSU and the listed organizations. In November 2010, the Governmental Accounting Standards Board (GASB) issued Statement No. 61, *The Financial Reporting Entity: Omnibus* to improve financial reporting for a governmental financial reporting entity. This Statement addresses reporting entity issues that have arisen since the issuance of GASB Statement No. 14, *The Financial Reporting Entity*, and the related financial reporting requirements of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis – for State and Local Governments*. **Therefore, in the component units' separately issued financial statements, each named organization must provide the supplementary information in the form shown in Chapter 8.03.01, accompanied by an "in relation to" independent auditors' report.**

The adoption of GASB Statement Nos. 34/35 and 61 has not changed the following current practices:

1. As appropriate, component units must report as either FASB (Financial Accounting Standards Board) or GASB-subject organizations. GASB Nos. 34/35 does not require that the component units change to the basis of accounting used by the primary government, i.e., the CSU and its campuses. **As noted above, the component units must provide the required information in the form shown in Chapter 8.03.01 via audited supplementary information in their separately issued financial statements. The proforma electronic**

template must be used in preparing the supplementary information schedules.

2. All component units are required to classify certain information in the supplementary information schedules in order to conform to the campus' required line item reporting categories.
3. All component units are required to provide additional supplementary information for inclusion in the notes to the financial statements of the CSU consolidated issued financial statements.

Audit Firm Qualifications

Beginning FY 2011/2012, the Office of the Chancellor (CO) reviews the selection of external auditors by the discretely presented component units and their auditors' qualifications. The new policy was established in the Integrated CSU Administrative Manual (ICSUAM) 13175 under policy title "Auxiliary Organization External Auditor Firms Qualifications." The objective is to facilitate discretely presented component units' audit firm selection process by developing standards to ensure that the discretely presented component units are contracting with audit firms that possess industry-specific proficiencies and experience to best evaluate management's assertions in the financial statements.

Both the California State University and each discretely presented component unit's governing board have the responsibility to ensure that audits are performed professionally and by qualified accounting firms as described in Education Code Section 89900 and California Code of Regulations Title 5 Section 42408.

Discretely presented component unit's auditors must meet the following minimum proficiencies and experience:

- Demonstrated experience in auditing 501(c)3 Not-for-Profit Organizations;
- Demonstrated proficiency in both the FASB and GASB accounting and reporting requirements related to both Not-for-Profit Organizations and Public Universities;
- Demonstrated experience and proficiency in performing OMB Circular A-133 Audits ("Single Audits"), including federal and state grants and contracts, if applicable to the discretely presented component unit;
- Possess the qualifications and training to perform the discretely presented component unit audits in accordance with Governmental Auditing Standards, issued by the Comptroller General of the United States; and
- Demonstrated track record of providing quality financial statement audits for not-for-profit organizations.

In order to evaluate potential external auditors' qualifications for performing the audits, discretely presented component units' managements must minimally gather information set forth in this policy. Additionally, the Campus' Chief Financial Officer must submit the qualifications review questionnaire for proposed audit form for the external audit firm selected by the discretely presented component unit to the CO. Please refer to the "Master Audit and Reporting Timeline" for more details regarding deadline and submission process.

The most recent form can be downloaded in the following URL: https://csyou.calstate.edu/Policies/icsuam/Pages/13175-00.aspx

Review of Component Units' Financial Statements by the Campus President

This is a reminder of the existing policy and practice regarding the annual review of the campus component units' financial statements. Each campus president is responsible for reviewing and accepting the complete audited financial report of each campus component unit to ensure each audit is conducted according to the accounting and reporting instructions described below.

The campus President and Chief Financial Officer (CFO) are responsible for promptly notifying the Executive Vice Chancellor/CFO and CO of changes to the list of component units and other component units.

The campus President, subsequent to receiving and reviewing the component unit annual audit reports, shall provide a summary letter to the CO. The letter should be addressed to the Executive Vice Chancellor/ CFO (electronic copy to Systemwide Financial Standards and Review) by the due date stated in the Master Timeline. See example format of summary letter in Chapter 8.03.02. The summary letter shall:

1. Indicate that the campus President or designee has reviewed the audit report(s), or shall state the reason(s) why any audit report has not been reviewed, and what action is being taken to remedy the situation.
2. List the campus component units and the type of opinion ("unmodified" previously "unqualified", "qualified", or "adverse") issued for each entity.
3. For audit report(s) with qualified or adverse opinion(s), and for any other audit report(s) that are not acceptable as to form and content, indicate what actions are being taken regarding those that are deficient.

Review of Component Unit Financial Statements, Audit Findings, and Auditor Selection by the CO

In addition to the campus president's review, the CO will selectively review certain campus component units' audited financial statements.

The CO will also review component unit's audit findings, especially material weaknesses and significant deficiencies and monitor the completion of the remediation plans. As applicable, the discretely presented component units need to submit their A133 Single Audit report to the CO. For those that do not issue A133 Single Audit report, they need to submit a summary of audit findings with management responses and corrective actions to the CO. Please refer to the Master

Timeline in the overview section for the due date.

SUPPLEMENTARY INFORMATION IN THE COMPONENT UNITS' FINANCIAL STATEMENTS

Proforma electronic templates for the component units' supplementary information required for inclusion in the CSU financial statements are included. The component unit/other entity must forward these templates to its external audit firm as soon as possible, with the following information regarding each set of financial statements. Ensure to use the most recent attached template as updates are made annually.

The independent auditors' report on the supplementary information included in the financial statements of the discretely presented component unit need not be a full scope opinion. Independent auditors' report that refer to the supplementary information required for inclusion in the CSU consolidated financial statements may be an "in relation to" report.

NOTE: If the basic financial statements of the component unit utilize, and therefore fulfill the CSU template reporting requirements exactly, inclusion of the supplementary information schedules are not necessary. Please note that the CO is NOT prescribing the format of the component unit's primary financial statements or notes to the financial statements. The component unit MUST follow the relevant accounting literature for their entity.

In fiscal year 2012-2013, the CSU has implemented the requirements of the following GASB pronouncements:

a. GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, Issued June 2011. Effective for periods beginning after December 15, 2011.

   This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, *Elements of Financial Statements*, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

   Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets. Much of the changes made on this GAAP Manual are a result of the implementation of this new GASB standard. Additional guidance can be found in Chapter 14, Chapter 4.02.1.

b. GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, Issued March 2012. This is effective for periods beginning after December 15, 2012 (for CSU, effective for fiscal year ending 2014; CSU elected early implementation in fiscal year ending June 30, 2013).

   This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. This Statement also provides other financial reporting guidance related to the impact of the financial statement elements deferred outflows of resources and deferred inflows of resources, such as changes in the determination of the major fund calculations and limiting the use of the term deferred in financial statement presentations. Additional guidance can be found in Chapter 4.03.6 of this GAAP Manual.

Schedule of Net Position

The Schedule of Net Position is classified, i.e., broken down into current and non-current. As a result, there are reporting categories, such as short-term investments, restricted cash and cash equivalents and short-term and long-term accrued compensated absences.

While the component unit is not required to change its basis of accounting, it will be required to classify balance sheet items in conformance with the templates for the supplementary information. In consultation with its independent auditor, the component unit should refer to the relevant accounting literature for guidance. As examples, generally accepted accounting principles (GAAP) concerning current assets and current liabilities are found, among other sources, in ARB No. 43 and APB No. 10; compensated absences are addressed in SFAS No. 43 (pre-FASB codification) and GASB Statement No. 16. Therefore, the following comments are meant to provide guidance only when the accounting literature is not definitive to the CSU financial statements:

Assets

- Cash and cash equivalents: Includes demand deposits and all highly liquid investments with an original maturity date of three months or less.

- Short-term investments: Investments that are used for current operations should be classified as short-term investments. This includes investment accounts that may be accessed on a short-term basis (i.e. within the next 12 months) even if the underlying pool is invested in long-term securities. However, if its use is 1) restricted for withdrawal or use for other than current operations (i.e. endowments or Perkins loans), 2) designated or restricted for the acquisition or construction of noncurrent assets, 3) designated or restricted for the liquidation of the noncurrent portion of long-term debt, or 4) restricted as to the liquidity of the investments, it should be classified as other long-term investments.

Amounts held in split interest agreements can be classified in other long-term investments.

Net Position

Net Position: In order to conform to the GASB-required net position categories, FASB organizations will be required in the supplementary schedules to (1) break out net position, net investment in capital assets1, then (2) classify the balance of permanently restricted net position to Restricted: nonexpendable net position, (3) classify the balance of temporarily restricted net position to Restricted: expendable net position, reporting uncollected pledges under "other" and (4) classify the balance of unrestricted net position as Unrestricted.

SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

The Schedule of Revenues, Expenses and Changes in Net Position requires major classification categories, i.e., Operating Revenues, Operating Expenses and Non-operating Revenues/Expenses. Again, the component unit is encouraged to consult with its independent auditor and utilize the relevant accounting literature for their entity. However, in order to ensure consistent classification, the following definitions are provided:

Revenues

- Student tuition and fees: Includes mandatory fees paid by students to attend the CSU or a particular class. Voluntary user fees and penalty fees should not be included in this category. Tuition and fees are to be shown net of scholarship allowances and bad debt allowances, with parenthetical disclosure of the scholarship allowances. Scholarship allowances are defined as the difference between the stated fees and the amount that is billed to the student and/or third parties making payments on behalf of the students.
- Grants and contracts, noncapital [Federal, State, Local and Non-governmental]: Includes all unrestricted amounts received or made available by grants and contracts for current operations and all amounts received or made available through restricted grants and contracts to the extent expended for current operations, except financial aid grants. Financial aid grants are reported in separate lines item within the nonoperating revenues (expenses) section. This line item does not include gifts.

[1] 'Net position, net investment in capital assets' becomes the first line in the 'Net Position' section. The portion of the debt related to unspent bond proceeds should not be included in the calculation of netinvestment in capital assets. Rather, that portion of the debt should be included in the same net position category as the unspent bond proceeds (for example, restricted for capital projects).

- Sales and services of educational activities: Includes revenues related to the conduct of instruction, research and public service and that incidentally create goods and services that may be sold. Examples of revenues of educational activities are intercollegiate athletic revenues, sales of academic publications, testing services, and sales of products and services of agricultural and other food programs. If sales, rather than training or instruction, is the primary purpose of an activity, the revenue should be classified as sales and services of auxiliary enterprises, as described below. The amount is shown net of bad debt allowances.

- Sales and services of auxiliary enterprises: An auxiliary enterprise is an entity that exists to furnish goods or services to students, faculty and staff and that charges a fee directly related to, although not necessarily equal to, the cost of the goods or services. The general public may be served incidentally by auxiliary enterprises. The distinguishing characteristic of auxiliary enterprises is that they are managed as essentially self-supporting activities. Included in the CSU basic financial statements in this category are residence halls, food services, student unions, bookstores, and parking. The amount is shown net of scholarship allowances and bad debt allowances, with parenthetical disclosure of the scholarship allowances.

- Other operating revenues: This category should include all sources of revenues not included in other classifications that directly relate to the CSU's current primary operations. Examples would be subsidized childcare centers and other services that are not essentially self-supporting and certain other activities that may be unique to a particular component unit. Moreover, cost recovery from external parties or the university is also included in this category. GASB Statement No. 34, ¶102 states "Governments should establish a policy that defines operating revenues and expenses that are appropriate to the nature of the activity being reported, disclose it in the summary of significant accounting policies, and use it consistently from period to period. A consideration for defining a proprietary fund's operating revenues and expenses is how individual transactions would be categorized for purposes of preparing a statement of cash flows using Statement 9. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities normally would not be reported as components of operating income. This includes most revenues considered to be nonexchange and exchange-like, such as tax revenues and, in some cases, fees and charges (such as passenger facilities charges)." Refer to GASB Statement No. 9, ¶16-19. GASB Statement No. 34 also clarifies that revenue and expense transactions normally classified as other than operating cash flows from operations in most proprietary funds may be classified as operating revenues and expenses if those transactions constitute the reporting proprietary fund's principal ongoing operations. For example, interest revenue and expense transactions should be reported as operating revenue and expense by a proprietary fund established to provide loans to first-time homeowners.

Expenses

- Instruction: This category should include expenses for all activities that are part of an instruction program, with the exception of expenditures for remedial and tutorial instruction (included as Student Services). Expenditures for departmental research and public service that are not separately budgeted should be included in this classification. Expenditures in an academic department which are primarily administrative in nature should **not** be included in this category but in Academic Support.

- Research: This category should include all expenses for activities specifically organized to produce research outcomes. This category includes expenses for individual and/or project research as well as that of institutes and research centers. This category does not include all sponsored programs (e.g., training grants should be recorded in Public Service programs) and it is not necessarily limited to sponsored research, since internally supported research programs, if separately budgeted and if specifically organized to produce research outcomes, might be included in this category.

- Public service: This category should include expenses for activities that are established primarily to provide non-instructional services beneficial to individuals and groups external to the institution. These activities include community service programs, conferences, institutes, general advisory services, reference bureaus, radio and television and similar non-instructional services to particular sectors of the community.

- Academic support: This category should include expenses primarily to provide support services for the institution's primary missions. It includes: (1) retention, preservation and display of educational materials, – e.g., libraries, museums and galleries; (2) the provision of services that directly assist the academic function, such as demonstration schools; (3) media and technology support (unless charged directly to an operating unit); (4) academic administration; and (5) separately budgeted support for course and curriculum development.

- Student services: This category should include expenses for offices providing enrollment services and for those activities whose primary purpose is to contribute to the student's well-being and development outside the context of the formal instruction program. It includes expenditures for student activities, cultural events, student newspapers, athletics, student organizations, remedial instruction, counseling and career guidance and student aid administration, student health service, and enrollment management. Component units that provide services to students should report expenses for activities that are not self-supporting in this category. Expenses for self-supporting activities should be reported in auxiliary enterprise expenses.

- Institutional support: This category should include expenses for: (1) executive management; (2) fiscal operations; (3) administrative data processing; (4) space management; (5) human resources management (6) logistical support services such as procurement, storerooms, printing and transportation services; (7) support services to faculty and staff that are not operated as auxiliary enterprises; and (8) activities concerned with community and alumni relations, including development and fundraising.

  This category should be used only for those component units that provide administrative support services to a variety of different types of activities within their organization and where the administrative costs have not or cannot be allocated to the various other categories.

- Operation and maintenance of plant: This category includes all expenses for the administration, supervision, operation, maintenance, preservation and protection of physical plant, net of amounts charged to auxiliary enterprises. It includes all expenditures for operations established to provide services and maintenance related to grounds and facilities such as janitorial and utility services; repairs and ordinary or normal alterations of buildings, furniture, and equipment; care of grounds; maintenance and operations of buildings and other plant facilities; security; earthquake and disaster preparedness; fire protection; safety; hazardous waste disposal; pollution remediation; property, liability and all other insurance relating to property; space and capital leasing; facility planning and management; central receiving; and similar items. Interest expense on capital related debt and depreciation on capital assets should not be recorded in this category. This category should only be used for those component units that provide plant maintenance support services to a variety of different types of activities within their organization and where these costs have not or cannot be allocated to the various other categories.

- Student grants and scholarships: This category should include expenses for direct payments of grants or scholarships to students. It includes expenses for scholarships and fellowships from restricted or unrestricted funds in the form of grants to students, resulting from selection by the institution or from an entitlement program. This category also includes trainee stipends, prizes, awards, and institutional loan cancellations.

- Auxiliary enterprise expenses: This category includes all expenses relating to the operation of auxiliary enterprises, including operation and maintenance of plant and institutional support related to the auxiliary enterprise revenues; also included are other direct and indirect costs, whether charged directly as expenditures or allocated as a proportionate share of costs of other units. Component units that report their revenues as auxiliary enterprises should report the related expenses in this category.

- Depreciation and Amortization: This category includes depreciation and amortization on all capital assets, tangible and intangible. Component units that have charged or allocated depreciation or amortization to other expense categories must reclassify depreciation or amortization to this category.

Nonoperating Revenues (Expenses)

- Other Federal nonoperating grants, noncapital – This category includes other Federal grants received that are nonexchange and nonfinancial aid related. The major program recorded in this line was federal subsidies which partially reimburse certain systemwide revenue bond's interest expenses provided by Build America Bonds program (BABs) under the American Recovery and Reinvestment Act (ARRA).

- Gifts, noncapital: This category includes all unrestricted gifts and bequests as well as all restricted gifts for which the terms of the restriction have been met, and that are **not** for capital purposes.

- Investment income (loss): This category includes all revenues from non-endowment investments, net of investment expenses (such as investment service charges paid to an external entity). Investment expenses are to be disclosed parenthetically or in a note to the financial statements. **Interest, dividends and net realized and unrealized gains and losses should be included in this category**.

- Endowment income (loss): This category includes all revenues from endowment investments, net of investment expenses (such as investment service charges paid to an external entity). Investment expenses are to be disclosed parenthetically or in a footnote to the financial statements. **Interest, dividends and net realized and unrealized gains and losses on endowments should be included in this category.**
- Interest expense – This category includes all interest expense related to both noncapital and capital related debts.

- Other nonoperating revenues (expenses): Any revenues or expenses that do not directly relate to the CSU's primary purpose should be recorded here. This category includes items that do not meet the definition of any of the other operating revenues (expenses) categories above. Examples include gain (loss) on sales or disposal of assets, revenue from legal settlements and construction administration, prior period corrections and other miscellaneous revenues or expenses.

- Grants and gifts, capital: This category includes all revenues for grants and gifts dedicated, by external restriction only, towards capital purposes.

- Additions (reductions) to permanent endowments: This category would include any private contributions received by the component unit to increase or establish a permanent endowment fund and any losses resulting from underwater endowments.

STATEMENT OF CASH FLOWS

With the CSU's implementation of GASB Statement No. 39, effective July 1, 2003, the Component Unit's statement of cash flows is no longer required to be included in the campus' financial statements. In accordance with GASB Statement No. 34, ¶125, the CSU's financial reporting requirements for component units are met by discrete presentation of the component unit financial data in the statement of net position and the statement of activities.

OTHER INFORMATION

Other information will be required for the notes to the financial statements of the CSU consolidated financial statements, as indicated earlier.

REVISION CONTROL

Document Title: CHAPTER 8.3 – INCLUSION OF COMPONENT UNITS & OTHER ENTITIES IN THE CSU CONSOLIDATED FINANCIAL STATEMENTS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapters 8.1 Attachment A and 8.3	April 2015

[NAME]
Schedule of Net Position
June 30, 20CY
(for inclusion in the California State University)

Assets:		
Current assets:		
Cash and cash equivalents	$	
Short-term investments		—
Accounts receivable, net		—
Leases receivable, current portion		—
Notes receivable, current portion		—
Pledges receivable, net		
Prepaid expenses and other assets		
Total current assets		—
Noncurrent assets:		
Restricted cash and cash equivalents		—
Accounts receivable, net		
Leases receivable, net of current portion		—
Notes receivable, net of current portion		—
Student loans receivable, net		—
Pledges receivable, net		
Endowment investments		—
Other long-term investments		—
Capital assets, net		—
Other assets		
Total noncurrent assets		—
Total assets		—
Deferred outflows of resources:		
Unamortized loss on debt refunding		—
Net pension obligation		—
Others		—
Total deferred outflows of resources		—
Liabilities:		
Current liabilities:		
Accounts payable		
Accrued salaries and benefits payable		—
Accrued compensated absences– current portion		—
Unearned revenue		
Capitalized lease obligations – current portion		—
Long-term debt obligations – current portion		—
Claims Liability for losses and LAE - current portion		—
Depository accounts		—
Other liabilities		—
Total current liabilities		—
Noncurrent liabilities:		
Accrued compensated absences, net of current portion		—
Unearned revenue		
Grants refundable		—
Capitalized lease obligations, net of current portion		—
Long-term debt obligations, net of current portion		—
Claims Liability for losses and LAE, net of current portion		—
Depository accounts		—
Other postemployment benefits obligation		—
Pension obligation		—
Other liabilities		—
Total noncurrent liabilities		—
Total liabilities		—
Deferred inflows of resources:		
Unamortized gain on debt refunding		—
Non-exchange transactions		—
Service concession arrangements		—
Net pension obligation		—
Others		—
Total deferred inflows of resources		—
Net Position:		
Net investment in capital assets		—
Restricted for:		
Nonexpendable – endowments		—
Expendable:		
Scholarships and fellowships		
Research		
Loans		
Capital projects		—
Debt service		
Other		
Unrestricted		—
Total net position	$	—
		OK

[NAME]

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 20CY

(for inclusion in the California State University)

Revenues:		
Operating revenues:		
Student tuition and fees (net of scholarship allowances of $________)	$	—
Grants and contracts, noncapital:		
Federal		—
State		—
Local		—
Nongovernmental		—
Sales and services of educational activities		—
Sales and services of auxiliary enterprises (net of scholarship allowances of $________)		—
Other operating revenues		—
Total operating revenues		—
Expenses:		
Operating expenses:		
Instruction		—
Research		—
Public service		—
Academic support		—
Student services		—
Institutional support		—
Operation and maintenance of plant		—
Student grants and scholarships		—
Auxiliary enterprise expenses		—
Depreciation and amortization		—
Total operating expenses		—
Operating income (loss)		—
Nonoperating revenues (expenses):		
State appropriations, noncapital		—
Federal financial aid grants, noncapital		—
State financial aid grants, noncapital		—
Local financial aid grants, noncapital		—
Nongovernmental and other financial aid grants, noncapital		—
Other federal nonoperating grants, noncapital		—
Gifts, noncapital		—
Investment income (loss), net		—
Endowment income (loss), net		—
Interest Expenses		—
Other nonoperating revenues (expenses)		
Net nonoperating revenues (expenses)		—
Income (loss) before other additions		—
State appropriations, capital		—
Grants and gifts, capital		—
Additions (reductions) to permanent endowments		—
Increase (decrease) in net position		—
Net position:		
Net position at beginning of year, as previously reported		—
Restatements		—
Net position at beginning of year, as restated		—
Net position at end of year	$	—
		OK

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

1 Restricted cash and cash equivalents at June 30, 20CY:

Portion of restricted cash and cash equivalents related to endowments	$	
All other restricted cash and cash equivalents	-	
Total restricted cash and cash equivalents	$ -	**OK**

2.1 Composition of investments at June 30, 20CY:

	Current Unrestricted	Current Restricted	Total Current	Noncurrent Unrestricted	Noncurrent Restricted	Total Noncurrent	Total	
State of California Surplus Money Investment Fund (SMIF)	$ -	-	-	-	-	-	-	
State of California Local Agency Investment Fund (LAIF)	-	-	-	-	-	-	-	
Common fund	-	-	-	-	-	-	-	
Debt securities	-	-	-	-	-	-	-	
Equity securities	-	-	-	-		-	-	
Fixed income securities (Treasury notes, GNMA's)	-	-	-	-		-	-	
Certificates of deposit	-	-	-	-	-	-	-	
Commercial paper	-	-	-	-	-	-	-	
U.S. agency securities	-	-	-	-	-	-	-	
Mutual funds	-	-	-	-	-	-	-	
Money Market funds	-	-	-	-	-	-	-	
Repurchase agreements	-	-	-	-	-	-	-	
U.S. treasury securities	-	-	-	-	-	-	-	
Municipal securities	-	-	-	-	-	-	-	
Mortgage-backed securities	-	-	-	-	-	-	-	
Partnership interests (includes private pass-through)	-	-	-	-	-	-	-	
Alternative investments	-	-	-	-	-	-	-	
Hedge funds	-	-	-	-	-	-	-	
Exchange traded funds (ETFs)	-	-	-	-	-	-	-	
Land and other real estate	-	-	-	-	-	-	-	
Other major investments:						-	-	
Add description	-	-	-	-	-	-	-	
Add description	-	-	-	-	-	-	-	
Add description	-	-	-	-	-	-	-	
Add description	-	-	-	-	-	-	-	
Add description	-	-	-	-	-	-	-	
Add description	-	-	-	-	-	-	-	
Total investments	-	-	-	-	-	-	-	
Less endowment investments (enter as negative number)					-	-	-	**OK**
Total investments	-	-	-	-	-	-	-	
			OK			**OK**	**OK**	

2.2 Investments held by the University under contractual agreements at June 30, 20CY:

Portion of investments in note 2.1 held by the University under contractual agreements at June 30, 20CY :	-	-	-	-	-	-	-

2.3 Restricted current investments at June 30, 20CY related to:

	Amount	
Add description	$ —	
Add description	—	
Add description	—	
Add description	—	
Add description	—	
Add description	—	
Add description	—	
Total restricted current investments at June 30, 20CY	$ —	**OK**

2.4 Restricted noncurrent investments at June 30, 20CY related to:

	Amount	
Endowment investment	$ —	**OK**
Add description		
Add description		
Add description		
Add description		
Add description		
Add description	—	
Add description	—	
Total restricted noncurrent investments at June 30, 20CY	$ —	**OK**

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

3.1 Composition of capital assets at June 30, 20CY:

	Balance June 30, 20PY	Prior period Adjustments	Reclassifications	Balance June 30, 20PY (restated)	Additions	Reductions	Transfers of Completed CWIP	Balance June 30, 20CY
Nondepreciable/nonamortizable capital assets:								
Land and land improvements	$ -	-	-	-	-	-	-	-
Works of art and historical treasures	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	-	-	-	-	-	-	-	-
Intangible assets:								
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-
Internally generated intangible assets in progress	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total nondepreciable/nonamortizable capital assets	-	-	-	-	-	-	-	-
Depreciable/amortizable capital assets:								
Buildings and building improvements	-	-	-	-	-	-	-	-
Improvements, other than buildings	-	-	-	-	-	-	-	-
Infrastructure	-	-	-	-	-	-	-	-
Leasehold improvements	-	-	-	-	-	-	-	-
Personal property:								
Equipment	-	-	-	-	-	-	-	-
Library books and materials	-	-	-	-	-	-	-	-
Intangible assets:								
Software and websites	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-
Patents, copyright and trademarks	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-
Other intangible assets:								
		-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Total intangible assets	-	-	-	-	-	-	-	-
Total depreciable/amortizable capital assets	-	-	-	-	-	-	-	-
Total capital assets	-	-	-	-	-	-	-	-
Less accumulated depreciation/amortization:								
Buildings and building improvements	-	-	-	-	-	-		-
Improvements, other than buildings	-	-	-	-	-	-		-
Infrastructure	-	-	-	-	-	-		-
Leasehold improvements	-	-	-	-	-	-		-
Personal property:								
Equipment	-	-	-	-	-	-		-
Library books and materials	-	-	-	-	-	-		-
Intangible assets:								
Software and websites	-	-	-	-	-	-		-
Rights and easements	-	-	-	-	-	-		-
Patents, copyright and trademarks	-	-	-	-	-	-		-
Licenses and permits	-	-	-	-	-	-		-
Other intangible assets:								
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Add description	-	-	-	-	-	-		-
Total intangible assets	-	-	-	-	-	-		-
Total accumulated depreciation/amortization	-	-	-	-	-	-		-
Total capital assets, net	$ -	-	-	-	-	-	-	-
			OK				OK	OK

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

3.2 Detail of depreciation and amortization expense for the year ended June 30, 2014:

Depreciation and amortization expense related to capital assets	$ —	
Amortization expense related to other assets	—	
Total depreciation and amortization	$ —	**OK**

4 Long-term liabilities activity schedule:

	Balance June 30, 20PY	Prior period adjustments	Reclassifications	Balance June 30, 20PY (restated)	Additions	Reductions	Balance June 30, 20CY	Current portion	Long-term portion		
Accrued compensated absences	$ —	—	—	—	-	-	—	—	—	**OK**	**OK**
Capitalized lease obligations:											
Gross balance	—	—	—	—	-	-	—	—	—		
Unamortized premium / (discount) on capitalized lease obligations	—	—	—	—	-	-	—		—		
Total capitalized lease obligations	—	—	—	—	-	-	—	—	—	**OK**	**OK**
Long-term debt obligations:											
Revenue Bonds	—	—	—	—	-	-	—	—	—	**OK**	
Other bonds (non-Revenue Bonds)	—	—	—	—	-	-	—	—	—		
Commercial Paper	—	—	—	—	-	-	—	—	—		
Note Payable related to SRB	—	—	—	—	-	-	—	—	—		
Other:											
Add description	—	—	—	—	-	-	—	—	—		
Add description	—	—	—	—	-	-	—	—	—		
Add description	—	—	—	—	-	-	—	—	—		
Add description	—	—	—	—	-	-	—	—	—		
Add description	—	—	—	—	-	-	—	—	—		
Add description	—	—	—	—	-	-	—	—	—		
Total long-term debt obligations	—	—	—	—	-	-	—	—	—		
Unamortized bond premium / (discount)	—	—	—	—	-	-	—		—		
Total long-term debt obligations, net	—	—	—	—	—	—	—	—	—	**OK**	**OK**
Total long-term liabilities	$ —	—	—	—	—	—	—	—	—		

5 Future minimum lease payments - capital lease obligations:

	Principal	Interest	Principal and Interest	
Year ending June 30:				
2015	-	-	—	
2016	-	-	—	
2017	-	-	—	
2018	-	-	—	
2019	-	-	—	
2020 - 2024	-	-	—	
2025 - 2029	-	-	—	
2030 - 2034	-	-	—	
2035 - 2039	-	-	—	
2040 - 2044	-	-	—	
2045 - 2049	-	-	—	
2050 - 2054	-	-	—	
2055 - 2059	-	-	—	
2060 - 2064	-	-	—	
Total minimum lease payments			—	
Less amounts representing interest			—	
Present value of future minimum lease payments			—	
Less: current portion			—	**OK**
Capitalized lease obligation, net of current portion			$ —	**OK**

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

6 Long-term debt obligation schedule

	Revenue Bonds			All other long-term debt obligations			Total			
	Principal	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**	**Principal**	**Interest**	**Principal and Interest**	
Year ending June 30:										
2015	$ -	-	-	-	-	-	-	-	-	**OK**
2016	-	-	-	-	-	-	-	-	-	
2017	-	-	-	-	-	-	-	-	-	
2018	-	-	-	-	-	-	-	-	-	
2019	-	-	-	-	-	-	-	-	-	
2020 - 2024	-	-	-	-	-	-	-	-	-	
2025 - 2029	-	-	-	-	-	-	-	-	-	
2030 - 2034	-	-	-	-	-	-	-	-	-	
2035 - 2039	-	-	-	-	-	-	-	-	-	
2040 - 2044	-	-	-	-	-	-	-	-	-	
2045 - 2049	-	-	-	-	-	-	-	-	-	
2050 - 2054	-	-	-	-	-	-	-	-	-	
2055 - 2059	-	-	-	-	-	-	-	-	-	
2060 - 2064	-	-	-	-	-	-	-	-	-	
Total	$ -	-	-	-	-	-	-	-	-	**OK**
	OK									

7 Calculation of net position

	Auxiliary Organizations		Total		
	GASB	**FASB**	**Auxiliaries**		
7.1 Calculation of net position - Net investment in capital assets					
Capital assets, net of accumulated depreciation	$ —		—	**OK**	
Capitalized lease obligations - current portion	—	—	—	**OK**	
Capitalized lease obligations, net of current portion	—	—	—	**OK**	
Long-term debt obligations - current portion	—	—	—	**OK**	
Long-term debt obligations, net of current portion	—	—	—	**OK**	
Portion of outstanding debt that is unspent at year-end	—	—	—		
Other adjustments: (please list)					
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Net position - net investment in capital asset	$ —	—	—		—
			OK		
7.2 Calculation of net position - Restricted for nonexpendable - endowments					
Portion of restricted cash and cash equivalents related to endowments	$ —		—	**OK**	
Endowment investments	—		—	**OK**	
Other adjustments: (please list)					
Add description	—		—		
Add description	—		—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Add description	—	—	—		
Net position - Restricted for nonexpendable - endowments per SNP	$ —	—	—		
			OK		

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

8 Transactions with Related Entities

		Amount
Payments to University for salaries of University personnel working on contracts, grants, and other programs	$	—
Payments to University for other than salaries of University personnel		—
Payments received from University for services, space, and programs		—
Gifts-in-kind to the University from discretely presented component units		—
Gifts (cash or assets) to the University from discretely presented component units		—
Accounts (payable to) University (enter as negative number)		—
Other amounts (payable to) University (enter as negative number)		—
Accounts receivable from University		—
Other amounts receivable from University		—

9 Other Postemployment Benefits Obligation (OPEB)

Annual required contribution (ARC)	$	—
Contributions during the year		—
Increase (decrease) in net OPEB obligation (NOO)		—
NOO - beginning of year		—
NOO - end of year	$	—
		OK

10 Pollution remediation liabilities under GASB Statement No. 49:

Description		Amount
Add description	$	—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Add description		—
Total pollution remediation liabilities	$	—
Less: current portion		—
Pollution remedition liabilities, net of current portion		—

[NAME]
Other Information
June 30, 20CY
(for inclusion in the California State University)

11 The nature and amount of the prior period adjustment(s) recorded to beginning net position

	Net Position Class	Amount Dr. (Cr.)	
Net position as of June 30, 20PY, as previously reported		$ —	**OK**
Prior period adjustments:			
1 (list description of each adjustment)		—	
2 (list description of each adjustment)		—	
3 (list description of each adjustment)		—	
4 (list description of each adjustment)		—	
5 (list description of each adjustment)		—	
6 (list description of each adjustment)		—	
7 (list description of each adjustment)		—	
8 (list description of each adjustment)		—	
9 (list description of each adjustment)		—	
10 (list description of each adjustment)		—	
Net position as of June 30, 2013, as restated		$ —	
		OK	

Provide a detailed breakdown of the journal entries (<u>at the financial statement line item level</u>) booked to record each prior period adjustment:

	Debit	Credit	
Net position class:______________________			
1 (breakdown of adjusting journal entry)			
	$ —		
		—	
Net position class:			
2 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
3 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
4 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
5 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
6 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
7 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
8 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
9 (breakdown of adjusting journal entry)			
	—		
		—	
Net position class:			
10 (breakdown of adjusting journal entry)			
	—		
		—	
			OK

The California State University
GAAP Reporting Manual

Chapter 8 – Discretely Presented Component Units
GAAP Financial Reporting Checklist

OVERVIEW

The checklist that begins on the following page should be prepared as the final step of the supplementary information reporting process. It is intended to allow the financial statement preparer to perform a final review of the supplementary information prior to submission to the campus and the Office of the Chancellor (CO).

The completed and signed checklist should be provided to the CO and the campus along with the audited financial statements.

The following abbreviations are used throughout the checklist:

SNP – Statement of Net Position

SRECNP – Statement of Revenues, Expenses, and Changes in Net Position

THE CALIFORNIA STATE UNIVERSITY
DISCRETELY PRESENTED COMPONENT UNITS
GAAP Financial Reporting Checklist

NAME OF DISCRETELY PRESENTED COMPONENT UNIT: ____________________
NAME OF REVIEWER:___________________________________

	Independent Auditor's Report	Preparer's Initials
1.	Ensure independent auditors' report includes an **"in relation to"** opinion paragraph.	

	Statement of Net Position	Preparer's Initials
1.	Format of the Statement of Net Position **must conform exactly** to the supplementary information format provided by the CO. The formats are in accordance with GASB 34, 35, 37, 38 and 63.	
2.	Investments that are used for current operations should be classified as short-term investments. The followings are generally classified as short-term investments: Local Agency Investment Funds (LAIF), Surplus Money Investment Funds (SMIF), and Systemwide Investment Fund - Trust (SWIFT) Pool. Investments (including those previously listed) that are 1) restricted for withdrawal or use for other than current operations (i.e. endowments), 2) designated or restricted for the acquisition or construction of noncurrent assets, 3) designated or restricted for the liquidation of the noncurrent portion of long-term debt, or 4) restricted as to the liquidity of the investments (i.e. investments in the Common Fund) should be classified as other long-term investments. All demand deposits and highly liquid investments with an original maturity date of three months or less should be classified as cash and cash equivalents. Uninvested funds included in SWIFT and the Common Fund Short Term Fund should be classified as investments.	
3.	Discretely presented component units amounts due to and from other discretely presented component units **must** be appropriately reconciled to the other discretely presented component units (for instance, the only reconciling items should be for payments remitted just prior to year-end that the other discretely presented component units does not receive until after year-end).	
4.	Discretely presented component units amounts due to and from the campus **must** be appropriately reconciled to the campus (for instance, the only reconciling items should be for payments remitted just prior to year-end that the campus does not receive until after year-end).	
5.	Capital lease or long-term debt obligations (excluding any unamortized premium or loss) , current and noncurrent (due to the University) must agree to the related capitalized lease or note receivables, current and noncurrent reported on the University's financial statements.	
6.	Amounts recorded for capital lease obligations must be classified into current and noncurrent and **must** agree to the respective amounts on the SNP. **Note: the carrying value of the asset related to the capital lease is generally NOT the same value as the capital lease obligation.**	

Statement of Net Position

		Preparer's Initials
7.	Amounts recorded for long-term debt obligations **must** be classified into current and noncurrent.	
8.	Depository accounts, if applicable, should be classified as noncurrent liabilities if deposits recorded are due in more than one year from year-end or other than the use for current operation (e.g. capital projects). Current depository accounts, if applicable, due within one year and use for current operation, should be classified as current depository accounts.	
9.	Other post-employment benefit obligation (OPEB), net of current portion plus the current portion included in other current liabilities should equal the ending net OPEB obligations (NOO) in note 9.	
10.	Net position categories **must conform exactly** to the categories included in the financial statement formats provided by the Chancellor's Office.	
11.	Net position category "net investment in capital assets" **must equal** the sum of capital assets, net of accumulated depreciation and amortization, less related expended outstanding debt and lease obligations and should not result in a negative number. Evaluate components of net position category balances causing the negative balance, if necessary, in order to determine any required adjustments. Note that the portion of the debt that is unspent at year-end should be excluded from this calculation. Unspent bond proceeds as well as the portion of outstanding debt that relates to these proceeds should be included in the *restricted expendable - capital projects* net position category.	
12.	Endowment net position should be reflected in the *restricted for nonexpendable-endowments* net position category. The related assets should be reflected as noncurrent endowment investments.	

Statement of Revenues, Expenses and Changes in Net Position

		Preparer's Initials
1.	The format of this statement **must conform exactly** to the format provided by the CO. The formats are in accordance with GASB 34, 35, 37 and 38.	
2.	Debits should not be reflected in the operating revenue section and credits should not be reflected in the expenses section.	
3.	Student tuition and fees and Sales and services of auxiliary enterprises should be shown net of scholarship discounts and allowances. Scholarship allowance amounts **must** be indicated in the parenthetical reference.	
4.	Endowment earnings are shown separately from additions to endowments as endowment income (loss) within the nonoperating revenues (expenses) section.	
5.	Interest expenses should equal the interest payments made on debt, capital lease obligations, and any other applicable obligations during the year, plus the change in accrued interest expenses and any amortization of bond premium, discount and loss on refunding.	

6.	Beginning net position must agree to ending net position per the prior year audited supplementary information submitted to the CO, unless there are restatements (refer to item #12 in the "Supplementary Schedules - Other Information" section below for restatements). If there are restatements, ending net position per the prior year audited supplementary information plus the restatement adjustments must agree to beginning net position per the current year SRECNP.	
7.	Ending net position **must agree** to total net position on the SNP.	

	Statement of Cash Flows	**Preparer's Initials**
1.	**Do not include for supplemental purposes.**	**N/A**

	Supplementary Schedules – Other Information	**Preparer's Initials**
1.	**Investments footnote:** Carrying value of current and noncurrent investments **must** agree to the amount reflected on the SNP.	
2.	**Investments footnote:** Fixed income securities should include such items as Treasury notes, GNMA's, etc.	
3.	**Capital assets, net footnote:** The beginning and ending balances must agree with the amounts included in the preceding and current year's SNP, respectively. Additionally, the beginning balances for each capital assets category per the current year roll forward schedule must agree to the ending balances for each capital assets category per the prior year roll forward schedule included in the prior year audited supplementary information schedule. Restatements to capital assets must agree to note 11. The total gross additions to accumulated depreciation and amortization, plus any noncapital amortization expense should agree to depreciation and amortization expense as reflected on the SRECNP. If not, please explain.	
4.	**Capital assets, net footnote:** All transfers from CWIP into other asset categories **must be** included in the "Transfers of completed CWIP" column and the total of this column **must** net to zero.	
5.	**Capital assets, net footnote:** Reductions of assets, transfers out of CWIP, and additions to accumulated depreciation or amortization amounts, are entered as negative numbers. All other amounts (including reductions to accumulated depreciation or amortization) are entered as positive numbers.	
6.	**Long-term liabilities activity schedule**: Additions to accrued compensated absences must be obtained from payroll reports for vacation hours earned during the year. Reductions to accrued compensated absences must be obtained from payroll reports detailing vacation amounts taken / paid out during the year.	
7.	**Long-term debt obligations footnote:** Total current and noncurrent amounts outstanding **must** agree exactly to the total current and noncurrent amounts reflected as long-term debt obligations on the SNP.	
8.	**Long-term liabilities activity schedule:** This schedule **only** includes those items listed in the table. This schedule will not agree, in total, to the long-term liabilities category on the SNP. The beginning and ending balances **must** agree with the amounts included in the preceding and current year's SNP, respectively. The long-term portion, as calculated, and the current portion of long-term liabilities **must** agree to the related current year SNP line items. Reductions are entered as negative numbers. Unamortized bond premium (capital leases and long-term debt) and unamortized loss on refunding (long-term debt) **does not** have a current portion; the entire amount is considered long-term.	
9.	**Lease obligations footnote**: The present value of future minimum lease payments **must** agree to total current and noncurrent amounts reflected as capital lease obligations on the SNP. The current portion amount **must** equal the "capitalized lease obligations - current portion" on the SNP and the noncurrent portion **must** equal the "capitalized lease obligations, net of current portion" on the SNP.	

Supplementary Schedules – Other Information

		Preparer's Initials
10.	Capital lease obligations future minimum lease payments schedule related to Systemwide Revenue Bonds **must match exactly** to the campus' lease receivable future minimum lease payments to be received schedule.	
11.	**Calculation of net position - net investment in capital assets**: Include all related amounts impacting the net position category invested in capital assets, net of related debt. This final amount **must** agree to the SNP. Unspent bond proceeds should be entered as a positive amount.	
12.	Transactions with related entities: All related entity transactions should be reconciled with the respective campus prior to the issuance of the component units' financial statements. Likewise, it is important that the component units reconcile inter-entity accounts and transactions among the component units.	
13.	**Restatements:** Include all necessary information to adequately describe the nature of the restatements, including the **exact** journal entries (debits and credits) for each financial statement line item affected (journal entry must be at the financial statement line item level and list the exact financial statement line items). **Each individual restatement entry must be listed separately.** If there are restatements, ending net position per the prior year audited supplementary information plus the restatement adjustments **must** agree to beginning net position per the current year SRECNP.	
14.	Ensure all "ok" check figures are **NOT** in the printed, issued report. Remove any instructions from the supplementary schedules prior to printing. Do **NOT** add any rows, changes line items names, etc in the electronic version submitted to your respective campus However, you may remove rows that have zero values (only) in the printed financial statements supplementary schedule.	

[Date]

Mr. Steven M. Relyea
Executive Vice Chancellor and Chief Financial Officer
Office of the Chancellor
The California State University
401 Golden Shore
Long Beach, CA 90802-4210

Dear Mr. Steven M. Relyea:

In accordance with instructions contained in FS 03-03, audited financial reports for the following **[NAME OF CAMPUS]** discretely presented component units have been received, reviewed, and accepted:

1. **[LIST EACH COMPONENT UNIT]**
2.
3.

All **[NUMBER OF COMPONENT UNITS]** component unit audits received an "unmodified" opinion. **[If a component unit received other than an unmodified opinion, please state which type of opinion was received by each component unit]**.

Please contact me if you have any further questions or if you need additional information.

Sincerely,

[Signature]
[Name and Title of Campus President]

CHAPTER 8.4

FIRMS/IPEDS REPORTING FOR DISCRETELY PRESENTED COMPONENT UNITS

OVERVIEW

Campuses are required to submit financial information on behalf of their discretely presented component units in the detail required for Integrated Postsecondary Education Data System (IPEDS) reporting. Including the discretely presented component units' financial information in the IPEDS survey states the true scope of the campuses' operations, thereby making CSU campuses comparable with other educational institutions in the nation. The IPEDS reporting requirement for the CSU uses the GASB Statement Nos. 34 and 35, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* and *Basic Financial Statements – and Management Discussion and Analysis – for Public Colleges and Universities*, respectively. To facilitate gathering the IPEDS information, the CSU requires the use of Financial Information Record Management System (FIRMS) formatted electronic spreadsheets.

PROCESS

1. In July of each year, and in order to meet CSU budget submittal deadlines, each discretely presented component unit must provide to the campus Chief Financial Officer a pre-closing trial balance at a summary level using the template provided on the Office of the Chancellor (CO) website. The data submitted in July is in a condensed format until more detailed audited information becomes available in October. The condensed pre-closing trial balance must be electronically submitted to the CO through the normal FIRMS submission process. Please refer to the "Master Timeline" for more details regarding deadline and submission process. The legal-basis FIRMS submission template, "Aux Org Legal Basis Template 20CY", is available at http://www.calstate.edu/SFSR/.

2. Each discretely presented component unit must submit to the campus Chief Financial Officer the audited data in the template format provided by the CO by the due date established by the campus. The campus should establish internal campus deadlines to allow sufficient time for validation of discretely presented component units' data against the campus' GAAP financial statements. The discretely presented component unit must use audited financial statement information where possible. If greater detail is required for IPEDS purposes than contained in the audited financial statements, the discretely presented component unit can estimate the data at the lower level of detail, but the aggregate must tie to the audited financial statements.

   The campus Chief Financial Officer will ensure the IPEDS data from the discretely presented component units is reviewed, combined into one text file, and electronically submitted to the CO through the normal FIRMS submission process. Please refer to the "Master Timeline" for more details regarding deadline and submission process.

The IPEDS FIRMS submission template "IPEDS Template 20CY" is available at the CO website http://www.calstate.edu/SFSR/, which includes a detailed instructions for completion.

Revision Control

Document Title: Chapter 8.4 – FIRMS/IPEDS Reporting for Discretely Presented Component Units

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 8.4 Attachment B	April 2015

CHAPTER 8.5

SPECIFIC ACCOUNTING TOPICS FOR DISCRETELY PRESENTED COMPONENT UNITS

OVERVIEW

Specific accounting topics such as endowment accounting, pledge reporting guidelines, and fair value measurement disclosures are commonly used by discretely presented component units. Each topic is discussed in more detail following Chapter 8.5 (refer to the table of contents below). Overview and definitions, procedures, examples, and guidelines are also provided in these sections.

TABLE OF CONTENTS

REVISION CONTROL

Document Title: CHAPTER 8.5 – SPECIFIC ACCOUNTING TOPICS FOR DISCRETELY PRESENTED COMPONENT UNITS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	New section added	April 2015

CHAPTER 8.5.1

ENDOWMENT ACCOUNTING

OVERVIEW

An endowment is a proper transfer of money and/or property donated with the intention to support the University and its discretely presented component units in perpetuity.

Ed code 89721 mandates the University (only) that endowment funds received be deposited into and maintained in local trust accounts (CSU Fund 466, Endowment Trust) by the University. For discretely presented component units, these funds are recorded in CSU Fund 921.

Endowments may come with stipulations regarding its usage (by donor or trustees). There can be an undesignated endowment fund or a number of restricted endowment funds.

SOURCES OF ENDOWMENT

- Original gift
- Net appreciation(realized and unrealized)
- Interest/dividends

DEFINITION AND ACCOUNTING OF DIFFERENT ENDOWMENT TYPES

1. TRUE ENDOWMENTS

Established when the donor states that the gift is to be held permanently as an endowment as identified in a written gift agreement or the organization restricts it for a specific use as solicited from donors. The original funds and any additional principal cannot be withdrawn, expended, or otherwise exhausted.

FASB Accounting

Fund is classified as **permanently restricted net assets**.

GASB Accounting

True endowment is also referred to as permanent endowment. Fund is classified as **restricted nonexpendable net position**.

2. Term Endowments

Funds set aside for a specific period of time or until a certain event. These funds can be established by a donor or the organization.

FASB Accounting

Fund is classified as **temporarily restricted net assets**.

GASB Accounting

Fund is classified as **restricted expendable net position**.

3. Quasi Endowment

Funds set aside by an organization's Board, which maintains the power to release the restriction on principal spending. Additional reserve funds, and other unrestricted gifts are often used to set up this fund type. The Funds are held by Board resolution and therefore can have policies and procedures that allow withdrawal of principal. This fund is also referred as Board-Designated Funds.

FASB Accounting

Fund is classified as **unrestricted net assets**.

GASB Accounting

Fund is classified as **unrestricted net position**.

GASB Example: Permanent Endowment

Facts: A corporation gives $5 million to a state university (recipient) with the stipulation that the university establishes an endowment, invest the gift, and maintain the principal intact in perpetuity. The investment income is to be used for scholarships for underprivileged students majoring in business or public administration.

Type: Permanent endowment (permanently nonexpendable addition to net position).

Restrictions:

- Purpose restriction - the requirement to invest the gift and the specified use of investment income
- Time restriction - the stipulation that the principal be maintained intact in perpetuity (can never be expended)

Accounting: Recognize assets and revenues when the gift is received because at that time the university begins to comply with the time requirement (to maintain the principal intact). The university should always report resulting net position or fund balance (principal) as restricted because of the purpose restriction and the time requirement (investment in perpetuity).

GASB Example: Term Endowment

Facts: An alumnus promises to donate $500,000 to his alma mater with the stipulation that the university invest the principal and use the income to provide summer research grants for accounting faculty members. The terms of the agreement specify that, after the donor's death, the university should withdraw the principal of the gift and use (expend) it, also for summer research grants for accounting faculty members.

Type: Term endowment

Restrictions:

- Purpose restriction - requirements to invest the principal until the donor's death and then to expend it for summer grants
- Time restriction - requirement to maintain the principal intact until after the donor's death

Accounting: The University should recognize assets and revenues when the gift is received. It should not recognize a receivable when the promise is made because it cannot begin to comply with the time requirement until the gift is received. When the gift is recognized, the university should report resulting net position or fund balance as restricted because of the purpose restrictions and the time requirement. However, it should continue to report net position or fund balance as restricted after the donor's death, until the principal is expended in accordance with the donor's stipulations.

Investment in Land and other Real Estate Held by Endowments (GASB)

GASB 52, *Land and Other Real Estate Held as Investment by Endowment*, requires that land and other real estate held by endowments (except federal land grants) be reported at fair value at the reporting date. Any changes in fair value during the period should be reported as endowment income. Significant assumptions used to determine fair value should be disclosed as required by GASB 31.

Underwater Endowment

Underwater endowment occurs when value of donor-restricted endowment funds decline below the corpus, consideration of various accounting issues is required.

GASB Accounting

- Reduction of Restricted net position is allowed.
- If liabilities that relate to specific restricted assets exceed those assets, no restricted component net position should be reported – the net negative amount should reduce unrestricted net position.

FASB Accounting

- Permanently restricted net assets are NOT reduced by losses.
- Losses on donor restricted endowment fund shall reduce temporary restricted net assets to the extent that donor-imposed temporary restrictions on net appreciation of the fund have not been met before loss occurs. Remainder shall reduce unrestricted net assets.

ENDOWMENT ACCOUNTING (FASB)

FY 20CY	Unrestricted (C)	Net Assets Temporarily Restricted (B)	Permanently Restricted (A)	Total
Period 1:				
Donor-restricted endowment			100,000	100,000
Investment income		2,500		2,500
Net appreciation (realized and unrealized)		7,500		7,500
Total investment return at end of Period 1	-	10,000	100,000	110,000
Period 2:				
Investment income		1,500		1,500
Net depreciation (realized and unrealized)		(30,000)		(30,000)
	-	(18,500)	100,000	81,500
Excess loss to Unrestricted	(18,500)	18,500		-
Total investment return at end of Period 2	(18,500)	-	100,000	81,500
Period 3:				
Investment income		1,700		1,700
Net appreciation (realized and unrealized)		20,000		20,000
	(18,500)	21,700	100,000	103,200
Recover from loss to Unrestricted	18,500	(18,500)		-
Total investment return at end of Period 3	-	3,200	100,000	103,200

(A) Donor contribution permanently restricted by donor required to be retained in perpetuity **(illustrated in period 1)**.
(B) Investment income and net appreciation/depreciation not permanently restricted are classified in temporarily restricted net assets until appropriated for expenditure.
(C) Once the accumulated temporarily restricted funds relating to the specific underwater endowment were fully utilized, you would charge the underwater amounts against unrestricted net assets (illustrated in period 2). Subsequent gains would all be recorded in unrestricted net assets until it's made whole **(illustrated in period 3)**.

NACUBO AND GASB EXCERPTS FOR UNDERWATER ENDOWMENT FOR GASB ENTITIES

<u>Source of Question – NACUBO February 11, 2009 Webcast on Underwater Endowments</u>

<u>Question:</u> For GASB institutions, how is the spending of corpus or historic gift amount reflected on the financial statements? Are public institutions required to show a reduction of unrestricted net position to cover the underwater portion of true endowment funds at year end under UPMIFA?

<u>Answer:</u> Per SGAS 31, increases in fair value, as well as certain decreases, should be reported as changes in unrestricted net assets <u>unless restricted by donor, contractual, or other legal requirements. A major difference between FASB and GASB is that GASB allows decreases in donor restricted endowments to directly reduce the restricted non-expendable net asset class.</u> The issue is whether spending from a non-expendable net asset class can occur. NACUBO has approached GASB on this issue and has learned that GASB believes they do not need to issue UPMIFA specific guidance because their framework allows for the proper accounting and reporting under this law. Consequently, public institutions in UPMIFA states reflect the results of governing board directed spending decisions (as well as valuation increases/decreases) as changes in restricted non-expendable net position.

FROM GASB'S COMPREHENSIVE IMPLEMENTATION GUIDE

Chapter 7, Questions and Answers

7.24.6. Q—Generally, when permanent endowments are mentioned in Statement 34, the discussion also includes term endowments. (See paragraphs 53, 100, 101, and 103 of that Statement, for example.) However, Statement 34, paragraph 35, as amended, states that when permanent endowments or permanent fund principal amounts are included, the restricted component of net position should be displayed in two additional components—expendable and nonexpendable. Does this display requirement also apply to term endowments? (Q&A34-98) [Amended 2012]

A—No. The objective of the requirement in paragraph 35 is to identify net position that cannot be spent.

Term endowments may "currently" be nonexpendable, but at some point in the future (when the term expires) they will become expendable. Thus, the requirement in paragraph 35 applies only when the unavailability of net position is permanent.

7.24.8. Q—In computing the restricted component of net position, are governments required to "close" nominal accounts into that component? That is, is it necessary to account for the change in the net position balance by adding restricted revenues and deducting expenses incurred for the specified purposes? (Q&A34B-22) [Amended 2005 and 2012]

A—No. Statement 34 follows a change in total net position approach and does not require presentation of a statement of changes in the components of net position, nor does it require disclosure of the changes in restricted net position. The concept of restricted net position focuses on balances rather than transactions. Restricted net position is composed of restricted assets, reduced by reported claims against those assets. Therefore, if a government has net position at year-end that is subject to a legally enforceable restriction on its use, the net position should be reported as restricted in the statement of net position. (See questions 7.24.18 and 7.24.19 about the effect of using restricted resources for other purposes.)

7.24.13. Q—Can restricted net position be reported as a negative amount? (Q&A2004-7.485) [Amended 2012]

A—No. Negative amounts should not be reported for any category of restricted net position. If liabilities that relate to specific restricted assets exceed those assets, no restricted component net position should be reported—the net negative amount should reduce unrestricted net position. Restricted net position is intended to portray, at the date of the statement of net position, the extent to which the government has assets that can only be used for specific purposes (after recognizing the specific liabilities that will be liquidated with those assets, or the specific liabilities from which the assets resulted). If the related liabilities exceed the assets on hand, the "shortfall" by default is covered by unrestricted assets. (See also questions 7.24.7 and 7.24.8 and Exercise 3 in Appendix 7-3 of the Guide)

7.24.14. Q—A local benefactor has made a $5 million donation to the community college. According to the terms of the bequest, the principal of the gift is required to remain intact and the earnings are required to be used for improvements to the college's fine art center. At the end of the current fiscal year the fair value of the endowment has dropped to $4.85 million. Because the original amount is nonexpendable, should the college report restricted nonexpendable net position of $5 million or $4.85 million? (Q&A2004-7.486) [Amended 2011 and 2012]

A—Restricted (nonexpendable) net position should be reported as $4.85 million. Restricted net position should represent the reported amount of restricted assets reduced by liabilities related to those assets. (See questions 7.24.7 and 7.24.13 and t Exercise 3 in Appendix 7-3.) In this example, the restricted assets reported in the statement of net position are $4.85 million as a result of the investment loss.

7.24.20. Q—A government passes enabling legislation that levies an incremental sales tax and restricts the revenues to funding elementary and secondary education. Subsequently, the government uses some of the revenues for another purpose. The government reevaluates the legal enforceability of the restriction, as required by t paragraph 5 of Statement 46. Based on its professional judgment, the government determines that the restriction is not legally enforceable and reports the accumulated resources and all future resources generated by the tax as unrestricted from that period forward. Several years later, however, the government is sued, and the court orders the government to use the resources only for the purpose specified by the legislation. How should the net position be reported? (Q&A2005-7.499) [Amended 2012]

A—Unless the court order specifies which resources are restricted, the components of net position generated by the sales tax should be reported as restricted—and disclosed in the notes to the financial statements as restricted by enabling legislation—beginning in the period during which the court judgment was rendered.

Paragraph 3 of Statement 46 cautions that legal enforceability cannot ultimately be proven unless tested through the judicial process. Until such time, professional judgment relies on available evidence. At the time the government used the tax revenues for non specified purposes, there may have been no reason to believe that an outside party could compel the government to honor the restriction imposed by the enabling legislation; in fact, there may have been no prior instances in which a court compelled the government or similar governments.

REVISION CONTROL

Document Title: CHAPTER 8.5.1 – ENDOWMENT ACCOUNTING

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	▪ Combined the information in Attachment D and E in last year's GAAP manual. ▪ Added the definition and accounting of the different types of endowments both under GASB and FASB.	April 2014
General	Previously in Chapter 8.6 Attachment D.	April 2015

CHAPTER 8.5.2

PLEDGE REPORTING GUIDELINES

DEFINITION

A pledge is defined as a promise to make a gift or philanthropic grant, the amount of the gift or philanthropic grant to be paid subsequently by the donor, usually in installments.

COLLECTION AND WRITE-OFF PROCEDURES

Campuses shall establish and maintain written procedures for the documentation and collection of pledges. Further, campuses shall establish and maintain written procedures for reviewing overdue pledges and designate an authority for writing-off inactive delinquent pledges.

REPORTING PLEDGES ON THE CALIFORNIA STATE UNIVERSITY PHILANTHROPIC PRODUCTIVITY REPORT

The following pledge guidelines are provided as minimum standards for reporting pledges on the CSU Productivity Report. Campuses may enhance these standards through written campus policies or procedures. The guidelines below are consistent with the Council for Advancement and Support of Education campaign reporting standards and may also be used as a guide for the option of reporting pledges on the Voluntary Support of Education Survey.

- Report only pledges that were committed or awarded during the reporting period (fiscal year)[1].
- Report only pledges with documentation by the funding source or their legal representative. The documentation must be dated within the reporting period. On the rare occasion when special circumstances may warrant making an exception, the advancement officer should write to the individual making an oral pledge to document the commitment, place a copy of the correspondence in the donor's file, and gain specific written approval from a gift acceptance committee.
- Report only unconditional pledges not based on a future event. Pledges that are subject to matching fund requirements are considered conditional pledges and may not be reported until the condition is met.
- Report pledges at face value.
- Report only the first five years for pledges with payment schedules exceeding five years. At the completion of the first five years, additional five-year increments can be counted.

[1] It is not the intent of this report to capture phonathon pledges. It is recommended that the campus set a threshold amount to report pledges of $5,000 or more, to minimize the data collection effort.

- Payments on pledges, that have been received in same reporting period that they were originally committed, are reported as a new gift under annual gift receipt totals on the Voluntary Support of Education Survey. *Take care to not to double report as both a gift commitment and a gift receipt.*
- Do not report matching gift claims or expectancies as a gift commitment. The application for a match is not a commitment by the funder and could be declined for a variety of reasons.

REPORTING PLEDGES ON FINANCIAL STATEMENTS UNDER FASB STANDARDS

Reporting of pledges or unconditional promises to give varies significantly from the way they are reflected in the reports discussed above. The Financial Accounting Standards Board (FASB) defines the standards applicable to the CSU in FASB Codification2 Not-for-Profit Entities Revenues Recognition paragraphs 958-605. Additional information is available from your auditor.

<u>Unconditional pledges:</u> (par 958-605-25-8 through 10)

- Pledges or unconditional promises to give shall be recognized as revenue or gains in the period received and as assets, decrease liability, or expenses when it is received at their fair values and when there is sufficient evidence in the form of verifiable documentation that a promise was made and received.

<u>Unconditional pledges expected to be collected less than one year after the financial statement date:</u> (par 958-605-30-6)

- Pledges or unconditional promises to give that are expected to be collected in less than one year may be measured at net realizable value because that amount results in a reasonable estimate of fair value.

<u>Unconditional pledges expected to be collected one year or more after the financial statement date:</u> (par 958-605-55-22)

- The present value of the future cash flows is one valuation technique for measuring fair value of contributions arising from pledges or unconditional promises to give. The following table illustrates the use of present value techniques for initial recognition and measurement of pledges or unconditional promises to give that are expected to be collected one year or more after the financial statement.

Facts

Assume that a not-for-profit entity receives a promise (or promises from a group of homogeneous donors) to give $100 in five years, that the anticipated future cash flows from the promise(s) are $70, and that the present value of the future cash flows is $50.

Solution

dr.		Contributions Receivable	$ 70	
	cr.	Contribution Revenue—Temporarily Restricted		$ 50
	cr.	Discount on Contributions Receivable		$ 20

(To report contributions receivable and revenue using a present value technique to measure fair value.)

Note: Some entities may use a subsidiary ledger to retain information concerning the $100 face amount of contributions promised in order to monitor collections of contributions promised.

<u>Conditional pledges:</u> (par 958-605-25-11 through 13)

- Pledges or conditional promises to give shall be recognized at their fair value when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.
- If a restriction and a condition exist, the transfer shall be accounted for as a refundable advance, liability until the condition on which it depends is substantially met.

REPORTING PLEDGES ON FINANCIAL STATEMENTS UNDER GASB STANDARDS

The Governmental Accounting Standards Board (GASB) defines the standards applicable to the CSU in GASB statement 33, Accounting and Reporting for Nonexchange Transactions paragraphs 21-25. Additional information is available from your auditor.

- Promises to provide cash or other assets should be recognized as receivables and revenues (net of estimated uncollectible amounts) when all the below eligibility requirements are met, provided that the promise is verifiable and the resources are measurable and probable of collection. (GASB 33 par 21-25)
  a. Required characteristics of recipients: The recipient (and secondary recipients, if applicable) has the characteristics specified by the provider.
  b. Time requirements: Time requirements specified by enabling legislation or the provider have been met. (The period when the resources are required to be used [sold, disbursed, or consumed] or when use is first permitted has begun, or the resources are being maintained intact, as specified by the provider.)
  c. Reimbursements: The provider offers resources on a reimbursement ("expenditure-driven") basis and the recipient has incurred allowable costs under the applicable program.
  d. Contingencies: The provider's offer of resources is contingent upon a specified action of the recipient and that action has occurred.

MATCHING GIFT CLAIMS OR EXPECTANCIES

Although there may be the high expectation of the fulfillment of a matching gift claim, these claims are not legally enforceable and may be declined for multiple reasons. It is therefore the recommendation of the Chancellor's Advancement Office that they not be recorded as an asset receivable.

MAJOR DIFFERENCES OF REPORTING PLEDGES OR PROMISES TO GIVE ON FINANCIAL STATEMENTS BETWEEN FASB AND GASB (NACUBO ¶206.5)

The differences in the recognition of certain types of contributions arise from the fundamentally different way the two boards treat time constraints donors place on the use of resources. Unlike FASB, which treats time requirements and purpose restrictions similarly (i.e., neither affects the timing of recognition of assets or revenues), GASB establishes a different recognition criterion for each of these types of provider stipulations. It treats donor constraints stipulating the time period(s) in which a contribution must be used as an eligibility requirement that must be met before revenue can be recognized. Until the time requirement is met (that is, the period in which resources are required or permitted to be used has begun), there is no transaction and, therefore, no revenue recognition. As a result, public institutions under GASB do not recognize pledges if the donor specifies that the pledged amount must be used in a future period. Receipts of cash and other assets with stipulations that they be used in future periods result in recognition of assets and unearned revenue—a liability.

In the case of endowment gifts, independent institutions under FASB recognize assets and revenue for pledges at their estimated present value when the pledge is received. Public institutions under GASB, on the other hand, recognize contributions of endowments as revenues when resources are received (i.e., on a cash basis) since compliance with the time requirement cannot occur before the promised resources are received.

Below is a table illustrates the difference of reporting contributions (e.g. pledges or promises to give) between FASB and GASB (NACUBO exhibit 206-1):

ITEM	FASB MODEL	GASB BTA MODEL
10. Revenue Recognition—Contributions/Nonexchange Transactions	Time and purpose restrictions do not affect revenue recognition. Amounts due in future periods discounted to present value.	Amounts to be used in future periods are not recognized as revenue since time eligibility requirements have not been met. Results in no recognition of endowment, term endowment, or multiyear pledges of resources to be spent in future years. Amounts due in future for current use may be reported at current value.

REVISION CONTROL

Document Title: CHAPTER 8.5.2 – PLEDGE REPORTING GUIDELINES

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 8.7 Attachment E	April 2015

CHAPTER 8.5.3
FAIR VALUE MEASUREMENT DISCLOSURE
(FASB ASC 820-10-50)

INTERPRETATIONS AND EXAMPLES

03. Financial Assets – Receivables, Loans, and Securities

Interpretations of Topic 820, "Fair Value Measurements and Disclosures" From Accounting Research Manager.

E-8. QUESTION:

What are examples of the assets and liabilities that are likely to be in Level 2 and 3 categories?

RESPONSE:

Examples of the assets and liabilities that are likely to be in Level 2 and 3 categories include:

- Earn-out agreements;
- Customer lists;
- In-use assets;
- Goodwill;
- Patents and licenses;
- Depreciable assets;
- Amortizable intangible assets;
- Debt obligations and loans outstanding;
- Derivatives;
- Financial instruments requiring risk adjustments; and
- Financial instruments collateralized with assets with unobservable and (or) no active; and market to value the collateral.

Marketing-related intangible assets include:

- Trademarks, trade names, service marks, collective marks, and certification marks;
- Internet domain names;
- Trade dress (unique color, shape, or package design);
- Newspaper mastheads; and
- Non-competition agreements.

Customer-related intangible assets include:

- Customer lists;
- Order of production backlog;
- Customer contracts and the related customer relationships; and
- Non-contractual customer relationship.

Contract-based intangible assets include:

- Licensing, royalty, and standstill agreements;
- Advertising, construction, management, service, or supply contracts;
- Lease agreements;
- Construction permits;
- Franchise agreements;
- Operating and broadcasting rights;
- Use rights such as drilling, water, air, mineral, timber-cutting, and route authorities;
- Servicing contracts (e.g., mortgage servicing contracts); and
- Employment contracts that are beneficial contracts from the perspective of the employer because the pricing of those contracts is below their current market value.

Technology-based intangible assets include:

- Patented technology;
- Computer software and mask works;
- Unpatented technology;
- Database; and
- Trade secrets such as secret formulas, processes or recipes.

Artistic-related intangible assets include:

- Plays, operas, and ballets;
- Books, magazines, newspapers, and other literary work;
- Musical works (e.g., compositions, song lyrics, and advertising jingles);
- Pictures and photographs; and
- Video and audiovisual material, including films, music videos, and television programs.

Common Classifications in the Fair Value Hierarchy

Asset or Liability – Fair Value	Level 1	Level 2	Level 3
Money market funds or certificates of deposit	X	X	
Derivatives	X	X	X
Loans			X
Corporate bonds	X	X	X
Debt securities available for sale, including collateralized debt obligations and other asset-based securities	X	X	X
Reverse purchase agreements		X	
U.S. Treasury securities	X	X	
Sovereign debt	X	X	
Equity investments	X	X	X
Private equity investments			X
Nonperforming loans			X
Residual interest generated from sale of mortgage-backed securities or receivables			X
Mortgage or other loan servicing rights			X
Nonfinancial assets			X

REVISION CONTROL

Document Title: CHAPTER 8.5.3 – FAIR VALUE MEASUREMENT DISCLOSURE

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	Previously in Chapter 8.8 Attachment F	April 2015

CHAPTER 9

PREPARING FOR THE FINANCIAL STATEMENTS AUDIT

OVERVIEW

For many organizations, the word "auditor" sends a message of negativity and panic; however, the audit process can be virtually painless if you are ready and your staff is educated on the audit process.

This section of the manual is designed to provide the user with an understanding of how to prepare for a successful audit and, in addition, describes the roles of the independent auditor and campus personnel in the audit process.

UNDERSTANDING THE ROLE OF THE INDEPENDENT AUDITOR

The role of the independent auditor is to examine, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

It is ***not*** the responsibility of the independent auditor to ***prepare*** the financial statements or the footnote disclosures. It is also ***not*** the responsibility of the independent auditor to reconcile accounting information or to compile data for analysis or for financial statement or footnote disclosure. The independent auditor is available to assist with such matters, which are usually considered to be outside of the scope of an audit.

It is the responsibility of the campus and audit teams to develop "ground rules" for the conduct of the audit. The following summarizes some key responsibilities of the independent auditor:

- To provide a prepared by client (PBC) list of items that will be required for the audit in advance of the start of fieldwork. The auditors will provide a PBC list (for both the financial statement audit and the single audit); however, additional requests should be expected during fieldwork based upon a review of the documents provided.
- To meet all deadlines set by the campus and audit teams.
- To plan and conduct the audit in a professional and effective manner.
- To be courteous to campus personnel and be mindful of their other work commitments.
- To communicate progress and any difficulties or issues encountered promptly and effectively to members of the campus management.

- To communicate any additional work required in performing the audit that may result in potential fee overages to the campus and systemwide management as soon as possible, and no later than the systemwide exit conference.
- Use utmost care to secure confidential and sensitive information, and return it to client immediately upon completion of review.

UNDERSTANDING THE ROLE OF THE CAMPUS

Management of each campus is responsible for preparing the reporting package from the Year-end System (YES), including footnotes and management's discussion and analysis (MD&A). Further, management is responsible for the fair presentation of the financial statements in conformity with U.S. generally accepted accounting principles.

The following summarizes additional responsibilities of the campus team:

- To be ***prepared*** for the audit (see further discussion in "Planning" section later on in this chapter).
- To have ***all*** requested items on the PBC list, including the completed and approved reporting package, and the campus' comprehensive analytical review prepared in accordance with the CO's established audit timeline. The majority of the items on the PBC list must be ready **prior to the beginning of fieldwork**. *See sample schedules and PBC lists at the end of this chapter for further guidance. See also the 20CY reporting package template in the YES.*
- To provide a suitable work area for three to four auditors in close proximity to accounting and financial reporting personnel. The work areas should include a phone and data line and access to a fax machine.
- To communicate any difficulties or issues encountered during the audit process promptly to either the audit manager or partner.
- To provide a central contact to the audit team.
- Mask confidential and sensitive information, whenever possible, prior to providing it to the auditors, and ensure it is returned immediately upon completion of review.
- To meet all deadlines set by the CO, the campus and audit team. Refer to the CSU Audit Master Timeline for complete listing of key dates.

PLANNING

One of the key elements of an efficient audit process is ***campus preparedness***. Because of the significant resources needed to complete an audit, it is essential that the campus plan properly for the audit process. Campus staff that will need to be available should be notified of the timing several months before audit fieldwork in order to ensure that they will be available. Key personnel should not plan to take vacations during audit fieldwork or during the time surrounding the submission deadline of the campus reporting package to the CO. In addition, time should be set aside to prepare and review all of the audit schedules needed by KPMG (as listed on the PBC List) prior to the start of fieldwork

The independent auditor should make every effort to request and utilize schedules and reports that are already prepared by campus personnel in the conduct of their monthly or annual closing procedures. However, there are certain schedules that may be required to support financial statement balances and/or disclosures that are unique to the GAAP financial reporting process.

If these audit requests have not been sent to you early enough for you to prepare, this should be communicated to your audit manager or partner. If items included on the PBC List are not clear to you, clarify these items with a member of your assigned audit team prior to their arrival for performance of fieldwork.

Unless noted otherwise, all PBC items **must** be uploaded to SharePoint by the first day of fieldwork. **All schedules on SharePoint must be clearly labeled and cross-referenced to the PBC list**.

COMMUNICATION

Communication with your own staff as well as your audit team is critical. It is important that you communicate issues, deadlines, and expectations in initial meetings with your campus personnel and audit team. It is likely that your audit team will communicate expectations they have for you as well. If they don't, ask!!! Communicate with your audit team regarding how and when audit adjustments will be discussed – all together at the end or throughout audit fieldwork. Discuss with your audit team how staff should be contacted – through a central contact or directly, whether they can be "dropped in on" or if appointments are preferred. Additionally, in order to help facilitate an efficient audit process, weekly "hands-on" meetings with the campus central contact and audit team are required to discuss such items as overall audit progress, proposed audit adjustments to date, and address various issues as they arise.

CENTRAL CONTACT

Although it is very important that the responsibility for audit preparation be delegated to relevant campus staff, it is key that **one person** from the campus acts as the central audit contact (**GAAP contact**). This person should be responsible for ensuring that all the requested schedules are completed properly and on-time. In addition, this person should be responsible for accumulating all the audit schedules from the various preparers and reviewing them to ensure that these detailed schedules agree to the general ledger and the financial statements. This person should then centrally upload all schedules to SharePoint and accumulate all other supporting schedules in a separate set of binders to be provided to the audit team on the first day of fieldwork **upon request**. The GAAP contact should function as the audit liaison in working directly with the audit team.

AUDIT TERMINOLOGY

The terminology used by independent auditors may not be understood by the individuals responsible for preparing audit schedules and thus they may be unable to provide the information requested. Following are some key terms with their definitions used by independent auditors:

General ledger – The accounting system in which all account balances and changes in fund balances are recorded.

Reconciliation – A procedure performed to ensure that one set of information agrees to another. A reconciliation often maps how detailed information (i.e., a subledger, subsidiary system, or other listing) agrees to the general ledger. A proper reconciliation provides a summary of reconciling items, the nature of their balances and their proposed disposition.

Rollforward – A schedule prepared that reflects beginning balances, additions, deletions, and the balance at year-end. The ending balances in the rollforward schedule should agree to the general ledger and beginning balances should agree to the prior year audit report. This type of schedule is typically requested for capital assets accounts, outstanding debt, net position, and prepaid assets, if significant.

PBC list – The schedule of initial audit requests provided by the campus audit team, which are to be prepared by campus personnel. PBC stands for "Prepared By Client." Additional requests should be expected throughout final fieldwork.

IRM PBC list – The schedule of initial audit requests provided by the KPMG Information Risk Management audit team, which are to be prepared by campus IT personnel.

Subledger – A detailed listing of individual account balances (e.g., capital assets, student and other receivables, and inventory). These listings should not be rollforwards of the accounts, but rather a summary of the components of the ending balance or composition of each account on a GAAP basis. For example, a listing that shows additions and deletions to an inventory account is not a useful listing because it cannot be used to determine the composition of the ending balance.

Aging report – A type of subledger that groups account balances by the amount of time that has passed since the balance originated (e.g., a receivable report that lists all accounts that are current, 30-60 days past due, etc.). The total balance on this report should agree to the total balance of the account on the general ledger.

Leadsheet – A summary of accounts and their outstanding GAAP balances that is included in one line item on the financial statements (e.g., a listing of all cash accounts and their balances that agrees in total to the cash balance presented in the financial statements).

Check register – A listing of all checks processed and disbursed in a certain period.

Methodology – Thought process or reasoning behind the development of certain financial statement account balances, the recording of which requires management judgment or a selection from alternative methods of accounting

Trial balance – A summary schedule of the general ledger, which includes the ending balances of each type of account at year-end. For CSU audit purposes, the GAAP conversion template prepared for each fund will be considered a trial balance. For PeopleSoft campuses, the GAAP conversion template is Report CSUFS169 "Pre-Closing Trial Balance by Net Position Category, Leadsheet – Summary". The legal basis account balances per the GAAP conversion template must agree to the general ledger.

List of CSU Reports Commonly Used During the Audit and GAAP Conversion Process

SAM 06 – Provides budget amounts that are used for the schedule of State Appropriations revenue in the General Fund and to record adjustments for State Appropriations receivable.

SAM 07 – Pre-closing or post-closing trial balance used to prepare legal basis balance sheet accounts that support the GAAP conversion template. Commonly referred to as the general ledger for the audit process.

SAM 99 – Provides State Controller's Office (SCO) balances available for General and Capital Outlay funds. This report is utilized to verify that the GAAP receivable balance for State Appropriations has been recorded accurately.

CSUGL012 – CMP/CSU/GAP Ledger Comparison

CSUFS166 – Statement of Revenues, Expenses, and Changes in Net Position

CSUFS167 – Operating Expenses Summary

CSUFS168 – Statement of Net Position

CSUFS169 – Pre-Closing Trial Balance by Net Position Category, Leadsheet - Summary

CSUFS170 – Leadsheet - Detail

CSUFS171 – Leadsheet - GAAP Adjustments

Other reports that have proved valuable for preparation of the GAAP conversion template and audit process are the following:

- A locally developed report for payments made and received and amounts receivable from and payable to "related parties" for footnote disclosure purposes.
- The H46 report generated from the Customer Information Retrieval System (CIRS) database or the standard reports generated from the CMS Human Resources module to analyze vacation accruals for GAAP purposes. (For only those campuses not using the Absence Management System)

The June 30th report from ECSI, third party loan service provider, regarding Perkins and Nursing student loans receivable balances. This report can be used to determine entries needed for accrued interest income and allowances for doubtful accounts. This report should also be used to verify that the year-end GAAP balances for Perkins and Nursing loans receivable have been accurately recorded.

Internal Control Deficiencies and Communication Process

Statement on Auditing Standards (SAS) No. 115, Communicating Internal Control Related Matter Identified In An Audit

Under SAS No. 115, a significant deficiency and material weakness are defined as follows:

- A **significant deficiency** is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
- A **material weakness** is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A reasonable possibility exists when the likelihood of the event is either *reasonably possible* or *probable*.

  Deficiencies that are indicators of a material weakness are as follows:

  - Identification of fraud, whether or not material, on the part of senior management;
  - Restatement of previously issued financial statements to reflect the correction of a material misstatement due to error or fraud;
  - Identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected by the entity's internal control; and
  - Ineffective oversight of the entity's financial reporting and internal control by those charged with governance.

Evaluating Deficiencies Identified During the Audit

The auditor is required to evaluate the severity of each deficiency in internal control identified during the audit to determine whether the deficiency, individually or in combination, is a significant deficiency or a material weakness. The severity of a deficiency depends on:

1) the magnitude of the potential misstatement resulting from the deficiency or deficiencies; and
2) whether there is a reasonable possibility that the entity's controls will fail to prevent, or detect and correct a misstatement of an account balance or disclosure.

The severity of a deficiency does not depend on whether a misstatement actually occurred.

Magnitude of Potential Misstatement

Factors that affect the magnitude of a misstatement that might result from a deficiency or deficiencies include, but are not limited to, the following:

- The financial statement amounts or total of transactions exposed to the deficiency

The volume of activity (in the current period or expected in future periods) in the account or class of transactions exposed to the deficiency

In evaluating the magnitude of the potential misstatement, the maximum amount by which an account balance or total of transactions can be overstated generally is the recorded amount, whereas understatements could be larger.

Reasonable Possibility of Misstatement

Risk factors affect whether there is a reasonable possibility that a deficiency, or a combination of deficiencies, will result in a misstatement of an account balance or disclosure. The factors include, but are not limited to, the following:

- The nature of the financial statement accounts, classes of transactions, disclosures, and assertions involved
- The susceptibility of the related asset or liability to loss or fraud
- The subjectivity, complexity, or extent of judgment required to determine the amount involved
- The interaction or relationship of the control with other controls
- The interaction among the deficiencies
- The possible future consequences of the deficiency

Reporting Package

In accordance with the CSU Audit Master Timeline, the campus' completed reporting package must be submitted on August 24, 2015. With the exception of the statement of cash flows and other postemployment benefits obligation (which must be included in the reporting package by September 8, 2015), and auxiliary organizations information (which must be included in the reporting package by September 23, 2015), there should be no outstanding items related to the reporting package submitted on day one. In the event that the campus has a specific open item or issue that has not yet been reflected in the reporting package, the campus must communicate that fact to KPMG along with the submission of the reporting package. The specific issue, relevant facts and circumstances, and the reason why it is not yet reflected in the reporting package must be documented by the campus in writing and provided to KPMG along with the reporting package.

All proposed adjustments to the reporting package that are identified by *either* the campus or KPMG subsequent to day one are subject to evaluation under SAS No. 115. These adjustments include both recorded (corrected) and passed (uncorrected) adjustments as well as omissions and other errors in presentation and disclosure. All adjustments will be included on the Summary of Audit Misstatements.

COMMUNICATION PROCESS

The Summary of Control Deficiencies (SCD) document is used by KPMG to accumulate all deficiencies in internal control identified during the audit. KPMG's evaluation process for each deficiency in accordance with SAS No. 115 is documented on the SCD.

KPMG will review the draft SCD with the campus on a weekly basis throughout fieldwork as part of the weekly status reporting to the CO. The final SCD must be reviewed and signed-off by the campus GAAP coordinator and Vice-President, Business and Administration.

Revision Control

Document Title: Chapter 9 – Preparing for the Financial Statements Audit

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
Attachments	The following were new/updated for FY14-15 audit: ▪ Comprehensive Analytical Review Scope ▪ KPMG Engagement Team Phone List ▪ PBC lists ▪ Various PBC schedules were modified to include CSU Funds	April 2015

COMPREHENSIVE ANALYTICAL REVIEW SCOPE THRESHOLD GUIDANCE BY CAMPUS – SUMMARY

June 30, 2015

Note: These scope thresholds are to be used ONLY for purposes of the Comprehensive Analytical Review (fluctuation analysis) in the Reporting Package for the Statement of Net Position (SNP), Statement of Revenues, Expenses, and Changes in Net Position (SRECNP), and Statement of Cash Flows (SCF).

Campus	Variance Equal to: A and B	
	$ Change (A)	% Change (B)
Office of the Chancellor	1,313,000	10%
Bakersfield	422,000	10%
Channel Islands	1,031,000	10%
Chico	853,000	10%
Dominguez Hills	431,000	10%
East Bay	684,000	10%
Fresno	713,000	10%
Fullerton	1,406,000	10%
Humboldt	459,000	10%
Long Beach	1,313,000	10%
Los Angeles	788,000	10%
Maritime Academy	253,000	10%
Monterey Bay	713,000	10%
Northridge	1,406,000	10%
Pomona	1,219,000	10%
Sacramento	1,031,000	10%
San Bernardino	759,000	10%
San Diego	1,688,000	10%
San Francisco	1,313,000	10%
San Jose	1,406,000	10%
San Luis Obispo	1,781,000	10%
San Marcos	591,000	10%
Sonoma	825,000	10%
Stanislaus	384,000	10%

California State University
KPMG Audit Engagement Team Phone List
June 30, 2015

Audits	Partner		Manager		Senior*		Scheduled Start of Final Fieldwork
Systemwide and Chancellor's Office	Mark Thomas	(949) 885-5630	Liezl Sangalang	(949) 885-5608	Karla Farrington-Weddle	(213) 817-3297	8/25/2015
CSU Revenue Bonds	Chris Ray	(949) 885-5595	Liezl Sangalang	(949) 885-5608	Nathalie Posthuma	(949) 885-5479	8/25/2014
CSU Risk Management Authority	Chris Ray	(949) 885-5595	Liezl Sangalang	(949) 885-5608	Annabel Lopez	(949) 885-5568	8/3/2015
Stockton Center Site Authority	Chris Ray	(949) 885-5595	Liezl Sangalang	(949) 885-5608	Alex Kiris	(213) 817-3277	8/10/2015
CSU Institute	Chris Ray	(949) 885-5595	Liezl Sangalang	(949) 885-5608	Alex Kiris	(213) 817-3277	8/10/2015
CSU OMB A-133	Tracy Hensley	(213) 955-8850	Brett Burns	(213) 533-3039		refer to the schedule	
Identified Campuses:							
Fullerton	Mark Thomas	(949) 885-5630	Liezl Sangalang	(949) 885-5608	TBD	TBD	8/25/2014
Long Beach	Mark Thomas	(949) 885-5630	Liezl Sangalang	(949) 885-5608	TBD	TBD	8/25/2014
Northridge	Mark Thomas	(949) 885-5630	Shonda Larsen	(858) 750-7348	TBD	TBD	8/25/2014
Sacramento	Mark Thomas	(949) 885-5630	Frank Dunsford	(415) 963 8659	TBD	TBD	8/25/2014
San Diego	Mark Thomas	(949) 885-5630	Shonda Larsen	(858) 750-7348	TBD	TBD	8/25/2014
San Francisco	Mark Thomas	(949) 885-5630	Frank Dunsford	(415) 963 8659	TBD	TBD	8/25/2014
San Jose	Mark Thomas	(949) 885-5630	Frank Dunsford	(415) 963 8659	TBD	TBD	8/25/2014
San Luis Obispo	Mark Thomas	(949) 885-5630	Shonda Larsen	(858) 750-7348	TBD	TBD	8/25/2014

KPMG will inform CSU of any changes.

FINANCIAL STATEMENTS AUDIT ON-SITE CAMPUSES

June 30, 2015

1. Fullerton
2. Long Beach
3. Northridge
4. Sacramento
5. San Diego
6. San Francisco
7. San Jose
8. San Luis Obispo

California State University
Financial Statement Audit - Prepared by Client (PBC) List (Campus and CO Only)
June 30, 2015

Note: This is a **preliminary** PBC list. Additional items may be requested as the audit progresses. See guidance in submitting PBCs to Sharepoint.
Best practice: Campus should maintain their own set of PBC items for their files, including any additional items provided during the audit.
All sample selections will be made by KPMG during the first week of fieldwork.

Please assist KPMG audit team in coordinating necessary inquiries with personnel outside accounting/finance such as HR Director, Procurement, Budget, Cashier office, etc. as necessary.

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
General Items - Financial Reporting	**1**	YES, Reporting Package Workbook, and Exhibit 27			Completed and approved Reporting Package (locked) including comprehensive analytical review (fluctuation analysis) by financial statement line item. **This will be submitted via TM1 on 8/24/15 (1st version) by noon and CSU SFSR team will provide this to KPMG systemwide team via Sharepoint on the date mentioned (see next column). Reporting Package Version 1**	Final (excluding statement of cash flows, OPEB liability, FN16 Elimination of Nonexchange transactions, FN 14 Transactions with related entities, FN 19 OPEB, and aux orgs' data) - 8/24/15 (due by noon to SFSR)				[Y/N]
	1a				Completed reporting package (with cash flows and OPEB) **Reporting Package Version 2**			With Cash flows and OPEB - 9/8/15;		[Y/N]
	1b				Completed reporting package **Reporting Package Version 3**			Complete Final (with Auxiliary Orgs.) - 9/23/15		[Y/N]
	1c	Exhibit 46			Completed reporting package bridge (from 8/24 version to 9/8 and 9/23 version) by financial statement line item. The bridge should include all changes within the reporting package (including footnotes)			9/8/15		[Y/N]
	3	Chapter 6	CEAP	Y	Statement of cash flow worksheet which contains supporting calculations (see GAAP Manual, Chapter 6) and related supporting source documentation for each line item on the statement of cash flows.			9/8/15		[Y/N]
	7	YES Note 15; Exhibit 21	CEAP	Y	**A.** If restatement adjustments have been made to beginning net position, supporting source documentation for all adjustments. Additionally, all restatement adjustments must be listed in Note 15 of YES. **B.** For adjustments relating to a prior period that are recorded in the current year, please complete the supplemental excel file Exhibit 21, tab 1). **C.** For prior year reclassifications to make your financial statements comparable to current year, complete the supplemental excel file (Exhibit 21, tab2). Note: **Include CSU Funds**	Final - 8/25/15				[Y/N]
	8	Exhibit 28/Query	CEAVOP	Y	Analysis of the impact of all Non GAAP accounting policies and procedures. This needs to be quantified. For example, utilities recorded on a cash basis; scope threshold on accruing for accounts payable (ensure audit team knows your threshold). Provide query (sample query provided in the exhibit) of subsequent cash payments made after year-end below your threshold. Memberships that are immaterial (ensure audit team knows your threshold). Note this list is not all inclusive.			9/7/15 (upload to SharePoint, SFSR team to review and consolidate before KPMG reviews)		[Y/N]
	9		CEAOP		Detail of all legal expenses incurred during the current year (excluding CSURMA payments). This needs to contain vendor description, if applicable.	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
	10				Listing of campus specific hired legal counsel, if any with the corresponding contact information (i.e addresses, tel. nos. and contact person). Note: This should only include cases handled "locally" by the campus, not cases handled by CSURMA.	Final - 8/25/15				
	11	Chapter 11		Y	Completed GAAP Financial Reporting Checklist.	Part A: Final - 8/25/15		Part B: 9/23/2015		[Y/N]
	15	Exhibit 36		Y	Completed KPMG Tax Questionnaire			9/23/15		[Y/N]
	16	Exhibit 37			Campus' documented process of the steps taken in assessing whether a pollution remediation obligation (PRO) exists and the analysis/ calculation of the PRO in accordance with GASB No. 49.	Final - 8/25/15				[Y/N]
	16b	Exhibit 39			Questionnaire assessing whether a derivative exists and the analysis/ calculation of the derivative in accordance with GASB No. 53.	Final - 8/25/15				[Y/N]
General Items - Financial Reporting (Component Units)	18		P		Complete copies of all component units audited financial statements and completed GAAP Financial Reporting checklist for each component unit.			9/18/2015 (electronic copy of the draft or final, if available)		[Y/N]
	20		P		Reconciliation of Note 14 to the Auxiliary Consolidated Workbook (generated from YES).			9/23/15		[Y/N]
Cash Items	46	Exhibit 1	P	Y	Listing of cash accounts maintained by the campus broken out by CSU fund with 6/30/15 balances. Should tie Legal to SAM 7 (post-closing) and GAAP to Reporting package.	Final - 8/25/15				[Y/N]
Investments	50	YES, Note 3.2 & 3.3	P		Investments leadsheet as of June 30, 2015	Final - 8/25/15				[Y/N]
	54	Exhibit 18	CEA	Y*	Detail leadsheet (by CSU fund and investment type) of investment income and accrued interest receivable as of and for the year ended 6/30/15 that agree to the SRECNP and SNP, respectively. Detail should include income and unrealized/realized gains and losses that tie to investment third-party statements (**to be provided by the CO**). Note this is a workbook which contains tabs that summarize the monthly/quarterly investment income in order to derive the YTD amount per the lead sheet. Also, provide third party statements that support the amounts listed in the schedule.	Final - 8/25/15				[Y/N]
	55	Exhibit 32	CEAP	Y*	CSU Consolidated Pool Investment Legal to GAAP Rollforward. **Include CSU fund**	8/25/15 (Noon) (unaudited due to SRB)				[Y/N]
Accounts Receivables	58	Exhibit 3a & 3b	EAO		Reconciliation of the SCO Tab Run Report 6/30/15 balances to the state appropriations receivable balances recorded by the campus.	Final - 8/25/15				[Y/N]
	59	Exhibit 48	P		Listing of all students and customers with their respective outstanding balances at 6/30/15 (aging reports). The ending balance on this report must tie to the amount presented on the accounts receivable leadsheet. If amounts do not tie, a reconciliation must be prepared with explanations of differences. (Note: This detail report should only include debits made to student accounts if your conversion procedures map the debits to a receivable and the credits to unearned revenue [formerly deferred revenue]), KPMG will request support if deemed material. **Include CSU fund**	Final - 8/25/15				[Y/N]
	62		EAO		Grants and contracts receivable - summary schedule which provides a breakdown of portion billed and unbilled for federal, state, local, and nongovernmental.	Final - 8/25/15				[Y/N]
	63		EAO		Supporting calculation/documentation for unbilled portion of grants and contracts receivable. **KPMG to make selections.**	Final - 8/25/15				[Y/N]
	64	CFS Report	EAO		Detail of accounts receivable **by invoice** due from grants and contracts (i.e. billed portion). **KPMG will select significant balances and obtain supporting documentation (invoice, subsequent cash receipt).**	Final - 8/25/15				[Y/N]
	66	Exhibit 4	V		Allowance for doubtful accounts leadsheet (should include allowance balance for each type of receivable (students, vendors, other, etc.) and detailed supporting documentation.	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
Leases / Notes Receivable Items	**68**		EAO		Copies of new lease agreements (campus is lessor) entered into during the fiscal year (operating and/or capital). Copies of note agreements with auxiliary organizations.	Final - 8/25/15				[Y/N]
	69	Exhibit 6	CEAOP		Schedule of lease income: Future lease income, by individual lease, to be received in each of the 5 succeeding years and thereafter (refer to YES, Note 4.2) for both operating and capital leases and current year lease income amount. Schedule of notes receivable to be received in each of the 5 succeeding years and thereafter (in total), less amounts representing interest, and less current portion (refer to YES, Note 4.3).	Final - 8/25/15				[Y/N]
	70		CE		Detail of lease / note payments received during the year. **KPMG to make selections.**	Final - 8/25/15				[Y/N]
Student Loans Receivable Items	**71**		CEA		Student loans receivable aging and reconciliation (reviewed for collectibility) as of June 30, 2015	Final - 8/25/15				[Y/N]
	72	Exhibit 8	P		Student loans receivable leadsheet. This leadsheet must include loans receivable by type (i.e. Perkins, Nursing, and Other) with 6/30/15 and 6/30/14 gross and net balances, including related allowance balance for each type of loan receivable.	Final - 8/25/15				[Y/N]
	74	ECSI RPT #14 IR Perkins Applications and Fiscal Operations Report (FISAP)	A		June 2015 ECSI Report with outstanding Perkins and Nursing loans receivable balances. The balances on this report **must** tie to the 6/30/15 student loans receivable balances in the schedule above.	Final - 8/25/15				[Y/N]
Prepaid and Other Assets (current) items)	**79**	Exhibit 7	P		Detail of prepaid expenses and other assets at 6/30/15. **KPMG to make selections as necessary. (CO ONLY, N/A TO CAMPUS)**	Final - 8/25/15				[Y/N]
Capital Assets Items	**81**	Query	CEAO		A detail listing of all additions (**in EXCEL**) to capital assets during the year. Detail should include a description of the asset purchased, date purchased, invoice number and vendor, if applicable, and cost, and should agree to total additions per YES, Note 5. **KPMG to make selections**. If detail must be further broken down to obtain invoice number, KPMG will make selections of the additions, then will need to receive the detail of those selections and then will make selections on the lowest level of detail. **Include CSU Fund (funding source), do not indicate Fund 501.**	Final - 8/25/15				[Y/N]
	87	Query	CEAO		Detail and supporting documentation for all sales (disposals) of capital assets during the year (i.e.. journal entries, check copies and calculation of gain/loss on disposal), which should agree to the Reductions column of Note 5 in YES.	Final - 8/25/15				[Y/N]
	88	Exhibit 49	CEA		Rollforward, by project (include name, project number, and description), of CWIP balance as of June 30, 2015. Please include project start date and the anticipated project completion date. Ensure depreciation begins upon date placed in service. For CWIP additions column, ensure that the schedule contains positive (dr.) balances only and not the in and out of transactions.	Final - 8/25/15				[Y/N]
	88a	Exhibit 49	C		Provide a listing of projects completed subsequent to year-end (between 7/1/15 and 8/31/15). This schedule should list the project by project number and certificate of completion date or date of service (actual use).			9/2/15		[Y/N]
	89	Chapter 4	CEA		Analysis of calculation of interest expense incurred on current CWIP projects capitalized into CWIP (interest expense less related interest income). SFAS 62.	Final - 8/25/15				[Y/N]
Other Assets (Non-Current) Items	**90**	Exhibit 7	P		Detail of other assets at 6/30/15. **KPMG to make selections. (CO ONLY, N/A TO CAMPUS)**	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
Items	**91**		CEAO		Documentation of realizability of other assets (See GASB Concept Statement No. 4). **(CO ONLY, N/A TO CAMPUS)**	Final - 8/25/15				[Y/N]
Accounts Payable, Accrued Salaries and Benefits, and Accrued Compensated Absences	**94**	YES, Note 17	P		Leadsheet of accounts payable at 6/30/15 and detail by invoice supporting AP leadsheet	Final - 8/25/15				[Y/N]
	95	CFS Report	CEA	Y	July and August check registers and all open invoices to date (to be provided electronically, if available). Please segregate or identify P-Card disbursements in the listing. **KPMG to make selections.**	Final - 8/25/15		9/4/15		[Y/N]
	95a				July and August Wells Fargo Disbursements Statement of Account	Final - 8/25/15		9/4/15		[Y/N]
	96	Exhibit 10 / CFS Report	CEAO		Calculations of accrued salaries and benefits as of 6/30/15 with supporting documentation (accrued salaries and benefits schedule) to support the accrual calculation. **(Do not include confidential information).**	Final - 8/25/15				[Y/N]
	98		CEAO		Support for additions to and reductions of accrued compensated absences and current portion of accrued compensated absences. The campus can provide either one of the following: PIMS H46 Report or AMS standardized reports. HR department to provide supporting documentation on the compensated absences policy and any given changes from the prior year.	Final - 8/25/15				[Y/N]
	99	Exhibit 20	CEA	Y	Leadsheet detailing salaries and benefits expense by month using pay tapes, then add in CY payroll accrual, subtract PY payroll accrual, plus/minus any other reconciling items. Balance must agree to the 6/30/15 salaries and benefits expense. Please also provide the pay tapes for all months in the schedule.	Final - 8/25/15				[Y/N]
	100	YES, Note 12	CEAOP		Supporting documentation for YES, Note 12 - Commitments and Contingencies.	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
Unearned Revenue Items (formerly Deferred Revenues)	**101**	Exhibit 11	P		Detail of items recorded in unearned revenue and their respective balances at 6/30/15.	Final - 8/25/15				[Y/N]
	103	Exhibit 12	CEAO	Y*	Reasonableness test calculation of unearned tuition and fees revenue as of 6/30/15 related to summer and fall 2015 advanced enrollment (include total number of students advanced enrolled, fees and tuition charged for the term, and any other applicable information with supporting source documentation for each input).	Final - 8/25/15		9/14/15		[Y/N]
Leases and Long term Debt items	**105**		CEAO		Copies of all new operating or capital lease agreements (where campus is the lessee) entered into during the current year.	Final - 8/25/15				[Y/N]
	106		CEAO		For new leases only: Analysis of classification of leases as operating or capital in accordance with GASB 62.	Final - 8/25/15				[Y/N]
	107	Exhibit 13	P		For capital leases, a schedule of future minimum lease payments including amounts that represent interest (this schedule must agree to YES, Note 6.4).	Final - 8/25/15				[Y/N]
	108	Exhibit 13	P		For operating leases, a schedule of future minimum lease payments, by individual lease, for amounts payable under non-cancelable lease agreements (this schedule must agree to YES, Note 6.4). Also include the amount paid in total operating lease expenditures for the current year.	Final - 8/25/15				[Y/N]
	110		CEAO		Copies of any new debt agreements for debt incurred independently by the campus (campus-originated debt). Campuses should not be issuing its own new debt, so please bring to CO's attention if this applies to the Campus.	Final - 8/25/15				[Y/N]
	111		CEAO		Confirmation of campus-originated debt (respective KPMG team to provide template).	Upon request				[Y/N]
	112	YES, Note 9	CEAOP		Short-term debt rollforward, if applicable, (excluding BANs) and copy of debt agreement(s), check/wire received/paid.	Final - 8/25/15				[Y/N]
	113	Exhibit 31	CEA		Detail of interest expense and calculation of accrued interest at 6/30/15.	Final - 8/25/15				[Y/N]
Other Liabilities Items	**117**	Exhibit 14	CEAOP		Listing of the detail of the nature and balances of other liabilities (current and noncurrent) at 6/30/15. (Note: deposits related to student housing should be recorded as other liabilities - current). **Include CSU Fund.**	Final - 8/25/15				[Y/N]
	118		CEAO		Support for significant additions. **KPMG to make selections.**	Final - 8/25/15				[Y/N]
	119		CEAO		Rationale for classification as noncurrent.	Final - 8/25/15				[Y/N]
Net Position (GAAP Equity) Items	**120**	Chapter 10	CEAP	Y	Completed and signed off GAAP Preparation Checklist.	Part A: Final - 8/25/15		Part B: 9/23/2015		[Y/N]
Revenue Items	**125**		CEAP		Reconciliation of State appropriation revenue noncapital to appropriation schedule summary non-capital.	Final - 8/25/15				
	126	Exhibit 33	CEAP	Y*	Tuition and fees leadsheet.	Final - 8/25/15				[Y/N]
	126a	Exhibit 33	CEAP	Y*	Tuition and fees leadsheet. Note: Indicate "N/A" on column J if no change from the version submitted on 8/25/15.			9/14/15		[Y/N]
	127	Exhibit 15	CEAP		Tuition and fees reasonableness test (include total number of students attending each term, fees and tuition charged each term and any other applicable information with supporting source documentation for each	Final - 8/25/15				[Y/N]
	128		CEA		Campus catalog showing fees charged to students for registration (including parking, student union, health facilities, health services, tuition).	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
	129		CEA		Census data by semester and type (part-time undergraduate, full-time undergraduate, part-time post-graduate, full-time post-graduate, teaching credential, part-time nonresident, full-time nonresident)	Final - 8/25/15				[Y/N]
	130		CEA		Support for fee waivers used in tuition and fees reasonableness test.	Final - 8/25/15				[Y/N]
	131	Chapter 4 / SA Report	CEAP		Tuition discounting calculation for scholarships given (tuition discounts should be reported net of revenue, not as an expense) and related supporting source documentation for the components of the calculation).	Final - 8/25/15				[Y/N]
	132		CEAP		Detail listing of the components of financial aid grants (federal, state, and other federal nonoperating grants, noncapital) and federal grants and contracts, noncapital. **KPMG to make selections for review.**	Final - 8/25/15				[Y/N]
	133	Exhibit 16	CEAP	Y*	Sales and services of auxiliary enterprise revenues leadsheet and reasonableness test broken out by types of housing and types of parking.	Final - 8/25/15				[Y/N]
	133a	Exhibit 16	CEAP	Y*	Sales and services of auxiliary enterprise revenues leadsheet and reasonableness test broken out by types of housing and types of parking. Note: Indicate "N/A" on column J if no change from the version submitted on 8/25/15.			9/14/15		[Y/N]
	134	Exhibit 17	CEAP		Detail listing of the components of other operating revenues. **KPMG will make selections for detail test work.**	Final - 8/25/15				[Y/N]
	135	Exhibit 19	CEAP		Detail listing of the components of other nonoperating revenues (expenses). **KPMG will make selections for detail test work. Include CSU Fund**	Final - 8/25/15				[Y/N]
	136		CEAP		Supporting schedules **(if material)** for sales and services of educational activities, grants and gifts capital, and gifts noncapital.	Final - 8/25/15				[Y/N]

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details)	Date Due to KPMG: Final - Day 1	Date Submitted or indicate "N/A"	Date Due to KPMG: Various (see specific dates below)	Date Submitted or indicate "N/A"	% Complete / Received
Expenses Items	**137**	DW Report	CEAP	Y	Detail listing of expenditures made during FY 2014-15. The listing of expenditures should agree to the legal basis. Management to agree the listing of legal basis expenditures to PBC from Systemwide PBC (CYL of 722004 supplies and other services in PS report 169). Management also to agree the GAAP basis supplies and other services expenditures by natural classification (per Systemwide PBC (CYA of 722004 supplies and other services in PS report 169)) with Note 13 of the reporting package (per Systemwide PBC PS report 167). **KPMG will make selections from the legal basis expenditure detail and test the legal to GAAP conversion journal entries and reconcile the GAAP basis supplies and other services natural classification to Note 13 of the reporting package.** Testing will cover expenditures requiring bids and those that do not. Selected items will require entire AP package to be provided to KPMG (bid, if applicable, invoice, PO, check requisition, check copy, receiving document). **Include CSU Fund.**	Final - 8/25/15				[Y/N]
	139	DW Report	CEAP	Y	Detail listing of the components of auxiliary enterprise expenses for FY2014-2015. **Include CSU Fund**	Final - 8/25/15				[Y/N]
	140		P		Support for PERS contributions (supporting YES, note 10). Reconcilable with benefit expense (e.g. legal object code 603005).	Final - 8/25/15				[Y/N]
	141		CEAP		Resident Assistants (RA) housing schedule containing: 1) number of RAs for the year ended June 30, 2015 and related costs of housing provided to RAs (i.e. cost of housing if they would have been required to pay for it); and 2) detail of how these costs are accounted for in the statement of revenues, expenses, and changes in net assets.	Final - 8/25/15				[Y/N]
Systemwide Revenue Bonds (SRB) Audit	**145**	Exhibit 45	CEAP	Y*	Detailed leadsheet for year end payroll and compensated absence accruals and unrecorded liabilities (includes journal entries and adjusted gaap balances). Liabilities to include salaries & benefits, compensated absences and unrecorded liabilities which affect accounts payable.	Final - 8/25/15				[Y/N]
	145a	Exhibit 45	CEAP	Y*	Detailed leadsheet for year end payroll and compensated absence accruals and unrecorded liabilities (includes journal entries and adjusted gaap balances). Liabilities to include salaries & benefits, compensated absences and unrecorded liabilities which affect accounts payable.			9/14/15 (indicate "N/A" on column J if no change from the version submitted on 8/25/15)		[Y/N]
	152	Exhibit 47	CEAP	Y*	Detailed leadsheet for Transfers.	8/25/15 (Noon) (unaudited due to the CO SRB team)		9/14/15 (indicate "N/A" on column J if no change from the version submitted on 8/25/15)		[Y/N]

*	Required format for SRB audit. Also listed in Chapter 16 SRB PBC List.
C	Completeness of account balance.
E	Existence of account balance.
A	Accuracy of account balance.
V	Valuation of account balance.
O	Ownership and/or Obligation of account balance.
P	Presentation of account balance, including footnote disclosure.
ELC	Entity Level Controls (provides comfort on the overall integrity of the financial statements).

California State University
Financial Statement Audit - Prepared by Client (PBC) List (Systemwide Only)
June 30, 2015

Note: This is a **preliminary** PBC list. Additional items may be requested as the audit progresses. See guidance on submission of PBCs through Sharepoint. Please assist KPMG audit team in coordinating interviews with personnel outside accounting/finance such as HR Director, Procurement, Budget, Cashier office,

All sample selections will be made by KPMG during the first week of fieldwork.

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details/Issues)	Date Due to KPMG: Final - Day 1	Date Due to KPMG: Various (see specific dates below)	Date Uploaded in SharePoint or N/A
General Items - Financial Reporting	**1**	YES, Reporting Package Workbook, and Exhibit 27			Completed and approved campus Reporting Packages including comprehensive analytical review (fluctuation analysis) by financial statement line item. **Please also run TM1 for ALL Campuses.**	Final (excluding statement of cash flows, OPEB liability, FN16 Elimination of Nonexchange transactions, FN 14 Transactions with related entities, FN 19 OPEB, and aux orgs' data) - 8/25/15 (due by noon)	With Cash flows and OPEB - 9/4/15; Complete Final (with Auxiliary Orgs.) - 9/23/2015	
	2	Exhibit 29	C		Trial balance of Campus ledger / Legal ledger / GAAP ledger at 6/30/CY for periods 1 through 12. CO to provide several methods to arrive at this information. (Report #CSUGL02)	Final - 8/25/15		
	6		CEAP		Access to original GAAP journal entries recorded with attached supporting documentation.	Upon Request		
	8	Exhibit 28 / Query	AP		Analysis of the impact of **<u>all</u>** Non GAAP accounting policies and procedures (consolidated). This needs to be quantified. For example, utilities recorded on a cash basis; scope threshold on accruing for accounts payable (ensure audit team knows your threshold). Provide query (sample query provided in the exhibit) of subsequent cash payments made after year-end below your threshold. Memberships that are immaterial (ensure audit team knows your threshold). Note this list is **<u>not</u>** all inclusive.		9/4/2015	
	5		C		Loss run report as of September 30, 2015 **(obtained from Alice Kim in prior year)**		10/2/15	
	6				Draft consolidated worksheet <u>without elimination entries</u> (University Only)		9/18/15	
	146				Updated draft consolidated worksheet with elimination entries. Provide a bridge document from the 9/18 version, if necessary)		9/25/15	
	147				Systemwide financial statements draft and consolidation files (including footnote support). Provide a bridge document from the 9/25 version, if necessary)		10/6/15	
	19				Auxiliary organizations **consolidating and individual** YES report, which ties out to the auxiliary organizations audited financial statements. For any differences between the Auxiliary Organization's audited financial statements and YES, provide supporting documentation.		9/23/15	

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details/Issues)	Date Due to KPMG: Final - Day 1	Date Due to KPMG: Various (see specific dates below)	Date Uploaded in SharePoint or N/A
PeopleSoft Reports/Queries - All reports must be run at the SAME time and agree to the Reporting Package on Day 1.	**21**	Query	CEAP		System report of **ALL journal entries recorded in FY 2013-14 (ALL campuses including San Diego):** 1. All manual entries in XXCMP business unit 2. All manual entries in XXCSU business unit 3. All entries (system and manual) in XXGAP business unit This report is needed to select a sample of journal entries for test work. (**Note:** for PeopleSoft campuses, the report query name is "CSU_GL_JRNL_ENTRY_AUDIT_REPORT" to run the manual entries for XXCMP and XXCSU and "CSU_GL_JRNL_ENTRY_AUDIT_xxGAP" to run system and manual entries for XXGAP.) Query includes Date and Time stamp. **KPMG to make selections.**	Final - Day 1 8/25 - XXCMP, XXCSU and XXGAP		
	22	RPT	P		Report #CSUFS169 - Pre-Closing Trial Balance by Net Position Category, Leadsheet - Summary (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/26/14		
	23	RPT	P		Report #CSUFS168 - Statement of Net Position (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/25/15		
	24	RPT	P		Report #CSUFS166 - Statement of Revenues, Expenses, and Changes in Net Position (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/25/15		
	25	RPT	P		Report #CSUFS170 - Leadsheet - Detail (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/25/15		
	26	RPT	P		Report #CSUFS167 - Operating Expenses Summary (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/25/15		
	27	RPT	P		Report #CSUFS171 - Leadsheet - GAAP Adjustments (hard copy and electronic PDF file). **(ALL campuses including San Diego)**	Final - 8/25/15		
	28	RPT	P		SAM 07 Report Pre- and Post-Close for CY and Post-Close for PY. **(ALL campuses including San Diego)**	Final - 8/25/15		
	144	See item 6	CEAP		Query of all GAAP adjusting entries recorded during the current year. **(ALL campuses including San Diego)**	Final - 8/25/15	9/21/15 (audited due to the CO SRB team)	
Investments	**53**		CEA		Consolidated rollforward by type of investment (US Bank, SMIF, LAIF, and any campus specific) including investment purchases (additions) and sales (withdrawals) with supporting documentation (the information is utilized for the statement of cash flows).	Final - 8/25/15		
Property, plant and equipment	**84**		CEAO		Copy of the summary equipment transfer schedule from the Chancellor's Office to the campus.	Final - 8/25/15		
	85	ADNOAT	CEAO		Copy of the rollforward schedule of CWIP allocated to your campus from the Chancellor's Office.	Final - 8/25/15		
Salaries and Benefits	**99a**		CEA		Salaries and Benefits: Supporting documentation for the average FTE count for FY 2015 versus FY 2014.	Final - 8/25/15		
	99b		CEA		Salaries and Benefits: Supporting documentation for the average salary and benefit step increase across the board (employee category level only) in FY2015. KPMG to request further documentation, if necessary.	Final - 8/25/15		

	Item #	Cross Reference	Assertions	Required Format (per GAAP Manual Ch. 9)	Item (Description/Details/Issues)	Date Due to KPMG: Final - Day 1	Date Due to KPMG: Various (see specific dates below)	Date Uploaded in SharePoint or N/A
Other Accounts	**109**	Passdown	CEAO		Reference to and access to journal entries prepared by the Chancellor's Office to record the Public Works Board Energy Efficiency Revenue Bonds and Systemwide, Housing, Student Union, and Parking Revenue Bonds.	Final - 8/25/15		
	149		CEA		GASB 45 summary and template	Final - 8/25/15		
	150		CEA		Latest GSR report for the OPEB plan	Final - 8/25/15		
	151		CEAP		State Controller's Office (SCO) Tab Run Report (Systemwide level) as of 6/30/15 for all campuses (Accounts Receivable items).	Final - 8/25/15		
Fund Balance Clearing Items	**121**	See Item 6	CEA		Reference to and access to journal entries made to eliminate fund balance clearing with supporting documentation attached **(ALL campuses including San Diego)**	Final - 8/25/15		
	122		CEA		Copy of the fund balance clearing account schedule at 6/30/15 sent from the Chancellor's Office.	Final - 8/25/15		
State appropriations	**124**	CO website	CEA		Copy of FY 2014-2015 appropriations schedule capital and noncapital by campus (GAAP appropriations support summary).	Final - 8/25/15		

C Completeness of account balance.
E Existence of account balance.
A Accuracy of account balance.
V Valuation of account balance.
O Ownership and/or Obligation of account balance.
P Presentation of account balance, including footnote disclosure.
ELC Entity Level Controls (provides comfort on the overall integrity of the financial statements).

CSU
Sample Cash Leadsheet (Required Format)
6/30/CY

SCO Fund	CSU Fund	Object Code	Object Description	Wells Fargo	State Treasurer	Petty Cash	Enter any other	Legal Cash 6/30/CY	Enter GAAP AJE#	Enter GAAP AJE#	Enter GAAP AJE#	GAAP Cash 6/30/CY	GAAP Cash 6/30/PY	Dollar Change	Percent Change
Current - Cash and Cash Equivalents															
0573	181	101001	General Cash		1,509.09			**1,509.09**				**1,509.09**	45,675.60	(44,166.51)	-96.70%
0580	261	101001	General Cash		3,349.78			**3,349.78**				**3,349.78**	969,845.29	(966,495.51)	-99.65%
0583	303	101001	General Cash		88.96			**88.96**				**88.96**	0.00	88.96	#DIV/0!
0948	499	101009	Cash on Hand					**0.00**				**0.00**	0.00	0.00	#DIV/0!
								0.00				**0.00**	0.00	0.00	#DIV/0!
								0.00				**0.00**	0.00	0.00	#DIV/0!
			Total Legal Current - Cash and Cash Equivale	0.00	4,947.83	0.00	0.00	**4,947.83**	0.00	0.00	0.00	**4,947.83**	1,015,520.89	(1,010,573.06)	-99.51%
				v	v			**ü**				**y**	**r**		
			GAAP AJE#												
			GAAP AJE#												
			GAAP AJE#												
			Total GAAP Current - Cash and Cash Equival	0.00	4,947.83	0.00	0.00					**4,947.83**	**ok**		

SCO Fund	CSU Fund	Object Code	Object Description	Wells Fargo	State Treasurer	Petty Cash	Enter any other	Legal Cash 6/30/CY	Enter GAAP AJE#	Enter GAAP AJE#	Enter GAAP AJE#	GAAP Cash 6/30/CY	GAAP Cash 6/30/PY	Dollar Change	Percent Change
Noncurrent - Restricted Cash and Cash Equivalents															
0574	318	101001	General Cash		80.44			**80.44**				**80.44**	0.00	80.44	#DIV/0!
								0.00				**0.00**	0.00	0.00	#DIV/0!
								0.00				**0.00**	0.00	0.00	#DIV/0!
			Total Legal Noncurrent - Restricted Cash and (	0.00	80.44	0.00	0.00	**80.44**	0.00	0.00	0.00	**80.44**	0.00	80.44	#DIV/0!
				v	v			**ü**				**y**	**r**		
			GAAP AJE#												
			GAAP AJE#												
			GAAP AJE#												
			Total GAAP Noncurrent - Restricted Cash and	0.00	80.44	0.00	0.00					**80.44**	**ok**		

r Prior year balance must agree to issued prior year financial statements and/or final prior year reporting package.
y Amounts must agree to the amounts included on the statement of net assets.
ü Amounts must agree to the post-closing SAM07.
v Amounts must tie to bank statement or third-party supporting schedule

CSU
Sample Reconciliaton of State Appropriation Receivables to SCO Tab Run Report and SAM 99 (Non-Capital)
As Of: 6/30/20CY

STATE APPROPRIATIONS - NON-CAPITAL - GENERAL FUND - 0001:

Appropriation Year	2003	2004	2005	2006		Totals
Per Schedule	-	1,499.39	2,741.35	-	y	**4,240.74**
Per SAM99						
"C" - Summary of "D", "F" & "T" (Expenditures, Reimbursements & CO Transf	-	1,499.39	2,741.35	-		**4,240.74**
Per Tab Run						
"C" - Summary of "D", "F" & "T" (Expenditures, Reimbursements & CO Transf	-	1,499.39	2,741.35	-		**4,240.74**

y Amount must agree to State Appropriations Current reported in YES Note 4.1.

CSU
Sample Reconciliation of State Appropriation Receivables to SCO Tab Run Report and SAM 99 (Capital)
As Of: 6/30/20CY

STATE APPROPRIATIONS - CAPITAL - BOND FUNDS:

	Fund Code	SCO Fund	SCO Sub-Fund	CSU Fund	Approp year	SCO Ref #	Balance @ 6/30/20PY	Less: CYReductions (Fund Balance Clearing Reclass)	Add: CY Appropriations / Allocations	Less: Reversion/De-allocation of Funds	Balance @ 6/30/20CY	Balances per SCO Tab Run as of 06/30/20CY	Differences
1998 HECO Bond Fund	B9801	0574	001	318	2001	302	307,664.11	(288,884.72)			18,779.39	18,779.39	-
2002 HECO Bond Fund	B0201	6028	003	319	2002	301	41,563.35	(41,558.50)			4.85	4.85	(0.00)
2002 HECO Bond Fund	B0301	6028	003	319	2003	301	25,083.36			(25,083.36)	-		-
2002 HECO Bond Fund	B0302	6028	003	319	2003	302	16,371,646.29	(12,225,603.99)			4,146,042.30	4,146,042.30	-
2004 HECO Bond Fund	B0401	6041	002	320	2004	301	652,150.62	(651,483.17)			667.45	667.45	(0.00)
2004 HECO Bond Fund	B0501	6041	002	320	2005	001	554,929.36	(554,928.85)			0.51	0.51	0.00
2004 HECO Bond Fund	B0502	6041	002	320	2005	301	150,000.00	(73,509.78)			76,490.22	76,490.22	-
2006 University Cap Outlay Bond	B0601	6048	002	321	2006	002	-	(81,190.00)	1,735,000.00		1,653,810.00	1,653,810.00	-
2006 University Cap Outlay Bond	B0602	6048	002	321	2006	301	-	(32,201.81)	2,174,000.00		2,141,798.19	2,141,798.19	-
							18,103,037.09	(13,949,360.82)	3,909,000.00	(25,083.36)	8,037,592.91 **y**	8,037,592.91	(0.00)

Totals per CSU Fund = Accounts Receivable Balances for Capital Project (834):

318	**18,779.39**
319	**4,146,047.15**
320	**77,158.18**
321	**3,795,609.19**
Total	*8,037,593.91*
GAAP Ledger Balance	*8,037,593.91*
Difference	-

y Amount must agree to State Appropriations Noncurrent reported in YES Note 4.1.

CSU
Sample Allowance for Doubtful Accounts Leadsheet
As Of: 6/30/20CY

SCO Fund	*Account*	*Account Name*		*Balance @ 6/30/20CY*		*Balance @ 6/30/20PY*
Institutional Receivables:						
0580	104001	Allowance A/R Operating Revenue		202		-
	104004	Allowance A/R Operating Revenue		18,766		5,219
	104005	Allowance A/R Rejected Check		32		-
0948	104001	Allowance A/R Abatement		17,129		286
	104003	Allowance A/R Revenue		178,712		59,515
	104005	Allowance A/R Rejected Check		741		-
GAAP ENTRY		Additional Allowance (GUNR06022A)		53,361		
Total for Institutional			**8**	**268,942**	**r**	**65,020**
Student Accounts						
0580	104004	Allowance A/R Operating Revenue		14,448		
	104005	Allowance A/R Rejected Check		1,903		
0948	104003	Allowance A/R Revenue		46,725		
	104004	Allowance A/R Operating Revenue		673		
	104005	Allowance A/R Rejected Check		7,007		
	104007	Allowance A/R Other		56,027		65,885
GAAP ENTRY		Additional Allowance (GUNR06022B)		22,653		52,646
Total for Student Accounts			**8**	**149,437**	**r**	**118,531**

Student Loans Receivable:

Allowance-Perkins		520,159		500,534
Allowance-Nursing		29,126		12,131
Allowance-Lockhart		15,377		19,227
Allowance-Short-Term		1,612		12,202
	a	**566,275**	**r**	**544,093**

8 Must agree to YES, Note 4.1
a Must agree to YES, Note 4.4
r Prior year balance must agree to issued prior year financial statements and/or final prior year reporting package.

CSU
Sample Policy on Allowance for Doubtful Accounts ***
June 30, 20CY

Student Accounts - The campus will reserve 50% for all student accounts 4 months (120 days) or older. The campus will reserve 100% for all student accounts that are 6 months are older (180 days). Any receivables that are still outstanding for a year will be completely written off the books.

Vendor Accounts - The campus will review each outstanding receivable over 60 days and contact the vendor to determine when payment will be rendered. Each vendor receivable outstanding over 90 days will be 50% reserved except for receivables from the state of California. Any vendor receivables that remain outstanding after 6 months will be 100% reserved for. Any receivables that remain outstanding for a year will be completely written off the books.

Related Organization Receivables - The campus, on a minimum, will reconcile amounts receivable from other campus auxiliaries on a quarterly basis and will evaluate the collectibility of these accounts. In most cases, any outstanding receivables over 120 days would be reserved for 50%. Any receivables outstanding 180 days or more would be 100% reserved for. Any receivables that remain outstanding for a year will be completely written off the books.

Loans Receivable - In addition to the required due diligence procedures at the end of each fiscal year, the campus will review the status of loans outstanding for more than 240 days. The campus will reserve for amounts to cover approximately 10%-15% of their outstanding loan balance or amounts greater than 2 years whatever is greater.

*** **These are example policies and each campus should evaluate their own write-off history and create policies accordingly.**

CSU
Sample Leases Receivable Leadsheet
6/30/20CY

Description		Lease Term	Balance 6/30/20CY	e a 20FY-1 Principal	20FY-2 Principal	20FY-3 Principal	20FY-4 Principal	20FY-5 Principal	Thereafter Principal
Foundation Lease		12/1/2005 to 11/30/2034	33,250,000	550,000	600,000	650,000	700,000	750,000	30,000,000
Parking Lot Lease		7/1/2005 to 6/30/2010	7,500	2,500	2,500	2,500	-	-	-
Property Lease		4/1/2004 to 3/31/2014	162,000	24,000	24,000	24,000	24,000	24,000	42,000
Totals	**a**		33,419,500	576,500	626,500	676,500	724,000	774,000	30,042,000

a Current portion must equal amount included on SNA.

e Future lease receivable amounts need to be displayed for each year individually for the first five years and thereafter (as a total).

CSU
Sample Prepaid Expenses and Other Current Assets Leadsheet **
6/30/20CY

Account Number	***Account***	***Balance @ 6/30/20CY***		***Balance @ 6/30/20PY***		**$ Change**	**% Change**
9484962600	Deferred Charges-prepaid maintenance contracts	327,000		425,000		(98,000)	-23%
GAAP AJE #	Prepaid subscriptions	200,015		197,259		2,756	1%
GAAP AJE #	Prepaid postage	122,000		100,000		22,000	22%
Total		649,015		722,259		(73,244)	-10%
Breakdown by Net Position Category:							
	Unrestricted Fund	622,000		696,000		(74,000)	-11%
	Restricted: Expendable-Other	27,015		26,259		756	3%
Total		649,015	**y**	722,259	**r**	(73,244)	-10%

y Amount must agree to the SNP
r Prior year balance must agree to issued prior year financial statements and/ or final prior year reporting package.

****** **Prepare a similar schedule for Other Noncurrent Assets.**

CSU
Sample Student Loans Receivable Leadsheet
6/30/20CY

Net Position Class	***Fund***	***Account Name***		***Balance @ 6/30/20CY***		***Balance @ 6/30/20PY***
892	40301	Perkins Loans		301,082		301,738
		Less: Allowance		(26,218)		(21,630)
		Perkins Loans, net		274,865		280,108
833	43301	Emergency Student Loans		4,744		2,178
		Less: Allowance		(759)		(1,438)
		Emergency Student Loans, net		3,985		740
		Total	**8**	278,850	**r**	280,848

8 Must agree to YES, Note 4.4

r Prior year balance must agree to issued prior year financial statements and/ or final prior year reporting package.

CSU
Sample Accrued Salaries and Benefits Payable Leadsheet
6/30/20CY

Faculty (Paid on a 12 month cycle rather than a 10 month cycle):		
Salaries- July	$ 3,919,899	1
Salaries- August	3,653,719	1
Salaries - summer session @ 4 weeks	1,745,689	r
Non-faculty salaried employees	324,567	a
Non-faculty hourly employees	219,002	a
Benefits (25% of above faculty salary amts)	2,329,827	
Total salaries and benefits earned but not paid @ 6-30-CY	$12,192,703	

Prior Year Salary Accrual	9,220,209	2	

	Debit	Credit
Unrestricted		
Net assets - beginning	$ 9,220,209	
Expenses - various		9,220,209

To reverse amount recorded as expense in the current year for legal basis as they were already expensed and accrued on PY financial statements for GAAP basis.

	Debit	Credit
Unrestricted		
Expenses - various	$12,192,703	
Accrued salaries and benefits		12,192,703

To accrue current year salaries that will be paid to faculty during the summer months but that was earned before year-end

1 Amounts should agree to supporting payroll reports
2 Amount should agree to PY GAAP AJE
r Accrual for related summer sessions incurred thorugh June 30, 20CY.
a Accrual for other personnel paid in arrears for June payroll.

CSU
Sample Unearned Revenue Leadsheet
6/30/20CY

Current:

GAAP Acct	Description	6/30/20CY Balance		6/30/20PY Balance		(A) $ Change	(A) % Change
	Deferred income - tuition fees **(Fall, Summer & CERF)**	$ 4,875,000	ü	$ 4,500,000		$ 375,000	8.33%
	Deferred income - sales & srvs of aux entrp **(Fall, Summer)**	475,000	ü	450,000		25,000	5.56%
	Deferred income - graduation fees	1,430		1,277		153	11.98%
	Deferred income - grants and contracts	297,054		398,065		(101,011)	-25.38%
	Operating revenue collected in advance	797,654		576,092		221,562	38.46%
712105	Total Unearned Revenue	$ 6,446,138	y	$ 5,925,434	r	$ 520,704	8.79%

r Prior year balance must agree to issued prior year financial statements.
y Amounts must agree to the SNP
ü Agrees to net unearned revenue total from Exhibit 12

Noncurrent:

GAAP Acct	Description	6/30/20CY Balance		6/30/20PY Balance		(A) $ Change	(A) % Change
	Deferred income - grants and contracts	$ 5,234,091		$ 5,542,198		$ (308,107)	-5.56%
						-	#DIV/0!
						-	#DIV/0!
						-	#DIV/0!
						-	#DIV/0!
						-	#DIV/0!
712202	Total Unearned Revenue	$ 5,234,091	y	$ 5,542,198	r	$ (308,107)	-5.56%

r Prior year balance must agree to issued prior year financial statements and/or final prior year reporting package.
y Amounts must agree to the SNP

(A) If significant fluctuation between years, campus needs to be able to explain why and be prepared to provide supporting documentation, if necessary. Therefore, it is important that campus takes a snap shot of its student subsystem as of 6/30/CY.

CSU
Unearned Fees Calculation/ Reasonableness Test (SRB Required Format)
6/30/20CY

CSU Fund Number		*Input (A)* Registration (B)	Collected (C)	Revenue to Recognize (D)	*Output (Calculated)* Gross AR (Uncollected) (E)=(B)-(C)	Gross Unearned Revenue (F)=(B)*(100%-(D))	Reclass (Reversal of AR Portion) (G)=[-(E)*(100%-(D)]	Net Unearned Revenue (H)=(F)+(G)	Net AR (I)=(E)+(G)	Revenue Recognized (J)=(B)-(F)
441	Tuition/Fall Term (undergraduate) < 6	$ 4,000,000	$ 2,000,000	0%	$ 2,000,000	$ 4,000,000	$ (2,000,000)	$ 2,000,000	$ -	$ -
441	Tuition/Fall Term (undergraduate) > 6	$ 4,000,000	$ 1,400,000	0%	$ 2,600,000	$ 4,000,000	$ (2,600,000)	$ 1,400,000	$ -	$ -
441	Tuition/Fall Term (post-graduate) < 6	$ 400,000	$ 300,000	0%	$ 100,000	$ 400,000	$ (100,000)	$ 300,000	$ -	$ -
441	Tuition/Fall Term (post-graduate) > 6	$ 400,000	$ 200,000	0%	$ 200,000	$ 400,000	$ (200,000)	$ 200,000	$ -	$ -
	Tuition/Fall Term (teaching credential)	$ 300,000	$ 140,000	0%	$ 160,000	$ 300,000	$ (160,000)	$ 140,000	$ -	$ -
	Tuition/Fall Term (non resident) < 6	$ 200,000	$ 100,000	0%	$ 100,000	$ 200,000	$ (100,000)	$ 100,000	$ -	$ -
	Tuition/Fall Term (non resident) > 6	$ 200,000	$ 100,000	0%	$ 100,000	$ 200,000	$ (100,000)	$ 100,000	$ -	$ -
534	Student Union/Fall Term	$ 250,000	$ 120,000	0%	$ 130,000	$ 250,000	$ (130,000)	$ 120,000	$ -	$ -
452	Health Facilities/Fall Term	$ 23,000	$ 10,000	0%	$ 13,000	$ 23,000	$ (13,000)	$ 10,000	$ -	$ -
451	Health Services/Fall Term	$ 100,000	$ 45,000	0%	$ 55,000	$ 100,000	$ (55,000)	$ 45,000	$ -	$ -
	Total Fall	$ 9,873,000	$ 4,415,000	0%	$ 5,458,000	$ 9,873,000	$ (5,458,000)	$ 4,415,000	$ -	$ -
	CERF	$ 1,000,000	$ 800,000	80%	$ 200,000	$ 200,000	$ (40,000)	$ 160,000	$ 160,000	$ 800,000
534	Student Union/summer session	$ 1,000,000	$ 800,000	100%	$ 200,000	$ -	$ -	$ -	$ 200,000	$ 1,000,000
452	Health Facilities/summer session	$ 1,000,000	$ 700,000	100%	$ 300,000	$ -	$ -	$ -	$ 300,000	$ 1,000,000
451	Health Services/summer session	$ 1,000,000	$ 600,000	100%	$ 400,000	$ -	$ -	$ -	$ 400,000	$ 1,000,000
	program name here, tuition, etc.	$ 1,000,000	$ 400,000	75%	$ 600,000	$ 250,000	$ (150,000)	$ 100,000	$ 450,000	$ 750,000
	… add more programs as needed	$ 1,000,000	$ 200,000	0%	$ 800,000	$ 1,000,000	$ (800,000)	$ 200,000	$ -	$ -
	Total Summer Session	$ 5,000,000	$ 2,700,000	75%	$ 2,300,000	$ 1,250,000	$ (950,000)	$ 300,000	$ 1,350,000	$ 3,750,000
	Total Student Tuition and Fees	$ 15,873,000	$ 7,915,000	29%	$ 7,958,000	$ 11,323,000	$ (6,448,000)	$ 4,875,000	$ 1,510,000	$ 4,550,000
531	Housing	$ 400,000	$ 200,000	0%	$ 200,000	$ 400,000	$ (200,000)	$ 200,000	$ -	$ -
472	Parking	$ 300,000	$ 140,000	0%	$ 160,000	$ 300,000	$ (160,000)	$ 140,000	$ -	$ -
	Total Fall	$ 700,000	$ 340,000	0%	$ 360,000	$ 700,000	$ (360,000)	$ 340,000	$ -	$ -
531	Housing	$ 600,000	$ 500,000	85%	$ 100,000	$ 90,000	$ (15,000)	$ 75,000	$ 85,000	$ 510,000
472	Parking	$ 500,000	$ 400,000	85%	$ 100,000	$ 75,000	$ (15,000)	$ 60,000	$ 85,000	$ 425,000
	Total Summer Session	$ 1,100,000	$ 900,000	85%	$ 200,000	$ 165,000	$ (30,000)	$ 135,000	$ 170,000	$ 935,000
	Total Sales & Srvs of Aux Enterprieses	$ 1,800,000	$ 1,240,000	52%	$ 560,000	$ 865,000	$ (390,000)	$ 475,000	$ 170,000	$ 935,000

Total Net Unearned Revenue $ 5,350,000

Note: Total Net Unearned Revenue should tie to the GAAP Statement of Net Position

(A) Whatever the method used by the campus to determine the inputs, campus must provide the basis to the KPMG, and KPMG must be able to follow the logic.

(B) Campus needs to methodically determine the registration for each term. In the absence of information by term, campus may use the aggregate (e.g. Total Summer).

(C) Campus needs to methodically determine the cash collected for each term. In the absence of information by term, campus may use the aggregate.

(D) Campus needs to methodically determine what percentage of the revenue was earned as of 6/30/CY. In the absence of information by term, campus may use the aggregate.

(E) Health Facilities and Health Services must be shown separately.

(F) For SRB audit purposes, all programs that are part of SRB need to be listed separately as shown in the example.

(G) Please use the program names shown above for programs that are in SRB to avoid any ambiguity.

CSU
Sample Lease Obligations Leadsheet (Capital and Operating) - Future Minimum Rent Schedule
6/30/20CY

Capital Leases:

Description	Lease Term	y Carrying value of capital asset	u Balance 6/30/20CY	a 20FY-1 Principal	20FY-2 Principal	20FY-3 Principal	20FY-4 Principal	20FY-5 Principal	e 20FY6-20FY10 Principal	20FY11-20FY15 Principal	20FY16-20FY20 Principal	20FY21-20FY25 Principal	20FY26-20FY30 Principal
Xerox copier	12/1/2003 to 11/30/2010	35,786	34,250	5,000	5,000	5,000	5,000	5,000	9,250	-	-	-	-
Modulars	7/1/1999 to 6/30/2014	62,005	65,890	8,500	8,500	8,500	8,500	8,500	8,500	14,890	-	-	-
Energy Bonds	4/1/1980 to 3/31/2010	3,000,900	3,501,530	150,000	160,000	175,000	180,000	190,000	200,000	1,400,000	1,046,530	-	-
Totals	**a**	3,098,691	3,601,670	163,500	173,500	188,500	193,500	203,500	217,750	1,414,890	1,046,530	-	-

y Carrying value of leased capital assets must agree to the value included in the capital asset listing.
u Must equal balance included on debt rollforward schedule.
a Current portion must equal amount included on debt rollforward schedule.
e Future debt commitments need to be displayed for each year individually for the first five years and then in 5 year increments through the end of the lease.

Operating Leases:

Description			p Rent Expense 6/30/20CY	20FY-1 Principal	20FY-2 Principal	20FY-3 Principal	20FY-4 Principal	20FY-5 Principal	e 20FY6-20FY10 Principal	20FY11-20FY15 Principal	20FY16-20FY20 Principal	20FY21-20FY25 Principal	20FY26-20FY30 Principal
Hasler Inc.	3/1/2004 to 2/28/2009		31,179	31,179	31,179	20,786	-	-	-	-	-	-	-
Lease Servicing Center - Sharp AR-M700	2/15/2005 to 2/14/2010		20,000	20,000	20,000	20,000	12,500	-	-	-	-	-	-
Minolta Business Solutions	7/1/2005 to 6/30/2008		7,281	7,281	7,281	-	-	-	-	-	-	-	-
Xerox SN-MRL015533	7/1/2005 to 6/30/2008		4,672	4,672	4,672	-	-	-	-	-	-	-	-
Xerox SN-L2045110	9/1/2006 to 8/31/2009		796	2,389	2,389	398	-	-	-	-	-	-	-
Xerox SN-TFW001150	12/1/2006 to 11/30/2009		193	2,319	2,319	966	-	-	-	-	-	-	-
Totals			64,121	67,840	67,840	42,150	12,500	-	-	-	-	-	-

p Must agree to the general ledger for rent expense.

CSU
Sample Other Liabilities Leadsheet
6/30/CY

TM1 (Yes) Line Description	GAAP Account	FIRMS Obj Code - Account Description	Net Asset	SCO Fund	CSU Fund - CSU Fund Name		Balance @ 6/30/2014		Balance @ 6/30/2013	$ Change	% Change
712109 - Other liabilities-current											
Scholarships							-		-	-	-
Scholarships Total						⏩	-	✕	-	-	-
Sales and use tax payable	712109	201008 - Sales and Use Tax Payable	834	0576	227 - DCF-Bond Anticipation Note (BAN)		(226.71)			(226.71)	-
	712109	201008 - Sales and Use Tax Payable	834	0576	228 - DCF-Auxiliary Organizations		(2.79)			(2.79)	-
	712109	201008 - Sales and Use Tax Payable	836	0948	465 - TF-Contracts and Grant Trust		(37.35)		(40.17)	2.82	-7%
	712109	201008 - Sales and Use Tax Payable	881	0948	441 - TF-Continuing Education/Extended Education (CE/EE) Operation		(24.29)			(24.29)	-
	712109	201008 - Sales and Use Tax Payable	881	0948	464 - TF-International Programs Trust		-		(639.76)	639.76	-100%
	712109	201008 - Sales and Use Tax Payable	881	0948	481 - TF-Lottery Education Fund		-		(271.89)	271.89	-100%
	712109	201008 - Sales and Use Tax Payable	881	0948	485 - TF-CSU Operating Fund		(8,827.25)		(9,704.06)	876.81	-9%
	712109	201008 - Sales and Use Tax Payable	881	0948	491 - TF-Special Projects Fund-Special Projects		(0.95)		(28.27)	27.32	-97%
	712109	201008 - Sales and Use Tax Payable	881	0948	496 - TF-Miscellaneous Trust		(15.78)		(67.46)	51.68	-77%
	712109	201008 - Sales and Use Tax Payable	881	0948	538 - TF-Aux Org Main&Repair/Internally Designated Capital Proj		(49.06)			(49.06)	-
	712109	201008 - Sales and Use Tax Payable	881	0948	542 - TF-Capital Project Management		(15.05)		(9.80)	(5.25)	54%
	712109	201008 - Sales and Use Tax Payable	881	0948	543 - TF-Cost Recovery/Reciprocal and Nonreciprocal Campus		(6.20)		(40.43)	34.23	-85%
	712109	201008 - Sales and Use Tax Payable	881	0948	544 - TF-Cost Recovery/Exchange and Nonexchange Aux Orgs/3rd Party		(4.14)		(14.00)	9.86	-70%
	712109	201008 - Sales and Use Tax Payable	891	0948	496 - TF-Miscellaneous Trust		(45.68)			(45.68)	-
Sales and use tax payable Total						⏩	**(9,255.25)**	✕	**(10,815.84)**	**1,560.59**	**-491%**
Federal & state income tax withh	712109	203004 - State Income Tax Withheld	881	0948	499 - TF-Revolving Fund		(890.00)		(140.00)	(750.00)	536%
Federal & state income tax withheld Total						⏩	**(890.00)**	✕	**(140.00)**	**(750.00)**	**536%**
Escheat	712109	250009 - Other Current Liabilities - Esche	881	0948	499 - TF-Revolving Fund		(29,409.51)		(93,034.50)	63,624.99	-68%
Escheat Total						⏩	**(29,409.51)**	✕	**(93,034.50)**	**63,624.99**	**-68%**
Meal plans							-		-	-	-
Meal plans Total						⏩	-	✕	-	-	-
Deposits							-		-	-	-
Deposits Total						⏩	-	✕	-	-	-
CPDC admin fees	712109	GAAP - GAAP Adjustment	881	0948	542 - TF-Capital Project Management		(2,189,516.81)		(3,592,882.47)	1,403,365.66	-39%
CPDC admin fees Total						⏩	**(2,189,516.81)**	✕	**(3,592,882.47)**	**1,403,365.66**	**-39%**
Agency	712109	206002 - Project Deposits	891	0948	492 - TF-Dependent/Health Care (CO Only)		(1,171,237.41)		(1,133,257.13)	(37,980.28)	3%
Agency	712109	GAAP - GAAP Adjustment	891	0948	492 - TF-Dependent/Health Care (CO Only)		79,657.24			79,657.24	-
Agency Total						⏩	**(1,091,580.17)**	✕	**(1,133,257.13)**	**41,676.96**	**3%**
Interest & dividend payable	712109	204001 - Accrued Interest Payable	834	0576	221 - DCF-Housing		(4,128.63)		-	(4,128.63)	-
	712109	204001 - Accrued Interest Payable	834	0576	223 - DCF-Auxiliary Facilities		(1,653.92)			(1,653.92)	-
	712109	204001 - Accrued Interest Payable	834	0576	228 - DCF-Auxiliary Organizations		(4,446.92)		(5,899.12)	1,452.20	-25%
	712109	204001 - Accrued Interest Payable	835	0578	241 - DIRF-Housing		(28,315.00)		(32,490.00)	4,175.00	-13%
	712109	204001 - Accrued Interest Payable	835	0578	246 - DIRF-Auxiliary Organizations		(28,981,738.54)		(29,725,176.13)	743,437.59	-3%
	712109	204001 - Accrued Interest Payable	881	0948	531 - TF-Housing-Operations and Revenue		(23,400.00)		(9,000.00)	(14,400.00)	160%
	712109	GAAP - GAAP Adjustment	834	0576	221 - DCF-Housing		4,128.63		429.00	3,699.63	862%
	712109	GAAP - GAAP Adjustment	834	0576	222 - DCF-Parking				17,400.00	(17,400.00)	-100%
	712109	GAAP - GAAP Adjustment	834	0576	223 - DCF-Auxiliary Facilities		1,653.92			1,653.92	-
	712109	GAAP - GAAP Adjustment	834	0576	224 - DCF-Campus Unions				272,169.00	(272,169.00)	-100%
	712109	GAAP - GAAP Adjustment	834	0576	228 - DCF-Auxiliary Organizations		5,766.51		91,791.13	(86,024.62)	-94%
	712109	GAAP - GAAP Adjustment	835	0578	241 - DIRF-Housing		28,315.00		-	28,315.00	-
	712109	GAAP - GAAP Adjustment	835	0578	246 - DIRF-Auxiliary Organizations		28,968,912.59		28,081,385.30	887,527.29	3%
	712109	GAAP - GAAP Adjustment	881	0001	007 - General Fund Systemwide Costs		(11,693,487.84)		(4,685,267.80)	(7,008,220.04)	150%
	712109	GAAP - GAAP Adjustment	881	0948	537 - TF-Auxiliary Org-Operations and Revenue		(1,470,595.34)		-	(1,470,595.34)	-
Interest & dividend payable Total						⏩	**(13,198,989.54)**	✕	**(5,994,658.62)**	**(7,204,330.92)**	**841%**
Uncleared collections	712109	250002 - Uncleared Collections	881	0948	441 - TF-Continuing Education/Extended Education (CE/EE) Operation		(273.47)		(220.60)	(52.87)	24%
	712109	250002 - Uncleared Collections	881	0948	452 - TF-Facility Revenue Fund-Health Facilities Fees		(2,951.12)		(5,287.69)	2,336.57	-44%
	712109	250002 - Uncleared Collections	881	0948	472 - TF-Parking Revenue Fund-Parking Fees		(33,806.79)		(30,414.06)	(3,392.73)	11%
	712109	250002 - Uncleared Collections	881	0948	485 - TF-CSU Operating Fund		(3,135.01)		(2,227.99)	(907.02)	41%
	712109	250002 - Uncleared Collections	881	0948	491 - TF-Special Projects Fund-Special Projects		-		(2,202.05)	2,202.05	-100%
	712109	250002 - Uncleared Collections	881	0948	531 - TF-Housing-Operations and Revenue		(133,823.82)		(95,573.00)	(38,250.82)	40%
	712109	250002 - Uncleared Collections	881	0948	534 - TF-Campus Union-Operations and Revenue		(48,424.32)		(56,262.54)	7,838.22	-14%
	712109	250002 - Uncleared Collections	881	0948	543 - TF-Cost Recovery/Reciprocal and Nonreciprocal Campus		(5,965.76)		(4,070.23)	(1,895.53)	47%
	712109	250002 - Uncleared Collections	881	0948	544 - TF-Cost Recovery/Exchange and Nonexchange Aux Orgs/3rd Party		(27,822.19)		(1,762.39)	(26,059.80)	1479%
Uncleared collections Total						⏩	**(256,202.48)**	✕	**(198,020.55)**	**(58,181.93)**	**1483%**
Pollution remediation							-		-	-	-
Pollution remediation Total						⏩	-	✕	-	-	-
Loans payable	712109	250006 - Interfund Construction Loans Pa	881	0948	531 - TF-Housing-Operations and Revenue				(9,447,714.00)	9,447,714.00	-100%
	712109	GAAP - GAAP Adjustment	834	0576	221 - DCF-Housing				(429.00)	429.00	-100%
	712109	GAAP - GAAP Adjustment	834	0576	228 - DCF-Auxiliary Organizations				(89,022.13)	89,022.13	-100%
	712109	GAAP - GAAP Adjustment	835	0578	241 - DIRF-Housing				32,490.00	(32,490.00)	-100%
	712109	GAAP - GAAP Adjustment	835	0578	246 - DIRF-Auxiliary Organizations				22,840.70	(22,840.70)	-100%
	712109	GAAP - GAAP Adjustment	881	0948	531 - TF-Housing-Operations and Revenue				9,456,714.00	(9,456,714.00)	-100%
Loans payable Total						⏩	-	✕	**(25,120.43)**	**25,120.43**	**-600%**
Other	712109	250004 - Other Current Liabilities	881	0948	485 - TF-CSU Operating Fund		(58,000.00)			(58,000.00)	-
	712109	250004 - Other Current Liabilities	881	0948	544 - TF-Cost Recovery/Exchange and Nonexchange Aux Orgs/3rd Party		3.10			3.10	-
	712109	250006 - Interfund Construction Loans Pa	881	0948	531 - TF-Housing-Operations and Revenue		(9,384,819.00)			(9,384,819.00)	-
	712109	GAAP - GAAP Adjustment	881	0948	464 - TF-International Programs Trust				(1,300.00)	1,300.00	-100%
	712109	GAAP - GAAP Adjustment	881	0948	531 - TF-Housing-Operations and Revenue		9,384,819.00			9,384,819.00	-
	712109	GAAP - GAAP Adjustment	881	0948	546 - Stockton Site Authority		236,191.65		348,521.96	(112,330.31)	-32%
Other Total						⏩	**178,194.75**		**347,221.96**	**(169,027.21)**	**-132%**
712109 - Other liabilities-current Total						⏩	**(16,597,649.01)**	✕	**(10,700,707.58)**	**(5,896,941.43)**	
712208 - Other liabilities-noncurrent											
Scholarships							-		-	-	-
Scholarships Total						⏩	-	✕	-	-	-
Sales and use tax payable							-		-	-	-
Sales and use tax payable Total						⏩	-	✕	-	-	-
Federal & state income tax withheld							-		-	-	-
Federal & state income tax withheld Total						⏩	-	✕	-	-	-
Escheat							-		-	-	-
Escheat Total						⏩	-	✕	-	-	-
Meal plans							-		-	-	-
Meal plans Total						⏩	-	✕	-	-	-
Deposits							-		-	-	-
Deposits Total						⏩	-	✕	-	-	-
CPDC admin fees	712208	GAAP - GAAP Adjustment	881	0948	542 - TF-Capital Project Management		(2,189,527.11)		(1,077,353.99)	(1,112,173.12)	103%
CPDC admin fees Total						⏩	**(2,189,527.11)**	✕	**(1,077,353.99)**	**(1,112,173.12)**	**103%**
Agency							-		-	-	-
Agency Total						⏩	-	✕	-	-	-
Interest & dividend payable							-		-	-	-
Interest & dividend payable Total						⏩	-	✕	-	-	-
Uncleared collections							-		-	-	-
Uncleared collections Total						⏩	-	✕	-	-	-
Pollution remediation							-		-	-	-
Pollution remediation Total						⏩	-	✕	-	-	-
Loans payable							-		-	-	-
Loans payable Total						⏩	-	✕	-	-	-
Other	712208	263090 - Other Long-Term Liabilities	834	0576	221 - DCF-Housing				(475,659.11)	475,659.11	-100%
	712208	263090 - Other Long-Term Liabilities	834	0660	310 - Public building Construction Fund				(203,104.69)	203,104.69	-100%
	712208	GAAP - GAAP Adjustment	834	0660	310 - Public building Construction Fund		3,258,722.00			3,258,722.00	-
	712208	GAAP - GAAP Adjustment	834	0660	310 - Public building Construction Fund				(41,522,278.00)	41,522,278.00	-100%
	712208	GAAP - GAAP Adjustment	834	0668	322 - Public Building Construction Fund Subaccount		(86,365,000.00)		(100,731,000.00)	14,366,000.00	-14%
Other Total						⏩	**(83,106,278.00)**	✕	**(142,932,041.80)**	**59,825,763.80**	**-314%**
712208 - Other liabilities-noncurrent Total						⏩	**(85,295,805.11)**	✕	**(144,009,395.79)**	**58,713,590.68**	
Grand Total						⏩	**(101,893,454.12)**	✕	**(154,710,103.37)**	**52,816,649.25**	

⏩ Must agree to YES TM1, Other Liabilities Detail

✕ Prior year balance must agree to issued prior year financial statements and/or final prior year reporting package.

CSU
Sample Student Tuition and Fees Calculation/ Reasonableness Test
6/30/20CY

a	d	g		l			i	
Type	**Price**	**Enrollment**	**Fee Estimate**	**Waivers**	**Adjusted Estimate**	**Tuition & Fees Per GL**	**$ Difference**	**% Difference**
	A	**B**	**C = A*B**	**D**	**E = C+D**	**F**	**G = E-F**	**H=G/L**
Tuition/Fall Term (undergraduate) < 6	798	9,259	7,388,682	(389,076)	6,999,606	7,001,298	(1,692)	-0.02%
Tuition/Fall Term (undergraduate) > 6	1,250	9,367	11,708,750	(547,687)	11,161,063	11,009,765	151,298	1.36%
Tuition/Fall Term (post-graduate) < 6	950	587	557,650	(89,076)	468,574	480,976	(12,402)	-2.65%
Tuition/Fall Term (post-graduate) > 6	1,500	595	892,500	(91,032)	801,468	850,643	(49,175)	**-6.14%**
Tuition/Fall Term (teaching credential)	1,025	675	691,875	(76,321)	615,554	595,876	19,678	3.20%
Tuition/Fall Term (non resident) < 6	1,100	213	234,300	-	234,300	234,000	300	0.13%
Tuition/Fall Term (non resident) > 6	1,800	324	583,200	-	583,200	584,000	(800)	-0.14%
Tuition/Spring Term (undergraduate) < 6	798	8,011	6,392,778	(324,587)	6,068,191	6,109,554	(41,363)	-0.68%
Tuition/Spring Term (undergraduate) > 6	1,250	8,123	10,153,750	(501,987)	9,651,763	9,102,367	549,396	**5.69%**
Tuition/Spring Term (post-graduate) < 6	950	597	567,150	(79,023)	488,127	490,543	(2,416)	-0.49%
Tuition/Spring Term (post-graduate) > 6	1,500	605	907,500	(92,345)	815,155	799,027	16,128	1.98%
Tuition/Spring Term (teaching credential)	1,025	675	691,875	(76,321)	615,554	599,076	16,478	2.68%
Tuition/Spring Term (non resident) < 6	1,100	213	234,300	-	234,300	234,000	300	0.13%
Tuition/Spring Term (non resident) > 6	1,800	324	583,200	-	583,200	584,000	(800)	-0.14%
Student Union/Fall Term	45	21,020	945,900	(25,098)	920,802	899,342	21,460	2.33%
Student Union/Spring Term	45	18,548	834,660	(32,049)	802,611	799,056	3,555	0.44%
Health Facilities/Fall Term	3	21,020	63,060	-	63,060	63,000	60	0.10%
Health Facilities/Spring Term	3	18,548	55,644	-	55,644	56,000	(356)	-0.64%
Health Services/Fall Term	50	15,324	766,200	-	766,200	820,986	(54,786)	**-7.15%**
Health Services/Spring Term	50	13,290	664,500	-	664,500	660,932	3,568	0.54%
CERF	250	50	12,500	-	12,500	12,250	250	2.00%
Summer Term - Session 1	375	120	45,000	-	45,000	43,987	1,013	2.25%
Summer Term - Session 2 (1/2 session)	375	150	56,250	-	56,250	58,435	(2,185)	-3.88%
Summer Term - Session 3 (1/3 session)	375	125	46,875	-	46,875	45,876	999	2.13%
Tuition Totals	18,417	147,763	45,078,099	(2,324,602)	42,753,497	42,134,989 /	618,508	3.01%

a Include only those revenues that are recorded under "student tuition and fees" on the SRECNP.
/ Must agree to student tuition and fees, gross of scholarship allowance, per SRECNP.
d Provide campus catalog of fess charged, per PBC item #128.
g Provide campus census data, per PBC item #129.
l Enter as a negative amount. Provide supporting documentation to campus team.
i Differences greater than campus SMT and relative to KPMG's analysis will require further investigation.
Provide audit team with pricing information, as applicable (I.e. copies of pages from course catalog).
Provide audit team with enrollment information taken from census data and posted to CSU website.

CSU
SALES AND SERVICES OF AUXILIARY ENTERPRISES (SRB Required Format)
6/30/20CY

SCO Fund	CSU Fund	Object Code	Object Description	Legal Bal 6/30/20CY	Inclusion GAAP AJE 011	Inclusion GAAP AJE 016	Inclusion GAAP AJE 030	Inclusion GAAP AJE 031	Inclusion GAAP AJE 060	Inclusion GAAP AJE 083	Inclusion GAAP AJE 028	Inclusion GAAP AJE XXX	Inclusion GAAP AJE XXX	Inclusion GAAP AJE XXX	Total SRB Inclusion Balance	Exclusion Prior Year Reversals	Exclusion	Exclusion	GAAP Bal 6/30/20CY	GAAP Bal 6/30/20PY	Dollar Change	Percent Change
					Adjust Deferred Revenue	A/R reconciliation with Auxiliaries	Fee Waivers - Employees	Fee Waiver - Non Employee	Parking Citations A/R Allowance	Correct PDS and University Towers	Resident Assistant Fee Waivers	"ADD AS NEEDED"	"ADD AS NEEDED"	"ADD AS NEEDED"		Prior Year Reversals			Grand Total			
Housing Revenue																						
0948	531	504001	Housing Rent	**28,482,537**	-	-	7,063	-	-	(4,708,154)	1,200,553	-	-	-	**24,981,999**	(1,387)	-	-	**24,980,612**	**7,859,882**	17,120,730	217.82%
0948	531	504002	Housing Revenue-Others	**2,164,567**	-	-	-	-	-	-	-	-	-	-	**2,164,567**	-	-	-	**2,164,567**	**1,223,223**	941,344	76.96%
0948	531	504400	Allowance for Doubtful Accounts	**(64,531)**	-	-	-	-	-	-	-	-	-	-	**(64,531)**	-	-	-	**(64,531)**	**-**	(64,531)	#DIV/0!
0948	531	504090		**65**	-	-	-	-	-	-	-	-	-	-	**65**	-	-	-	**65**	**89**	(24)	-26.97%
	Total Housing Revenue			**30,582,638**	**-**	**-**	**7,063**	**-**	**-**	**(4,708,154)**	**1,200,553**	**-**	**-**	**-**	**27,082,100**	(1,387)	-	-	**27,080,713**	**9,083,194**		
Parking Revenue																						
0948	472	504003	Parking Permits	**7,823,156**	146,179	-	-	-	-	-	-	-	-	-	**7,969,335**	(146,262)	-	-	**7,823,073**	**2,753,888**	5,069,185	184.07%
0948	472	504005	Parking Meters	**716,091**	-	-	-	-	-	-	-	-	-	-	**716,091**	-	-	-	**716,091**	**305,070**	411,021	134.73%
0948	472	504400	Allowance for Doubtful Accounts	**(10,392)**	-	-	-	-	(232,975)	-	-	-	-	-	**(243,367)**	-	-	-	**(243,367)**	**(285,206)**	41,839	-14.67%
	Total Parking Revenue			**8,528,855**	**146,179**	-	-	-	**(232,975)**	-	-	-	-	-	**8,442,059**	(146,262)	-	-	**8,295,797**	**2,773,752**		
Other Trusts (NON SRB)																						
0948	463	504000	Sales & Svcs of Auxiliary Enterprises	**52,700**											**52,700**				**52,700**	**-**	52,700	#DIV/0!
0948	465	504009	Space Rental												**-**				**-**	**-**	-	#DIV/0!
0948	471	504006	Parking Fines	**614,714**	-	(2,100)	-	-	232,975	-	-	-	-	-	**845,589**	-	-	-	**845,589**	**845,647**	(58)	-0.01%
	Total OtherTrust Revenue			**667,414**	-	(2,100)	-	-	232,975	-	-	-	-	-	**898,289**	-	-	-	**898,289**	**845,647**		
	SALES AND SERVICES OF AUXILIARY ENTERPRISES			**39,778,907**	**146,179**	**(2,100)**	**7,063**	**-**	**-**	**(4,708,154)**	**1,200,553**	**-**	**-**	**-**	**36,422,448**	**(147,649)**	**-**	**-**	**36,274,799**	**12,702,593**		
																			Note 1	**Note 1**		

Note 1: **Amount must agree to line item on the GAAP SRECNP.**
Note 2: **See attached schedules for Housing and Parking reasonable tests.**

Inclusions: **1) All GAAP adjustments that impact SRB funds**
2) All GAAP entries that don't fall under the "Exclusion" category

Exclusions: **These include any "Prior Year Reversals", "Return of Surplus", and "Scholarship Allowance / Tuition Discounting" Entries**

CSU
Sample Other Operating Revenues Leadsheet
6/30/20CY

Object Code	Description	6/30/20CY Balance		6/30/20PY Balance		$ Change	% Change
	Athletic sponsorship fees, ticket sales, and conference distributions	211,971		588,278		(376,307)	-63.97%
	Subsidized child care center	75,291		73,765		1,526	2.07%
507002	Interest from student loans	128,436		122,987		5,449	4.43%
580004	Escheat of unclaimed checks	21,667		51,508		(29,841)	-57.94%
580005	Project Revenue	548,903		233,087		315,816	135.49%
580006	Installment charges	19,043		21,087		(2,044)	-9.69%
580007	Trust receipts	32,098		25,768		6,330	24.57%
580008	Campus collection cost	48,932		45,987		2,945	6.40%
580009	Late fees	32,564		29,076		3,488	12.00%
580010	Dependent care	57,239		53,876		3,363	6.24%
580011	Dependent care administration	42,007		40,891		1,116	2.73%
580013	Revenue - other	65,478		42,054		23,424	55.70%
580016	Management fees	129,054		101,763		27,291	26.82%
580090	Revenues - other (operating)	13,087		35,874		(22,787)	-63.52%
	Total Operating Revenues	1,425,770	**y**	1,466,001	**r**	(40,231)	-2.74%

r Prior year balance must agree to issued prior year financial statements and/or prior year final issued reporting package.
y Amounts must agree to the amounts included on the SRECNP.

Note: For any individually significant balance, KPMG will make selections to test the detail. If no balance is individually sigificant, KPMG will make selections from the overall balance to test.

CSU Sample Investment Income, Net Leadsheet
Legal to GAAP Rollforward (SRB Required Format)
6/30/20CY

SCO Fund	CSU Fund	Description	6/30/20CY Legal (508001& 660049 in SCO Fund 0948)	JE #### Reverse PY Q4 earnings distribution, net of investment services charges (CPO	JE #### Accrue Ending unrealized gains / losses	JE #### Record CY Q4 earnings	6/30/20CY GAAP Earnings (net of invest service fees) to Tie to CSU	JE #### Elim Aux Funds held on Aux behalf	JE #### Reclass …	JE #### Reclass …	JE #### Record revenue bond passdown for CY per CO	JE #### Capitalize interest expense in excess of inv	GAAP Final	Endowment Income		Investment Income, Net	CSU Fund
		Investment Rollforward check	**B+E+J**	**B+E**	**L**	**K**	**M**										

Instructions:

1. Your investment earnings are composed of 3 main sources: CSU Consolidated Investment Pool (in 0948), interest on SRB funds, and other investments. Please group your balances accordingly. Please note that Interest Payback to the State should NOT be part of the CSU Consolidated Investment Pool subtotal. However, you must net your investment earnings balance with Investment Service Fees (660049) as it derives to same account (723003) GAAP.

2. The legal balance should come from FIRMS. The legal CSU Consolidated Investment Pool balance should tie to PY Q4, CY Q1-Q3 distributions of SWIFT/SMIF/SAIF earnings based on the CPOs. This legal balance should tie to **B** (*SWIFT Q4 Earnings net of Investment Service Fees*), **E** (*SMIF & SAIF Q4 Distribution*), and **J** (*Legal Earnings Recorded*) on the investment rollforward.

3. After **1)** reversing the *PY Q4 Earnings Distribution* (**B+E**) and **2)** recording the *Unrealized Gains/Losses* (**L**) and *CY Q4 Investment Earnings* (**K**), your GAAP CSU Consolidated Investment income (revenue) should tie to the CSU Consolidated Investment Rollforward schedule. Your check will be *GAAP Earnings net of Investment Service Fees* **(M)**.

1. Investment Income, Net Balances

SWIFT and SMIF related

SCO Fund	CSU Fund	Description	Legal	Reverse PY Q4	Accrue unrealized	Record CY Q4 earnings	GAAP Earnings to CSU	Elim Aux	Reclass …	Reclass …	Record revenue bond passdown	Capitalize interest	GAAP Final	Endowment Income		Investment Income, Net	CSU Fund
All SRB CSU Funds																	
0948	441	Consolidated CSU Pool	19,324.82			4,035.05	23,359.87						23,359.87			23,359.87	441
0948	442	Consolidated CSU Pool	0.00				0.00						0.00			0.00	442
0948	452	Consolidated CSU Pool	30,849.78			7,628.03	38,477.81						38,477.81			38,477.81	452
0948	472	Consolidated CSU Pool	250,813.43			32,268.45	283,081.88						283,081.88			283,081.88	472
0948	473	Consolidated CSU Pool	0.00				0.00						0.00			0.00	473
0948	474	Consolidated CSU Pool	0.00				0.00						0.00			0.00	474
0948	531	Consolidated CSU Pool	610,181.48			189,804.03	799,985.51						799,985.51			799,985.51	531
0948	534	Consolidated CSU Pool	91,330.16			26,257.71	117,587.87		(12,388.49)	(14,514.96)			90,684.42			90,684.42	534
0948	535	Consolidated CSU Pool	0.00			0.00	0.00						0.00			0.00	535
0948	536	Consolidated CSU Pool	67,579.09			28,896.76	96,475.85						96,475.85			96,475.85	536
0948	:	*add more as needed*											0.00			0.00	:
Subtotal - SRB CSU Funds			1,070,078.76	0.00	0.00	288,890.03	1,358,968.79	0.00	(12,388.49)	(14,514.96)	0.00	0.00	1,332,065.34	0.00	0	1,332,065.34	
Non-SRB CSU Funds																	
0948	403	Consolidated CSU Pool	15,588.57				15,588.57						15,588.57			15,588.57	403
0948	431	Consolidated CSU Pool	208,498.22			48,947.80	257,446.02						257,446.02	87,770.43		169,675.59	431
0948	432	Consolidated CSU Pool	0.00				0.00						0.00			0.00	432
0948	433	Consolidated CSU Pool	86,038.24			9,450.04	95,488.28						95,488.28			95,488.28	433
0948	435	Consolidated CSU Pool	502.19			177.10	679.29						679.29			679.29	435
0948	451	Consolidated CSU Pool	(115,281.12)				(115,281.12)						(115,281.12)			(115,281.12)	451
0948	461	Consolidated CSU Pool	95,283.46				95,283.46						95,283.46			95,283.46	461
0948	463	Consolidated CSU Pool	60,895.20			14,644.88	75,540.08						75,540.08			75,540.08	463
0948	471	Consolidated CSU Pool	229.79			26.38	256.17						256.17			256.17	471
0948	481	Consolidated CSU Pool	29,839.80			10,208.05	40,047.85						40,047.85			40,047.85	481
0948	485	Consolidated CSU Pool	1,135,590.54			237,991.21	1,373,581.75						1,373,581.75			1,373,581.75	485
0948	491	Consolidated CSU Pool	656,252.57			150,805.74	807,058.31						807,058.31			807,058.31	491
0948	496	Consolidated CSU Pool	67,532.91			14,510.63	82,043.54			21,470.95			103,514.49			103,514.49	496
0948	541	Consolidated CSU Pool	138,244.90		586,113.07	(1,079,364.59)	(355,006.62)						(355,006.62)			(355,006.62)	541
0948	541	Investment Service Charges (660049)	(10,000.00)				(10,000.00)						(10,000.00)			(10,000.00)	541
0948	542	Consolidated CSU Pool	39,679.03			11,517.01	51,196.04						51,196.04			51,196.04	542
0948	:	*...add more as needed*					0.00						0.00			0.00	:
Subtotal - Non-SRB CSU Funds			2,408,894.30	0.00	586,113.07	(3,305.69)	2,413,921.62	0.00	0.00	21,470.95	0.00	0.00	2,435,392.57	87,770.43		2,347,622.14	
Total CSU Consolidated Pool			**3,478,973.06**	0.00	586,113.07	285,584.34	**3,772,890.41**	0.00	(12,388.49)	6,955.99	0.00	0.00	**3,767,457.91**	**87,770.43**		**3,679,687.48**	

CSU Sample Investment Income, Net Leadsheet
Legal to GAAP Rollforward (SRB Required Format)
6/30/20CY

SCO Fund	CSU Fund	Description	6/30/20CY Legal (508001& 660049 in SCO Fund 0948)	JE #### Reverse PY Q4 earnings distribution, net of investment services charges (CPO	JE #### Accrue Ending unrealized gains / losses	JE #### Record CY Q4 earnings	6/30/20CY GAAP Earnings (net of invest service fees) to Tie to CSU	JE #### Elim Aux Funds held on Aux behalf	JE #### Reclass …	JE #### Reclass …	JE #### Record revenue bond passdown for CY per CO	JE #### Capitalize interest expense in excess of inv	GAAP Final	Endowment Income	Investment Income, Net	CSU Fund
		Investment Rollforward check	**B+E+J**	**B+E**	**L**	**K**	**M**									
Non-SWIFT/SMIF Related																
Other investments																
0948	537	Aux Funds held on Aux behalf	0.00				0.00						0.00		0.00	537
CO SRB passdowns																
0575	204	Student Union Revenue Bond Passdown entry					0.00						0.00		0.00	204
0576	221	Housing Revenue Bond Passdown entry					0.00						0.00		0.00	221
0576	222	Housing-Parking Rev Bond Passdown entry					0.00						0.00		0.00	222
0576	224	Student Union Revenue Bond Passdown entry					0.00						0.00		0.00	224
0578	241	Housing Revenue Bond Passdown entry					0.00						0.00		0.00	241
0578	242	Housing-Parking Rev Bond Passdown entry					0.00						0.00		0.00	242
0578	244	Student Union Revenue Bond Passdown Entry					0.00						0.00		0.00	244
0948	485	Interest Payback to the State - 660048	(449,000.00)				(449,000.00)						(449,000.00)		(449,000.00)	485
:	:	*...add more as needed*					0.00						0.00		0.00	:
		Other subtotal	(449,000.00)	0.00	0.00	0.00	(449,000.00)	0.00	0.00	0.00	0.00	0.00	(449,000.00)	0.00	(449,000.00)	
		Total	**3,029,973.06**	0.00	586,113.07	(3,305.69)	**3,323,890.41**	0.00	(12,388.49)	6,955.99	0.00	0.00	3,318,457.91	87,770.43	3,230,687.48	
														ok		

Check: 3,029,973.06 Per General Ledger (FIRMS 508001 & 660049)
\- Difference

2. General Ledger Reconciliation

Per Leadsheet	3,029,973	
General Ledger Accounts	444,000	Interest Payback to the State (660048)
	89,684	Investment Service Charges (660049)
	2,496,289	CSU Consolidated Investment Pool Income
		Other Investment Income
		Other Investment Income
		Other Investment Income
Difference between Leadsheet and General Ledger	0.00	Difference

CSU Sample Investment Income, Net Leadsheet
Legal to GAAP Rollforward (SRB Required Format)
6/30/20CY

SCO Fund	CSU Fund	Description	6/30/20CY Legal (508001& 660049 in SCO Fund 0948)	JE #### Reverse PY Q4 earnings distribution, net of investment services charges (CPO	JE #### Accrue Ending unrealized gains / losses	JE #### Record CY Q4 earnings	6/30/20CY GAAP Earnings (net of invest service fees) to Tie to CSU	JE #### Elim Aux Funds held on Aux behalf	JE #### Reclass …	JE #### Reclass …	JE #### Record revenue bond passdown for CY per CO	JE #### Capitalize interest expense in excess of inv	GAAP Final	Endowment Income	Investment Income, Net	CSU Fund	
		Investment Rollforward check	B+E+J	B+E	L	K	M										
3. Breakout of Investment Income by Net Asset Category:																	
		Net asset category															
	881	Unrestricted	2,729,798													3,050,070.16	Unrestricted
	821	Restricted, Nonexpendable endowments	-												87,770.43		Restricted, Nonexpendable endowments
	831	Restricted, Expendable, scholarships and grants	103,265													147,331.81	Restricted, Expendable, scholarships and grants
	833	Restricted, Expendable, loans	86,038													91,069.34	Restricted, Expendable, loans
	834	Restricted, Expendable capital projects	-													134,502.00	Restricted, Expendable capital projects
	835	Restricted, Expendable debt service	-													490,994.66	Restricted, Expendable debt service
	836	Restricted, Expendable, other	-													679.29	Restricted, Expendable, other
	891	Depository Accounts	95,283													-	Depository Accounts
	892	Grants Refundable	15,589													-	Grants Refundable
		Total	3,029,973												87,770.43	3,914,647.26	
		Total per ledger	3,029,973												3,230,687.48	3,914,647.26	
		Variance	(0)												3,142,917.05	-	

4. Breakout of Accrued Interest Receivable

		Description	Legal	GAAP Final	
0575	204			-	204
0580	265			-	265
0580	268			-	268
0581	282			-	282
0947	391			-	391
0948	403	Consolidated CSU Pool		-	403
0948	452	Consolidated CSU Pool		-	452
0948	461	Consolidated CSU Pool		-	461
0948	462	Consolidated CSU Pool		-	462
0948	465	Consolidated CSU Pool		-	465
0948	471	Consolidated CSU Pool		-	471
0948	472	Consolidated CSU Pool		-	472
0948	473	Consolidated CSU Pool		-	473
0948	485	Consolidated CSU Pool		-	485
0948	496	Consolidated CSU Pool		-	496
0948	534	Consolidated CSU Pool		-	534
0948	541	Consolidated CSU Pool		-	541
0948	535	Consolidated CSU Pool		-	535
0948	534	Consolidated CSU Pool		-	534
0948	452	Consolidated CSU Pool		-	452
0948	485	Consolidated CSU Pool		-	485
0578	246	Auxiliary Housing Project Passdown Entry		-	246
0578	244	Student Union Revenue Bond Passdown Entry		-	244
0576	224	Student Union Revenue Bond Passdown Entry		-	224
948	537	Auxiliary Housing Project		-	537
			-	-	

CSU
Sample Other Nonoperating Revenues (Expenses), Net Leadsheet
6/30/20CY

Object Code		Description	CSU Fund	6/30/20CY Balance		6/30/20PY Balance		$ Change	% Change
		Lottery income		612,000		109,000		503,000	461.47%
580003		Gain (loss) on disposal of capital assets		(504,382)		(481,804)		(22,578)	4.69%
580001		Lease and rental revenue		817,506		1,009,962		(192,456)	-19.06%
580002		Miscellaneous use of property		76,345		87,321		(10,976)	-12.57%
580014		Copyrights		12,964		11,675		1,289	11.04%
580015		Royalty		23,075		22,876		199	0.87%
511001 / 511002	**q**	Transfers from state funds		10,235		11,987		(1,752)	-14.62%
Total Other Nonoperating Revenues (Expenses), Net				1,047,743	**y**	771,017	**r**	276,726	35.89%

r Prior year balance must agree to issued prior year financial statements and/or prior year final issued reporting package.
y Amounts must agree to the amounts included on the SRECNP.
q Generally, transfers do not create a revenue or expense. Transfers will **only** be considered as a revenue or expense item if they are from **outside** the University.

Note: For any individually significant balance, KPMG will make selections to test the detail. If no balance is individually sigificant, KPMG will make selections from the overall balance to test.

CSU
Sample Salaries and Benefits Expense Leadsheet (Required Format)
6/30/20CY

Pay Tapes	Earnings	Benefits	Total	
2007_07	5,787,364	1,795,886	7,583,250	
2007_08	5,387,841	1,736,988	7,124,829	
2007_09	5,379,593	1,738,830	7,118,423	
2007_10	5,447,135	1,772,145	7,219,280	
2007_11	5,261,404	1,738,754	7,000,158	
2007_12	5,295,841	1,837,000	7,132,841	
2008_01	5,620,501	1,885,050	7,505,551	
2008_02	5,591,545	1,846,078	7,437,623	
2008_03	5,382,485	1,853,658	7,236,143	
2008_04	5,425,352	1,865,919	7,291,271	
2008_05	6,517,316	2,070,814	8,588,130	
2008_06	5,649,178	1,904,313	7,553,491	
Total per pay tapes	66,745,555	22,045,435	88,790,990	
PY accrual reversal	(4,047,619)	(1,422,137)	(5,469,756)	**r**
CY accrual	3,502,208	1,749,436	5,251,644	**y**
Other:				
Capitalized salaries	(257,046)	(210,295)	(467,341)	
Reimbursed activities	(740,000)	(260,000)	(1,000,000)	
Resident assistant		119,981	119,981	
Enter any other			-	
Enter any other			-	
Enter any other			-	
Total salaries & benefits	**65,203,098**	**22,022,420**	**87,225,518**	
Total per YES, note 13	**65,203,098**	**22,022,420**	**87,225,518**	**ü**
Difference	-	-	-	

r Prior year balance must agree to issued prior year financial statements and/or final prior year issued reporting package

y Amount must agree to the amount included on the statement of net postition.

ü Amounts must agree to amounts in note 13.

Reporting Package Note 15.3

California State University, Example
Summary of Prior Period Audit Differences/ Adjustments
6/30/20CY

Instructions: This schedule must list all PASSED prior period audit differences/ adjustments identified by the campus and/or KPMG. A passed prior period audit difference/adjustment is an adjustment recorded in the current year SRECNP that should have a correcton to beginning net position as it relates to the prior year. For illustration purposes, see examples below. If there are no passed prior period audit differences/ adjustments, please indicate "None" in item #1 below (do not leave blank).

Examples:

#		Net Position Category (exact SNP FS line item/PS fund number)	CSU Fund	Financial Statement Line Item and Description	Debit	(Credit)
Example 1: In the CY, prior year capital assets additions of $445,321 were identified that had inadvertently not been recorded in PY. Upon evaluating the required adjustment needed, the campus made the decision to record the additions in the CY, rather than to restate beginning net position. The campus recorded the following adjustment in the CY: DR. Capital assets and CR. Operations and maintenance of plant expense. Thus, the campus passed on the following adjustment to restate beginning net position:						
		Net Investment in Capital Assets (811)		Operations and maintenance of plant expense Beginning net position - net investment in capital assets *(To properly adjust beginning net position for prior year capital asset additions (CWIP) recorded in the current year.)*	445,321 —	— (445,321)
Example 2: The investment balance was overstated by $1,265,264 as of 6/30/PY. Upon evaluating the required adjustment needed, the campus made the decision to record the adjustment in the CY, rather than to restate beginning net position. The campus recorded the following adjustment during the CY: DR. Other nonoperating expenses and CR. Investments. Thus, the campus passed on the following adjustment to restate beginning net position:						
		Unrestricted (881)		Beginning net position - unrestricted Other nonoperating revenues (expenses) *(To properly adjust beginning net position for prior year adjustment to investments recorded in the current year.)*	1,265,264 —	— (1,265,264)
Example 3: Revenue related to summer session days of instruction that occurred prior to 6/30/PY was incorrectly deferred as of 6/30/PY instead of recognizing it as PY revenue in the amount of $298,540. Upon evaluating the required adjustment needed, the campus made the decision to record the adjustment in the CY, rather than to restate beginning net position. The campus recorded the following adjustment during the CY: DR. Deferred revenue and CR. Student tuition and fees. Thus, the campus passed on the following adjustment to restate beginning net position:						
		Unrestricted (881)		Student tuition and fees Beginning net position - unrestricted *(To properly adjust beginning net position for PY summer session revenues recorded in the current year.)*	298,540 —	— (298,540)
Example 4: The science building project was completed and transferred from CWIP to buildings during the PY. Depreciation expense for the science building of $662,100 was incorrectly not recorded in the PY. Upon evaluating the required adjustment needed, the campus made the decision to record the adjustment in the CY, rather than to restate beginning net position. The campus recorded the following adjustment during the CY: DR. Depreciation expense and CR. Accumulated depreciation. Thus, the campus passed on the following adjustment to restate beginning net position:						
		Net Investment in Capital Asset (811)		Beginning net position - net investment in capital asset Depreciation expense *(To properly adjust beginning net position for PY depreciation expense related to Building A recorded in the current year.)*	662,100 —	— (662,100)

Reporting Package Note 15.3

California State University, Example
Summary of Prior Period Audit Differences/ Adjustments
6/30/20CY

Instructions: This schedule must list all PASSED prior period audit differences/ adjustments identified by the campus and/or KPMG. A passed prior period audit difference/adjustment is an adjustment recorded in the current year SRECNP that should have a correcton to beginning net position as it relates to the prior year. For illustration purposes, see examples below. If there are no passed prior period audit differences/ adjustments, please indicate "None" in item #1 below (do not leave blank).

#		Net Position Category (exact SNP FS line item and PS fund number)	CSU Fund	Financial Statement Line Item and Description		(Credit)
1	**For GASB 45** OPEB Obligation				— —	— —
2	**For GASB 51** Intangible Asset				— —	— —
3	**For GASB 49** Pollution Remediation Obligation				— —	— —
4					— —	— —
5					— —	— —
6					— —	— —
7					— —	— —
8					— —	— —
9					— —	— —
10					— —	— —
				Total	0	0
				Check		**OK**

Reporting Package Note 15.3

California State University, Example
Summary of Prior Year Reclassifications (SNP or SRECNP)
6/30/20CY

Instructions: This schedule must list all PY reclassifications to the SNP and the SRECNP, regardless of whether or not they were recorded by the campus (in the CY financial statements or in PeopleSoft). For illustration purposes, see examples below. If there are no PY reclassifications, please indicate "None" in item #1 below (do not leave blank).

Examples:

#	Net Position Category (exact SNP FS line item/PS fund number)	Financial Statement Line Item and Description	Debit	(Credit)
Example 1: State grant revenues of $285,010 were incorrectly classified within federal grants and contracts, noncapital revenue in the PY. Therefore, the following reclassification entry must be made to the prior year:				
	Unrestricted (881)	Grants and contracts, noncapital - federal	285,010	—
		Grants and contracts, noncapital - state	—	(285,010)
		(To properly reclassify PY state grant revenues from grants and contracts, noncapital - federal to grants and contracts, noncapital - state.)		
Example 2: The 6/30/PY balance owed to the auxiliary organization for investments held on behalf of the auxiliary organization was incorrectly classified as other liabilities in the PY. Therefore, the following reclassification entry must be made to the prior year:				
	Not applicable (891)	Other liabilities, noncurrent	241,162	—
		Depository liabilities	—	(241,162)
		(To properly reclassify the 6/30/PY balance owed to the auxiliary organization from other liabilities, noncurrent to depository liabilities.)		
Example 3: Facility release time revenue of $721,022 was classified as student tuition and fees in the PY. Due to a change in mapping in the CY, this revenue type should be recorded as other operating revenues. Therefore, the following reclassification entry must be made to the prior year:				
	Unrestricted (881)	Student tuition and fees	721,022	—
		Other operating revenues	—	(721,022)
		(To properly reclassify PY faculty release time revenue from student tuition and fees to other operating revenues (Note: this was part of fund 498 that should be classified as other operating revenues in accordance with the CY GAAP Manual remapping.)		
Example 4: Pell grant revenue was classified as grants and contracts, noncapital - federal in the PY. In the CY, Pell grant revenue is classified in a separate line (Federal grant - Pell) within the nonoperating revenues (expenses) section. In order to conform to the current year presentation, the following reclassification entry must be made to the prior year:				
	Unrestricted (881)	Grants and contracts, noncapital - federal	9,220,731	—
		Federal grant - Pell	—	(9,220,731)
		(To properly reclassify PY Pell grant revenue from grants and contracts, noncapital - federal to federal grant - Pell within the nonoperating revenues(expenses) section in accordance with the GAAP Manual Chapter 3.)		

Reporting Package Note 15.3

California State University, Example
Summary of Prior Year Reclassifications (SNP or SRECNP)
6/30/20CY

Instructions: This schedule must list all PY reclassifications to the SNP and the SRECNP, regardless of whether or not they were recorded by the campus (in the CY financial statements or in PeopleSoft). For illustration purposes, see examples below. If there are no PY reclassifications, please indicate "None" in item #1 below (do not leave blank).

#	Net Position Category (exact SNP FS line item/PS fund number)	Financial Statement Line Item and Description		(Credit)
1			— —	— —
2			— —	— —
3			— —	— —
4			— —	— —
5			— —	— —
6			— —	— —
7			— —	— —
8			— —	— —
9			— —	— —
10			— —	— —
		Total	0	0
		Check		**OK**

CSU
Sample Employee Turnover Statistics

Turnover Breakdown for
July 1, 2011 - June 30, 2012

	Terminations	Number of active employees	Turnover Percentage	*Controllable*	*Uncontrollable*
Student Affairs Division	**15**	**118**	**13%**	10	5
Academic Affairs Division	**31**	**210**	**15%**	18	13
University Advancement Division	**3**	**13**	**23%**	3	0
Finance and Administrative Services Division	**32**	**188**	**17%**	21	11
President's Office	**5**	**18**	**28%**	2	3

Total Separations	86
Total Turnover Percentage	15.72%
Average Active Employee Count	547

Turnover Breakdown for
July 1, 2010 - June 30, 2011

	Terminations	Number of active employees	Turnover Percentage	*Controllable*	*Uncontrollable*
Student Affairs Division	**22**	**117**	**19%**	10	12
Academic Affairs Division	**30**	**205**	**15%**	14	16
University Advancement Division	**6**	**13**	**46%**	4	2
Finance and Administrative Services Division	**36**	**184**	**20%**	20	16
President's Office	**8**	**20**	**40%**	4	4

Total Separations	102
Total Turnover Percentage	18.92%
Average Active Employee Count	539

Turnover Breakdown for
July 1, 2009 - June 30, 2010

	Terminations	Number of active employees	Turnover Percentage	*Controllable*	*Uncontrollable*
Student Affairs Division	**11**	**115**	**10%**	6	5
Academic Affairs Division	**23**	**192**	**12%**	11	12
University Advancement Division	**1**	**12**	**8%**	1	0
Finance and Administrative Services Division	**12**	**183**	**7%**	4	8
President's Office	**1**	**19**	**5%**	1	0

Total Separations	48
Total Turnover Percentage	9.21%
Average Active Employee Count	521

Controllable categories include: job dissatisfaction, compensation dissatisfaction, management dissatisfaction, lack of promotional opportunities, lack of training, working conditions, accepting a similar position for a different employer, non retention, job cuts.

Uncontrollable categories include: career change, relocation out of area, personal or family reasons, medical reasons, and return to school, retirement and "other".

Employees include: full-time and part-time staff including MPP & Executive, long term temporary and permanent employees during July 1st – June 30th reporting period. <u>Excludes faculty, 180 days or less emergency temps and student assistants.</u>

Formula calculation: number of separations multiplied by 100 divided by number of employees.
<u>Example</u> {74 separations x 100 divided by 521 active employees = 14% turnover}

SAMPLE FLUCTUATION ANALYSIS

CLIENT	**PERIOD-END**
California State University, CAMPUS NAME	June 30, 20CY

The Chancellor's Office prefers campuses to record their fluctuation analyses in TM1 (YES). This will help in facilitating the fluctuation analysis for the consolidated financial statements.

This fluctuation analysis must adequately describe the reasons for the change in the account balances year over year and the explanations should substantially cover the amount of the change. Keep in mind that this fluctuation analysis should identify and explain all significant or unusual items and quantify those instances.

As a best practice, you should not delete references not applicable to your campus, but should mark them as N/A. This fluctuation analysis must be kept current and reflect final balances and explanations as submitted and accepted by the Chancellor's Office and the KPMG Systemwide Team.

STATEMENT OF NET POSITION (SNP)

<1a> Cash and Cash Equivalents:

Total cash and cash equivalents increased $__M, or __%, from $__M as of 6/30/PY to $__M at 6/30/CY. The increase is primarily due to timing differences between cash receipts and cash payments. The timing differences were primarily related to (see examples below).

Example Explanations:

i) Additional revenue (indicate sources)

ii) Increase in unearned revenue (cash received in advance) (indicate sources)

iii) Collection of accounts receivable of (indicate sources)

iv) Movement in the cash flow statement (i.e. operating, investing, capital and noncapital financing).

<1b> Restricted Cash and Cash Equivalents:

N/A –balance fluctuation is below the dollar and percent threshold.

<2a> Short-Term Investments

Total short-term investments decreased $__M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY. The decrease is due to the decrease in market value of the investments. The primary investments are (list specific investments).

<2b> Endowment Investments

N/A –balance fluctuation is below the dollar and percent threshold.

<2c> Other Long--Term Investments

Total other long-term investments increased $__M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY. Increase is due to the amount of transfers of cash to investments as a result of improved cash inflows relating to collection of tuition and fees. Additionally, the campus received $__M from the PY issuance of Systemwide Revenue Bonds, Series 2007A for the construction of student union expansion, of which $__M was spent in the CY.

< 3a> State Appropriations - current:

State appropriations, current, decreased $___M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY. The decrease is due to the University spending down even further as decreases have been made relating to (list what the decreases relate to).

<3b> Auxiliary Organizations - current

N/A –balance fluctuation is below the dollar and percent threshold.

<3c> Student Accounts – current

Student accounts receivable increased $__M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY, primarily relating to an increase in tuition and fees of XX% and an increase in enrollment of XX%.

<3d> Government Grants and Contracts – current

Government grants and contracts receivable increased $___M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY, due to a $__M receivable related to the new [name of grant] grant in FYCY.

<3e> Accounts Receivable from Chancellor's Office – revenue bond program

N/A – this line item is no longer used.

<3f> Accounts Receivable from Chancellor's Office – other

N/A –balance fluctuation is below the dollar and percent threshold.

<3g> Accounts Receivable from Campuses (other than CO)

N/A – balance fluctuation is below the dollar and percent threshold.

<3h> Accounts Receivable from Campuses (other than CO)(CO use only)

N/A – relates to CO only.

<3i> Interest Receivable (accrued interest) on Investments

N/A –balance fluctuation is below the dollar and percent threshold.

<3j> Accrued Interest on Lease Receivables

N/A –balance fluctuation is below the dollar and percent threshold.

<3k> Other Receivables

Other receivables increased $__M, or ___%, from $__M at 6/30/PY to $__M at 6/30/CY primarily due to the following:

- Accrued interest on investments: $___M increase due to ________
- Accrued interest on lease receivable: $___M increase due to new capital lease entered into in the current year with ABC auxiliary organization for the Sports Center Complex.

<3l> Allowance for Doubtful Accounts, Student Accounts

N/A –balance fluctuation is below the dollar and percent threshold.

<3m> Allowance for Doubtful Accounts, Other

N/A –balance fluctuation is below the dollar and percent threshold.

<3n> State Appropriations (noncurrent)

State appropriations, noncurrent, decreased $__, or ___%, from $__M at 6/30/PY to $__M at 6/30/CY. State appropriations, noncurrent, relates to state appropriations, capital received by the campus and the decrease in the CY is due to 1) the PY capital appropriations amounts was $XX higher than the CY capital appropriations relating to XYZ capital project and 2) the timing of payments made on state funded projects. In the CY, the XYZ project was completed, whereas in the PY the project was in process. Additionally, the CY capital appropriations project was near completion at June 30, 20CY.

<3o> Auxiliary Organizations (noncurrent)

N/A –balance fluctuation is below the dollar and percent threshold.

<3p> Student Accounts (noncurrent)
N/A –balance fluctuation is below the dollar and percent threshold.

<3q> Government Grants and Contracts (noncurrent)
N/A –balance fluctuation is below the dollar and percent threshold.

<3r> Accounts Receivable from Chancellor’s Office – revenue bond program (noncurrent)
N/A –balance fluctuation is below the dollar and percent threshold.

<3s> Accounts Receivable from Chancellor’s Office – other
N/A –balance fluctuation is below the dollar and percent threshold.

<3t> Accounts Receivable from Campuses (other than CO)
N/A –balance fluctuation is below the dollar and percent threshold.

<3u> Accounts Receivable from Campuses (other than CO)(CO use only)
N/A – relates to CO only.

<3v> Interest Receivable (accrued interest) on Investments
N/A –balance fluctuation is below the dollar and percent threshold.

<3w> Accrued Interest on Lease Receivables
N/A –balance fluctuation is below the dollar and percent threshold.

<3x> Other Receivables

Other receivables increased $__, or ___%, from $__M at 6/30/PY to $__M at 6/30/CY primarily due to the following:

- [describe]

<3y> Allowance for Doubtful Accounts, Student Accounts

N/A –balance fluctuation is below the dollar and percent threshold.

<3z> Allowance for Doubtful Accounts, Other

N/A –balance fluctuation is below the dollar and percent threshold.

<4a> and <4b> Leases Receivable (current and noncurrent):

Leases receivable, net are due from the ABC auxiliary organization related to a new $__M capital lease entered into in the prior year for the Sports Center Complex. Decrease in current year relates to principal payments being received on the lease from the auxiliary.

<23a> and <23b> Notes Receivable (current and noncurrent):

Notes receivable, net are due from the ABC auxiliary organization related to a new $__M Systemwide Revenue Bond entered into the current year for housing.

<5a> and <5b> Pledges Receivable (current and noncurrent):

Total pledges receivable, net are due from the ABC organization related to a new $__M gift for athletic scholarships.

<6> Prepaid expenses and other assets:

Total prepaid expenses and other assets increased $__M, or __%, from $__M at 6/30/PY to $__M at 6/30/CY. Increase is due to the CY payment of $__M for next year's electric billings for dorm A.

<7> Student Loans Receivable, net:

Student Loans receivable increased $__M or __% from $__M as of 6/30/PY to $__M as of 6/30/CY. The increase was due mainly to the decrease in collections of $___, from $___ during PY to $ ___ during CY. Decreased collections were the result of the current credit crises which made it more difficult for students to make payments or obtain other sources of financing.

<8> Capital Assets, net:

Capital assets, net of accumulated depreciation, increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The increase is mainly due to additional expenditures incurred for construction of the following projects:

- $__M for the expansion of the student union;
- $__M for the purchase of 50 additional computers; and
- $__M for the repaving of campus roads.

These expenditures were offset by depreciation expense of $__M and asset disposals of $__M.

<9> Other Assets:

N/A –balance fluctuation is below the dollar and percent threshold.

<10> Accounts Payables:

Accounts payable decreased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The decrease is primarily due to 1) Unrestricted $__M payable to CO for amount paid to DCF from CO agency CERF rather than campus CERF and 2) $__M decrease in construction expenditures primarily related to the Science Building which was completed in the prior year. Also, timing of payments is a cause for the fluctuation.

<11> Accrued Salaries and Benefits:

Accrued salaries and benefits increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The increase is primarily a result of an increase in staff headcount of __% as well as merit increases of __% during the year.

<12a> and <12b> Accrued Compensated Absences (current and noncurrent):

Accrued compensated absences, noncurrent, increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The net increase in these accounts is primarily a result of an increase in staff headcount of __% as well as merit increases of __% during the year. Accrued compensated absences, current, decreased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The decrease in the current balance resulted from fewer employees using vacation in the CY than in prior years. The University calculates their current portion of accrued compensated absences based on historical usage.

<13a> and <13b> Unearned Revenue (current and noncurrent):

Unearned revenue, current, increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The increase was primarily the result of $__M increase in the housing and tuition fees received in cash during May and June for the Fall semester. Additionally, tuition fees and enrollment increased by __% and __%, respectively, contributing to the increase. Unearned revenue, noncurrent decreased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. This decrease primarily relates to government grant revenue received in advance on the ABC grant that was expended and therefore recognized in the CY.

<14a> and <14b> Capitalized Lease Obligations(current and noncurrent):

Capitalized leases, net, decreased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The decrease is primarily a result of principal payments made throughout the year coupled with no new capital lease financing obtained.

<15a> and <15b> Long-Term Debt (current and noncurrent):

Long-term debt primarily includes debt incurred on behalf of the University by the Chancellor's Office in the form of Systemwide Revenue Bonds (pass-down debt) Long-term debt increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. This increase was primarily the result of the issuance of Systemwide Revenue Bonds, Series _ in the amount of $___M for the construction of student union expansion, which was partially offset by principal payments on the Student Union Revenue Bonds of $___ in the current year.

<16a> and <16b> Self-Insurance Claims Liability (current and noncurrent):

The self-insurance claims liability was $__M at year-end and is consistent with the pass-down allocation entry from the CO.

<17a> and <17b> Other Liabilities (current and noncurrent):

Other liabilities decreased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. The decrease is due to a reduction in interest payable from payoff/refunding of existing debt of XYZ.

<18> Grants Refundable:

N/A –balance fluctuation is below the dollar and percent threshold.

<19> Noncurrent Depository Account:

N/A –balance fluctuation is below the dollar and percent threshold.

<19a> Current Depository Accounts:

N/A –balance fluctuation is below the dollar and percent threshold.

<20> Net Investment in Capital Assets:

Net Investment in Capital Assets increased $___M, or ___% from $___ M as of 06/30/PY to $___ M as of 06/30/CY. The increase is primarily due to the payment of related outstanding debt offset by the decrease in unspent proceeds during the year due to the nearly completed Science Building.

<21a> Restricted Nonexpendable – Endowments:

N/A –balance fluctuation is below the dollar and percent threshold.

<21b> Restricted Expendable – Scholarships and Fellowships

N/A –balance fluctuation is below the dollar and percent threshold.

<21c> Restricted Expendable – Research

N/A –balance fluctuation is below the dollar and percent threshold.

<21d> Restricted Expendable – Loans

N/A –balance fluctuation is below the dollar and percent threshold.

<21e> Restricted Expendable – Capital Projects

Capital projects net position decreased $___M, or ___% from $___ M as of 06/30/PY to $___ M as of 06/30/CY. The decrease was the result of additions to capital assets of $__ M, offset by both current year depreciation of $__M and increased capital related debt of $__M.

<21f> Restricted Expendable – Debt Service

N/A –balance fluctuation is below the dollar and percent threshold.

<21g> Restricted Expendable – Other

N/A –balance fluctuation is below the dollar and percent threshold.

<22> Unrestricted:

Unrestricted net position increased $__M, or __%, from $__M as of 6/30/PY to $__M as of 6/30/CY. This is primarily related to the increases in student tuition and fees.

<23a> and <23b> Notes Receivable:

N/A –balance fluctuation is below the dollar and percent threshold.

<24> Other Postemployment Benefits Obligation:

N/A –balance fluctuation is below the dollar and percent threshold.

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (SRECNP)

<1a> Student tuition and fees, gross:

Student tuition and fees, gross, increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase was primarily the result of a ___% increase in fees charged by the University and an increase in enrollment of __%.

<1b> Scholarship Allowances

N/A –balance fluctuation is below the dollar and percent threshold.

<2> Federal Grants and Contracts, Noncapital:

Federal grants and contracts increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase was primarily the result of a $__M increase in student financial aid related grants, primarily, the ABC grant, in the amount of $__M.

<3> State Grants and Contracts, Noncapital:

State grants and contracts increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase was primarily the result of a $__M increase in California Grant allocation.

<4> Local Grants and Contracts, Noncapital:

N/A –balance fluctuation is below the dollar and percent threshold.

<5> Nongovernmental Grants and Contracts, Noncapital:

N/A –balance fluctuation is below the dollar and percent threshold.

<6> Sales and Services of Educational Activities:

N/A –balance fluctuation is below the dollar and percent threshold.

<7> Sales and Services of Auxiliary Enterprises, net of Scholarship Allowances:

Sales and services of auxiliary enterprises, net of scholarship allowances, increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. The increase was primarily the result of a $__M increase in housing revenue due to room rental rate increases of __%, the addition of student apartments, housing approximately __ students at an average rate of $___, and an increase in the number of students utilizing campus housing of approximately __%. Additionally, there was approximately $___ increase in parking revenues due to a parking permit fee increase of ____% in the CY.

<8> Other –Operating Revenues:

Other operating revenues increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase was primarily due to a $__M increase in childcare center revenue due to a ___% increase in the number of children. Additionally, there was an increase of approximately $___ attributable to insurance claims received for the floods that occurred during the year.

<9> Instruction:

Instruction increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of salary increases for faculty of __% and an increase in instructors of __% due to increased student enrollment.

<10> Research:

Research increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of an increase in grants from XYZ Foundation (see also corresponding note on increase in grants and contracts revenues).

<11> Public Service:

Public service decreased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The decrease is a result of a __% cut in expenditures (primarily supplies and services of $__) to fund salary increases of __%.

<12> Academic Support:

Academic support increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of salary increases of __% and one time bonuses of $___ to the ____department.

<13> Student Services:

Student services increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of the increase state work study program portion charges of $ ____.

<14> Institutional Support:

Institutional support decreased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The decrease is a result of a __% cut in expenditures (primarily supplies and services of $__) to fund salary increases of __%.

<15> Operation and Maintenance of Plant

Operation and maintenance of plant increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of expenditures of $__M relating to painting campus buildings, $__M to replace parking meters, and $__M to replace furnishings in the student housing. During the CY, a significant event (flood, earthquake, fire) occurred and $___ was spent to rectify the problem so as not to impact instruction and services at the campus.

<16> Student Grants and Scholarships:

Student grants and scholarships increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of $__M in increased funding from California Grants (ABC grant) for $____.

<17> Auxiliary Enterprise Expenses:

Auxiliary enterprise expense increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of salary increases of __%, ___ additional resident assistants, ___ additional public safety officers, and supplies and services increases as a result of increased student housing enrollment (see note above re sales and services of auxiliary enterprises).

<18> Depreciation and amortization:

Depreciation and amortization increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase is a result of the completion of student housing in the current year of $__M, resulting in additional depreciation of $__over the prior year.

<19> State appropriations -noncapital:

State appropriations noncapital increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase was primarily the result of an increase in the allocation from the state budget in the current year. In addition, it should be noted that last year, there was a significant reduction in this account due to the requested State refund of which the Campus was allocated to return $____M .

<20> Gifts, noncapital:

N/A –balance fluctuation is below the dollar and percent threshold.

<21> Investment Income, net:

Investment income increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase primarily relates to interest received from _____bank and _____ bank due to the change in the investment strategy/investment portfolio from money market funds to a riskier mix of securities.

<22> Endowment Income:

N/A –balance fluctuation is below the dollar and percent threshold.

<23> Interest on capital-related debt:

N/A –balance fluctuation is below the dollar and percent threshold.

<24> Other Revenues -Nonoperating:

Other nonoperating revenues (expense), net increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase was due to an ___% or $___ increase in lottery revenue allocation from the CO.

<25> State appropriations- capital:

State appropriations capital increased $__M, or __%, from $__M for the year ended 06/30/PY to $__M for the year ended 06/30/CY. The increase was primarily the result of $__M in appropriations for construction on a science building.

<26> Grants and Gifts, Capital

Grants and gifts, capital increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase was due to a major contribution ($__M) from a private donor to the library addition.

<27> Additions to permanent endowments:

N/A –balance fluctuation is below the dollar and percent threshold.

<28> Salaries

Salaries increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase was due to an overall ___% increase in salaries and an increase of __% in headcount. By functional classification, we noted the following increases (decreases):

(a) Instruction:
(b) Research:
(c) Public Service:
(d) Academic Support:
(e) Student Services:
(f) Institutional Support:
(g) Operation and Maintenance of Plant:
(h) Student Grants and Scholarships: N/A
(i) Auxiliary Enterprise Expenses:
(j) Depreciation and Amortization: N/A

<29> Benefits

Benefits increased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This increase was due to an overall __% increase in salaries and an increase of __% in headcount. Additionally, the University noted an increase of $__M in the cost of LMN healthcare benefits. By functional classification, we noted the following increases (decreases):

(a) Instruction:
(b) Research:
(c) Public Service:
(d) Academic Support:
(e) Student Services:
(f) Institutional Support:
(g) Operation and Maintenance of Plant:
(h) Student Grants and Scholarships: N/A
(i) Auxiliary Enterprise Expenses:
(j) Depreciation and Amortization: N/A

<30> Scholarships and Fellowships

Refer to #16 above.

<31> Supplies and Other Services

Supplies and other services decreased $__M, or __%, from $__M for the year ended 6/30/PY to $__M for the year ended 6/30/CY. This decrease was due to an overall __% decrease in state allocations amounts available for spending. By functional classification, we noted the following increases (decreases):

(a) Instruction:

(b) Research:

(c) Public Service:

(d) Academic Support:

(e) Student Services:

(f) Institutional Support:

(g) Operation and Maintenance of Plant:

(h) Student Grants and Scholarships: N/A

(i) Auxiliary Enterprise Expenses:

(j) Depreciation and Amortization: N/A

<32> Depreciation and Amortization

Refer to #18 above.

<33> Federal Financial aid grants, non-capital

Refer to # 2 above. Federal financial aid increased $___ or __%, from $___ for the year ended 6/30/PY to$___ for the year ended 6/30/CY, consisting of the following grant sources and amounts (list grant sources and amounts):

<34> State & local Financial aid grants, non-capital

Refer to #3 above. State financial aid grants increased $___, or __%, from $___ for the year ended 06/30/PY to $___ for the year ended 06/30/CY, consisting of the following grant sources (list sources):

<35> Nongovernmental and other financial aid grants, noncapital

Refer to #5 above. N/A –balance fluctuation is below the dollar and percent threshold

<36> Local financial aid grants, noncapital

Refer to #4 above. N/A –balance fluctuation is below the dollar and percent threshold.

<37> Other federal non-operating grants, noncapital

Federal non-operating grants, noncapital increased $___, or __%, from $___ for the year ended 06/30/PY to $___ for the year ended 06/30/CY, consisting of the following grant sources (list sources):

CALIFORNIA STATE UNIVERSITY
SUMMARY OF NON-GAAP POLICIES
CAMPUS:
FYE:
Prepared By:
Reviewed By:

Purpose: **To describe non-GAAP policies implemented by the campus during the current fiscal year and quantify the impact to the**

How to complete the template:

Column	**Instructions**
CAMPUS	Select your campus from the drop-down menu. Each non-GAAP policy must have a corresponding campus for consolidation purposes.
DESCRIPTION	Provide a brief description of the non-GAAP policy adopted by the campus.
ADDITIONAL COMMENTS	Provide a brief description on how the financial impact was determined and any additional information which will aid the readers in understanding the non-GAAP policy.
RATIONALE	State the reason for adopting the non-GAAP policy.
ENTRY NO.	Each non-GAAP policy is expected to have a corresponding journal entry to quantify the financial impact. If no impact in the CY, add explanation under "Additional Comments". Assign a reference number for each journal entry. For each FS line item, indicate the journal entry no. which it relates to.
F/S LINE ITEM	Select the appropriate financial statement line item from the drop-down menu.
DEBIT/CREDIT	Enter the debit and credit amounts of the entry (absolute values). [CONSIDER THE IMPACT OF PRIOR YEAR NON-GAAP ENTRIES.]
SRECNP	These columns will automatically populate based on the selected F/S Line Item. No action required.
SNP	These columns will automatically populate based on the selected F/S Line Item. No action required.
SCF	Enter the amount under the appropriate SCF category, if applicable.

Note: After summarizing all the non-GAAP policies, kindly update the recap/analysis at the end of the worksheet. It should have the total uncorrected adjustments per relevant columns. For each relevant column under SRECNP, SNP and SCF, indicate the amount per campus' financial statements. By entering these, the % of the unrecorded adjustments to the FS can be determined.

CAMPUS	DESCRIPTION	ADDITIONAL COMMENTS	RATIONAL	ENTRY NO.	Uncorrected GAAP Adjustments		
					Financial Statement Line Item	Dr.	Cr.
Total Uncorrected Adjustments						-	-
						TRUE	
Amount per Financial Statements at FYE							
% of Uncorrected Adjustments to the FS							

					CY Statement of Revenues, Expenses and Changes in Net Position- Dr. (Cr.)				
CAMPUS	**DESCRIPTION**	**ADDITIONAL COMMENTS**	**RATIONAL**	**ENTRY NO.**	**Operating revenues**	**Operating expenses**	**Nonoperating revenues/ expenses**	**Others**	**Net SRECNP**
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
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					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
					-	-	-	-	-
Total Uncorrected Adjustments					-	-	-	-	-
Amount per Financial Statements at FYE									
% of Uncorrected Adjustments to the FS					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

CAMPUS	DESCRIPTION	ADDITIONAL COMMENTS	RATIONAL	ENTRY NO.	STATEMENT OF NET POSITION - Dr. (Cr.)						
					Net Position	**Current Assets**	**Non-Current Assets**	**Deferred Outflow of Resources**	**Current Liabilities**	**Non-Current Liabilities**	**Deferred Inflow of Resources**
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
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					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
					-	-	-	-	-	-	-
Total Uncorrected Adjustments					-	-	-	-	-	-	-
Amount per Financial Statements at FYE											
% of Uncorrected Adjustments to the FS					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

CAMPUS	DESCRIPTION	ADDITIONAL COMMENTS	RATIONAL	ENTRY NO.	STATEMENT OF CASHFLOWS			
					Operating Activities	Noncapital Financing Activities	Capital and Related Financing Activities	Investing Activities
Total Uncorrected Adjustments					-	-	-	-
Amount per Financial Statements at FYE								
% of Uncorrected Adjustments to the FS					#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Type of Non-GAAP Policies	Impact in SRECNP	Impact in SNP	Rationale
Expenses			
Operating expenses are recognized from June 20PY to May 20CY (instead of July 20CY to June 20CY).	Difference between the amount operating expense for MTD June 20PY and MTD June 20CY.	Liability is understated for the unpaid operating expense for MTD June 20CY.	Actual billings for MTD June 20CY are not available as of close of legal books. F/S impact is immaterial for GAAP purposes.
Non-salary related chargebacks for the month of June 20CY such as Printing & Mail Services, University Warehouse, and phone charges are not recorded in the current year. The current year includes 12 months of non-salary chargebacks from June 20PY to May 20CY.	Difference between the amount of non-salary chargebacks for MTD June 20PY and MTD June 20CY.	Liability is understated for the non-salary chargebacks for MTD June 20CY.	Non-salary chargebacks are not available as of close of legal books. F/S impact is immaterial for GAAP purposes.
Non accrual of interest expense as of year-end relating to campus-originated capital lease obligations.	Difference between the interest expenses pertaining to prior year that was booked in the current year and the interest expense pertaining to current year but was not recorded.	Interest expense payable will be understated as of year-end.	Interest expense payable is deemed immaterial for GAAP purposes.
Non-recording of prepaid expenses for expenditures below a threshold of $____.	Difference between the expenses recognized in 20PY that should have been expensed in 20CY (since it was not reclassified as prepaids) and the expenses recorded in 20CY that should have been prepaids.	Prepaid expenses is understated as of yearend.	Cost-benefit consideration for analyzing service contracts that have prepaid expenses lower than the set threshold.F/S impact is immaterial for GAAP purposes.
Revenues			
Non-deferral of student tuition and fees for individual class course fees collected as of June 30, 20CY for the fall term.	Overstatement of revenues for the CY fall term but offset of the impact of the revenues for the PY fall term recognized in the CY.	Deferred Revenues is understated in CY.	F/S impact is immaterial for GAAP purposes.
Capital Assets			
Timing difference in recognition of Capital Outlay Program Administration Fee. [The University recognizes capital project management administrative fees on Capital Outlay projects funded by SRB and State Capital Outlay funds. This cost recovery is recognized based on the % of project status at year-end. At 50% completion, 40% of the Administrative Fee budget available is recognized, at 80% completion, cumulative 75 % of Administrative Fee budget available is recognized. At 100% and 60 days after NOC is filed, the remaining 25% of the Administrative Fee budget available is recognized.]	Campus admin fee revenue was recognized in the CY attributable to prior years project work completed due to this policy. (To be offset of any admin fee not recognized in the CY but work has been completed.)	Understatement of Receivable in CY.	Timing difference. Immateriality of net impact.
Capital asset adjustments including related depreciation expense made to the Asset Management Module for 20CY after GAAP ledger close are no longer recorded for GAAP reporting purposes. Threshold is $________.	Over/understatement of depreciation expenses (if any) offset by the impact of the prior year non-GAAP policy.	Over/understatement of capital assets, net of accumulated depreciation.	Timing difference. Immateriality of net impact.
Capital Improvement Capitalization timing difference. The university may have timing difference due to recording capital improvements outside of capital projects by review of closed work orders.	Understatement of depreciation/amortization expense. Overstatement of repairs and maintenance account.	Capital improvements will be understated.	Timing difference. Immateriality of net impact.

Type of Non-GAAP Policies	Impact in SRECNP	Impact in SNP	Rationale
Expenses			
Additions to capital assets are capitalized using a set threshold of __________.	Understatement of depreciation/amortization expense. Overstatement of ___________ (account used to book capital expenditures not capitalized).	Understatement of capital assets.	Immateriality of net impact. Inefficient to track small $ amounts of purchases.
Use of half-year convention in calculating depreciation expense.	Understatement of depreciation/amortization expense.	Overstatement of capital assets.	The CMS Asset Management module configuration was set up to use the half year convention (see con-fig guide page 54 field information). Typically there is not a great difference between the acquisition and the completion date depreciation unless a large building or structure was placed into service at the beginning or the end of the year.
Non-capitalization of capital assets due to timing or threshold amount.	Understatement of depreciation.	Understatement of capital assets and liabilities.	Timing difference. Immateriality of net impact.
Recognizing capital leases as operating leases.	Impacts lease-related accounts (i.e. interest expense, lease expenses, etc.)	Understatement of capital assets and capital lease obligations.	Timing difference. Immateriality of net impact.
Copier leases are automatically treated as operating leases.	Overstatement of operating expenses (e.g. rental expense).	Understatement of capital assets and capital lease obligation.	Timing difference. Immateriality of net impact.
Road improvements should be disposed of in phase over multiple fiscal years, If disposal amount is immaterial than the University will dispose of the full asset in total in the last phase.	Understatement of loss on disposal. Overstatement of depreciation expenses.	Understatement of capital assets.	Immateriality.
Donated Assets			
Values of certain donated assets that are capitalized are based on donor estimate and not on the current fair market values.	Understatement/ovestatement of gifts.	Understatement/overstatement of donated assets.	Timing difference. Immateriality of net impact.
Liabilities			
Unrecorded liabilities below a threshold of $___ and after a certain cut-off date.	Understatement of expenses off-set by PY liabilities recognized as expense in CY (similar to item 1 above).	Understatement of Liabilities in CY.	Timing difference. Immateriality of net impact.
Escheat liability not recorded.	Overstatement of operating expenses		
Cost Matching			
It is the decision of CSU management to allow sponsored programs cost match to default to the NACUBO programs based on the CDIP (Corporate Data Integrity Package) derivation rules, without manual reclassification as the vast majority will wind up in the proper program expenses, and the remaining amounts that may not are immaterial.	Misclassification of functional expenses	None	For the proper program expenses presentation, the process require manual reclassification as can be shown in the back up, and the amounts are immaterials.
Related Parties			
University does not eliminate immaterial transactions between the auxiliaries. These items are disclosed as related party transaction footnotes in the financial statements.	Over/understatement of expenses and/or revenues.	Over/understatement of assets and/or liabilities	

TRIAL BALANCE FOR CAMPUS/LEGAL/GAAP LEDGERS

PBC ITEM #2

Requires each campus to provide a comparison of the CMP/CSU/GAP business unit ledger balances for periods 1-12 to ensure population of data is complete in the GAP Ledger. All three ledgers (CMP, CSU and GAP) should have the same balance for each natural classification.

CMS has developed a baseline report across CSU to meet this external audit Prepared by Client request.

Effective FY 2011-12, the CMP/CSU/GAP Ledger Comparison report will be produced and provided by the Chancellor's Office for each campus, and then posted to the PBC SharePoint site. It is the responsibility of the campus to review this report and reconcile any differences between ledgers.

Following is a user guide on how to run this report:

1. CMP/CSU/GAP LEDGER COMPARISON (GL09012)

1.1 OVERVIEW

As part of the external audit, each campus is required to provide a comparison of the CMP/CSU/GAP business unit ledger balances for periods 1-12. The purpose of this requirement is to prove that the derived GAAP ledger data includes the entire population of current year activities. All 3 ledgers (CMP, CSU and GAP) should have the same balance for each natural classification.

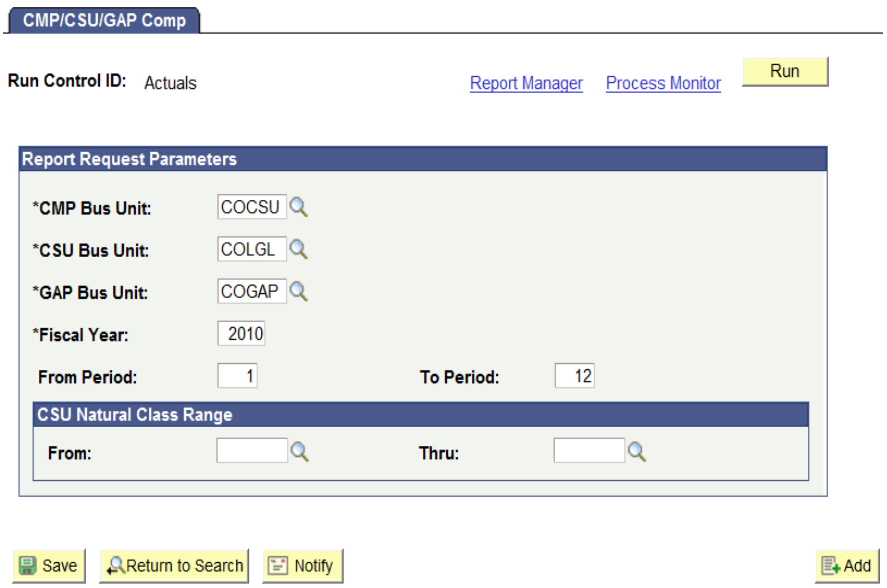
A custom Run Control page and SQR process (CSUGL012) is used to generate the report, which extracts the information from the PS_LEDGER table. The format of the file has been defaulted to "PDF".

1.2 Running the Report

CMP/CSU/GAP Ledger Comparison Run Control Page

Navigation: CSU State & SW Reporting >Campus Reports >CMP/CSU/GAP Ledger Comparison

Screenshot



Processing Steps

1. Create a Run Control or Search for an existing one to use.

   The CMP/CSU/GAP Ledger Comparison page will appear.

   - **CMP Bus Unit:** Enter the Campus Business Unit. **Required field**.
   - **CSU Bus Unit:** Enter the Legal Business Unit. **Required field**.
   - **GAP Bus Unit:** Enter the GAP Business Unit. **Required field**.
   - **Fiscal Year:** Enter the Fiscal Year to run this report for. **Required field**.
   - **From Period/To Period:** Enter the From and To Accounting Period(s) range.
   - **CSU Natural Class Range:** Enter the appropriate From / Thru range.
2. Run report and go to process monitor to View/Print Report.

1.3 Report Example

Click on the icon to review a report example

Adobe Acrobat Document

1.4 Common Variances

- Report picked up GAAP manual adjustments. A period other than 998 was used. (i.e. used period 12 for a period 998 manual adjustment).
- Report picked up AM entries. Did not change AM (Asset Management) periods from 1-12 to 901-912 during the AM journal generate process in xxGAP.
- GAAP Override will create a difference. Explainable difference and no GAAP reclassification entry needed.
- Differences between xxCMP/xxCSU to xxGAP due to changes in mapping during the year, and the campus derived monthly. Before to one GAAP account and after to another GAAP account. Explainable difference, but **need GAAP reclassification entry**.

To mitigate the variances, campus should run and review report as soon as derivation to GAAP is completed at year-end.

Here are delivered queries to help identify issues:

- **CSU_GL_JRNL_ENTRY_AUDIT_xxGAP** query to identify accounting periods issue

Descr	Period	Journal Source
GAAP Actuals	01-12	GAT
GAAP Asset Management	901-912	GAM
GAAP Manual Adjustment	998	GPA

Correct

Descr	Year	Period	Journal
GAAP Journal #26 YE 11/12 Empl	2011	12	GPA
GAAP Journal #26 YE 11/12 Empl	2011	12	GPA

Incorrect

Descr	Year	Period	Journal Source
GAAP Asset Management	2011	1	GAM
GAAP Asset Management	2011	1	GAM
GAAP Asset Management	2011	2	GAM

Incorrect

- **CSU_GAAP_OVERRIDE_2** query to review chartfields that have been assigned override values for GAAP derivation.

- **CSU_GAAP_AAT_MAPPING_CHANGES** query to help identify which FIRMS object codes have been remapped.

CSU
DETAIL OF INTEREST EXPENSE
FOR FISCAL: 20XX/20XX

Revenue Bond Passdowns:	GAAP NAC	CSU Fund	Amount	Journal Entry	Comments
Union	835	244	(833,724)	GAAP07012A	
Housing	835	221	(602,551)	GAAP07012A	
		241	(785,149)	GAAP07012A	
		501	(923)	GAAP07012A	
		221	53,458	GAAP07007S	Interest Capitalization
Parking	835	242	(1,524,523)	GAAP07012A	
		501	50,052	GAAP07012A	
Auxiliary	835	246	(1,330,365)	GAAP07012A	
		537	12,971	GAAP07012A	
Campus Capital Leases:	**GAAP NAC**	**CSU Fund**		**Journal Entry**	
Koch Finanacial - Substation	881	485	(13,315)	GAAP07040B	
Koch Financial - IBM Mainframe	881	485	(672)	GAAP07040B	
CMS Commercial Paper	881	485	(91,713)	GAAP07040B	
CMS Commercial Paper II	881	485	(54,640)	GAAP07040B	
Benicia Hall	881	485	(34,340)	GAAP07040B	
Napa Hall	881	441	(188,878)	GAAP07040B	
Modoc Hall	881	485	(111,681)	GAAP07040B	
Placer Hall	881	485	(100,782)	GAAP07040B	
Energy Efficiency Bonds	881	485	(67,153)	GAAP07040B	
Reclass of Commercial Loan Pymt	881	485	749	GAAP07040A	
Campus Originated Debt:	**GAAP NAC**	**CSU Fund**		**Journal Entry**	
Hewlett Packard Co	881	485	(8,098)	GAAP07044A	
De Lange Landen Public Finance	881	485	(301)	GAAP07044A	
Campus Originated Debt:	**GAAP NAC**	**CSU Fund**		**Journal Entry**	
Miscellaneous	881	485	(14)	From Legal	
TOTAL INTEREST EXPENSE			**(5,631,591)**		

Consolidated SWIFT & SMIF Legal to GAAP KPMG Tab

1. Input consolidated SWIFT & SMIF investments amount per legal FIRMS by CSU fund as of year-end. All CSU funds in state fund 0948 should be included. Note: the funds included on the tab are only examples.
2. Input all GAAP adjustments impacting investments in SRB funds in state fund 0948 a separate column. Adjustments should be by CSU fund
3. Input all GAAP adjustments impacting investments in non-SRB funds in state fund 0948 combined in one column. Adjustments should be by CSU fund
4. Total GAAP amount should match the information provided by the Consolidated CSU Pool investment rollforward schedule for the year-end investments amount for the campus.

Additional Tabs

1. Input all GAAP adjustments (debits and credits) in a separate tab by CSU Fund
2. Provide a brief description of the adjustment
3. See example in tab GAAP AJE #1 - example

CSU

Consolidated CSU Pool Investment (Both SWIFT & SMIF in fund 0948) Legal to GAAP Roll-Forward (SRB Required Format)

6/30/20XX

Total Equals Consolidated (SWIFT & SMIF in fund 0948) Balance (Includes 4 qtr Accrual & Unrealized Gain /

Consolidated SWIFT & SMIF Investments

SCO Fund # 948 only	CSU Fund #	6/30/20XX Legal FIRMS	GAAP AJE & reason PY Carryforward	GAAP AJE & reason JIDxxx Outstanding Checks	GAAP AJE & reason JIDxxx Unrealized Gain/Los	GAAP AJE & reason JIDxxx 4 qtr Accrual	GAAP AJE & reason JIDxxx reason	various (non SRB only)	6/30/20XX GAAP adjusted Total	(Tired to Consolidated CSU Pool rollfo 711102
All SRB Investments										
0948	441	9,280,124.90		154,384.70		15,467.19			9,449,976.79	
0948	442	1,095,224.84				1,411.10			1,096,635.94	1096635.94
0948	452	2,605,320.42	88,750.92		1,098.37	3,675.84			2,698,845.55	2,698,845.55
0948	472	6,313,735.77			29,163.26	10,286.48			6,353,185.51	4,764,889.13
0948	473	17,085.68				4,356.78			21,442.46	21442.46
0948	474	515,774.00				47,449.69			563,223.69	563,223.69
0948	531	6,839,226.76	1,636,210.87		68,097.17	39,824.47	123,672.00		8,707,031.27	8,707,031.27
0948	532	87,852.48	1,874,937.24		46,448.21	17,681.46			2,026,919.39	2,026,919.39
0948	534	12,192,599.59	7,273,482.48			288.59	269,607.00		19,735,977.66	19,735,977.66
0948	535		247,296.00						247,296.00	247,296.00
0948	:	*add more as needed*								
Subtotal - SRB		38,946,944.44	11,120,677.51	154,384.70	144,807.01	140,441.60	393,279.00	-	50,900,534.26	39,862,261.09
All Non-SRB Investments										
0948	403	3,424,879.22						3,994.47	3,428,873.69	3,428,873.69
0948	409	103,177.49						96.00	103,273.49	
0948	421	692,025.64						1,508.36	693,534.00	693,534.00
0948	422	2,235,544.52						3,555.25	2,239,099.77	2,239,099.77
0948	424							(174.09)	(174.09)	(174.09)
0948	431							2,543,997.32	2,543,997.32	
0948	432	2,625,696.00						(2,565,728.66)	59,967.34	59,967.34
0948	433	2,120,838.35						5,812.02	2,126,650.37	2,126,650.37
0948	434	3,823,702.19						5,961.60	3,829,663.79	3,829,663.79
0948	461	7,447,187.29						(7,166,038.94)	281,148.35	281,148.35
0948	463	3,518,564.14						33,362.28	3,551,926.42	3,551,926.42
0948	464	63,692.26						-	63,692.26	63,692.26
0948	465	3,542.45						(3,542.45)	-	-
0948	466	2,652,043.19						107,736.36	2,759,779.55	2,759,779.55
0948	467							219,576.59	219,576.59	219,576.59
0948	471	241,894.95						242,365.95	484,260.90	484,260.90
0948	481	137,443.50						8,002.85	145,446.35	145,446.35
0948	485	39,565,991.29						2,115,426.70	41,681,417.99	41,681,417.99
0948	491	8,378.45						17.88	8,396.33	8,396.33
0948	496	21,327,258.60						236,542.56	21,563,801.16	21,563,801.16
0948	499	(1,662,728.42)						647,476.34	(1,015,252.08)	(1,015,252.08)
0948	541							(9,098.55)	(9,098.55)	(9,098.55)
0948	542	1,031,885.72						-	1,031,885.72	1,031,885.72
0948	543	7,389,970.94						-	7,389,970.94	7,389,970.94
0948	544	9,483,322.92						14,923.19	9,498,246.11	9,498,246.11
0948	:	*add more as needed*								
Subtotal - Non-SRB		106,234,310.69						(3,554,226.97)	102,680,083.72	############
Total		145,181,255.13	11,120,677.51	154,384.70	144,807.01	140,441.60	393,279.00	(3,554,226.97)	**153,580,617.98**	############

Equals 101100 & 305022 in

Note: GAAP total should match GAAP ending balance (including 4 qtr accrual and unrealized gain / loss) in the Consolidated SWIFT & SMIF rollforward schedule

CSU Campus
Tuition Fees
6/30/20XX

SCO Fund	CSU Fund	Object Code	Object Description	Legal Bal 6/30/20XX	Inclusion GAAP AJE 011 Adjust Deferred Revenue	Inclusion GAAP AJE 016 A/R reconciliation with Auxiliaries	Inclusion GAAP AJE 028 Resident Assistant Fee Waivers	Inclusion GAAP AJE 030 Fee Waivers - Employees	Inclusion GAAP AJE 031 Fee Waiver - Non Employee	Inclusion GAAP AJE 060 Parking Citations A/R Allowance	Inclusion GAAP AJE 083 Correct PDS and University Towers	Inclusion GAAP AJE XXX "ADD AS NEEDED"	TOTAL SRB Inclusion Balance	Exclusion Prior Year Reversals Prior Year Reversals	Exclusion GAAP AJE 029 Student Union Return of Surplus	Exclusion GAAP AJE 033 Tuition Discounting	GAAP Bal 6/30/20XX	GAAP Bal 6/30/20XX	Dollar Change	Percent Change
Campus Union																				
0948	534	504008	Campus Union Fees	**3,492,399**	105,830	-	-	-	-	-	-	-	**3,598,229**	-	-	-	**3,598,229**	-	3,598,229	#DIV/0!
	Total Campus Union Revenue			**3,492,399**	105,830	-	-	-	-	-	-	-	**3,598,229**	-	-	-	**3,598,229**	-		
Health Facilities Revenue																				
0948	452	504007	Health Facilities Fee	**1,865,155**	56,480	-	-	-	-	-	-	-	**1,921,635**	-	-	-	**1,921,635**	**502,633**	1,419,002	282.31%
0948	452	504400	Allowance for Doubtful Accounts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	#DIV/0!
	Total Health Facilities Revenue			**1,865,155**	56,480	-	-	-	-	-	-	-	**1,921,635**	-	-	-	**1,921,635**	**502,633**		
CERF Revenue																				
0948	441	502001-5023(	Continuing Education	**11,029,317**	-	-	-	-	-	-	-	-	**11,029,317**	-	-	-	**11,029,317**	**4,044,421**	6,984,896	172.70%
0948	441	502400	Allowance for Doubtful Accounts	**(23,538)**	-	-	-	-	-	-	-	-	**(23,538)**	-	-	-	**(23,538)**	-	(23,538)	#DIV/0!
	Total CERF Revenue			**11,005,779**	-	-	-	-	-	-	-	-	**11,005,779**	-	-	-	**11,005,779**	**4,044,421**		
Other Tuition and Fees Revenue																				
0948	485	501001	Tuition Fee	**96,026,594**	3,251,580	-	-	665,890	10,668,661	-	-	-	**110,612,725**	(2,858,313)	-	(30,568,908)	**77,185,504**	**73,966,629**	3,218,876	4.35%
0948	485	501002	Non-Resident Fee	**14,703,681**	278,183	(2,646)	-	-	-	-	-	-	**14,979,218**	-	-	-	**14,979,218**	**10,730,636**	4,248,582	39.59%
0948	485	501004	Application Fee	**2,950,767**	-	-	-	-	-	-	-	-	**2,950,767**	-	-	-	**2,950,767**	**2,449,748**	501,019	20.45%
0948	485	501005	Student Health Services Fee	**6,315,164**	178,148	(3,570)	-	-	-	-	-	-	**6,489,742**	-	-	-	**6,489,742**	**5,232,829**	1,256,913	24.02%
0948	463	501102	Instructionally Related Activity Fee	**6,827,653**	-	-	-	-	-	-	-	-	**6,827,653**	(94,738)	-	-	**6,732,915**	**5,760,539**	972,375	16.88%
0948	485	501102	Instructionally Related Activity Fee	-	111,247	-	-	-	-	-	-	-	**111,247**	-	-	-	**111,247**	**57,518**	53,729	93.41%
0948	485	501105	Transcripts	**186,591**	-	-	-	-	-	-	-	-	**186,591**	-	-	-	**186,591**	**162,167**	24,424	15.06%
0948	485	501106	Library Fines	**92,180**	23,722	-	-	-	-	-	-	-	**115,902**	-	-	-	**115,902**	**71,114**	44,788	62.98%
0948	485	501107	Late Registration Fee	**(100)**	-	-	-	-	-	-	-	-	**(100)**	-	-	-	**(100)**	**16,659**	(16,759)	-100.60%
0948	485	501109	Late Fee	**95,106**	-	-	-	-	-	-	-	-	**95,106**	-	-	-	**95,106**	**64,057**	31,049	48.47%
0948	485	501110	Miscellaneous Fees	**4,566,757**	-	-	-	-	-	-	-	-	**4,566,757**	-	-	-	**4,566,757**	**11,728,740**	(7,161,984)	-61.06%
0948	463	501400	Allowance for Doubtful Accounts	**(7,368)**	-	-	-	-	-	-	-	-	**(7,368)**	-	-	-	**(7,368)**	-	(7,368)	#DIV/0!
0948	485	501400	Allowance for Doubtful Accounts	**(249,569)**	-	-	-	-	-	-	-	-	**(249,569)**	-	-	-	**(249,569)**	-	(249,569)	#DIV/0!
	Total Other Tuition and Fees Revenue			**131,507,455**	3,842,880	(6,216)	-	665,890	10,668,661	-	-	-	**146,678,671**	(2,953,051)	-	(30,568,908)	**113,156,711**	**110,240,637**		
			STUDENT TUITION AND FEES	**147,870,788**	4,005,190	(6,216)	-	665,890	10,668,661	-	-	-	**163,204,314**	(2,953,051)	-	(30,568,908)	**129,682,354**	**114,787,691**		
																	Note 1	**Note 1**		

Note 1: Amount must agree to line item on the GAAP SRECNA.
Inclusions: **All GAAP adjustments that impact SRB funds**
All GAAP entries that don't fall under the "Exclusion" category

Exclusions: **These include any "Prior Year Reversals", "Return of Surplus", and "Scholarship Allowance / Tuition Discounting" Entries**

Campus Union Fees				Health Facilities Fees						
Fall 20XX Enrollment (main campus)				Fall 20XX Enrollment (main campus)	36,007			-	36,007	
times: fee				**times: fee**	x 25			x 25	x 98	
	A	Sum of **(A)'s**	6,888,576		900,175	Sum of **(B)'**	1,751,838	-	3,528,686	**B**
Spring 20XX Enrollment (main campus)		plus: actual Summer 20XX revenue	260,132	Spring 20XX Enrollment (main campus)	33,857	plus: actual Summer 20XX revenue	138,198	-	33,857	
times: fee		Expectation	7,148,708	**times: fee**	x 25	Expectatior	1,890,036	x 25	x 98	
	A	Actual (Legal Balance)	3,492,399		846,425	Actual (Legal Balance)	1,865,155	-	3,317,986	**B**
Fall 20XX Enrollment (IVC campus)		dollar varianc	3,656,309	Fall 20XX Enrollment (IVC campus)	868	dollar varia	24,881	-	868	
times: fee		percent variai	104.69%	**times: fee**	x 3	percent vari	1.33%	x 3	x 24	
	A				2,604			-	20,832	**B**
Spring 20XX Enrollment (IVC				Spring 20XX	878			0	878	
times: fee				**times: fee**	x 3			x 3	x 24	
	A				2,634			-	21,072	**B**

KPMG

Tax Questionnaire for CSU Campuses

Campus Name: ____

Year End: June 30, 2015

QUESTION			YES	NO
Reportable Transactions	1	Has the entity entered into any listed transactions, confidential transactions, or transactions with contractual protections? Please review the link below: http://www.irs.gov/businesses/corporations/article/0,,id=120633,00.html		
If yes, please describe:				
Unrelated Business Income (UBI)	2	Did the University engage in any unrelated business activities that were material to the financial statements as a whole?		
If yes, please provide the estimated amount:				
Name*:		________________________ Title: ________________________		
Date:		________________________		

* Questionnaire should be completed by Controller or someone of equivalent authority or above.

GASB Statement No. 49 Pollution Remediation Survey.

This is a preliminary survey to identify potential pollution remediation obligations which will be submitted to external auditor, KPMG, for audit. Additional procedures or information might be needed after the survey. Please read the attached memo and the "definitions and examples" document before filling out the survey.

1. Please put in the contact information for the person filling out this survey and a brief description of departmental duties.

Name:

Department:

Title:

Email Address:

Telephone Number:

Briefly describe departmental duties for your department:

2. Does your department know or reasonably believe that CSU,_______________ has any of the following? Please review the attached capital asset list when answering the following questions.

2a. Land and/or building purchased or received as a gift that is polluted or contaminated AND needs remediation?	**Yes**	**No**	**N/A**
2b. Existing land and/or building that is polluted or contaminated AND needs remediation?	**Yes**	**No**	**N/A**
2c. Capital projects (i.e. renovation, acquisition, and construction…etc) that consist of pollution remediation activities (e.g. removal of asbestos)?	**Yes**	**No**	**N/A**
2d. Any other polluted or contaminated sites which need remediation but are not listed above?	**Yes**	**No**	**N/A**
2e. Insurance claims that relate to pollution remediation obligations? **Apply to Systemwide Risk Management Department only.**	**Yes**	**No**	**N/A**
2f. Environmental cases, lawsuits and/or violations that require pollution remediation? **Apply to Systemwide General Counsel Department only.**	**Yes**	**No**	**N/A**

2g. Lease agreements, easements, and other similar right-to-use contracts that contain provisions to obligate the CSU,________________ to perform pollution remediation activities?	○ **Yes**	○ **No**	○ **N/A**
2h. Polluted or contaminated site identified through development planning which includes a complete environmental survey? **Apply to Systemwide CPDC Land Use Planning and Environmental Review Department only.**	○ **Yes**	○ **No**	○ **N/A**

If any of the above questions is not applicable to your department, please select "N/A". If NO or N/A TO ALL questions 2a to 2h, please provide reasons or describe procedures performed to come up with your conclusions of "No" and attach any supporting documents if necessary. Please also go to question 6 and choose Number 4 (No Disclosure) below and submit this form. If Yes to ANY of the above, please list the address of the site and describe issues related to the polluted or contaminated site below and go to question 3.

3. Is your department aware of the following:

3a. CSU,________________ is compelled to take pollution remediation action because of an imminent endangerment?	○ **Yes**	○ **No**
3b. CSU,________________ violates a pollution prevention-related permit or license?	○ **Yes**	○ **No**
3c. CSU,________________ is named, or evidence indicates that CSU,________________ will be named, by a regulator as a responsible party or potentially responsible party (PRP) for remediation, or as a government responsible for sharing costs?	○ **Yes**	○ **No**
3d. CSU,________________ is named, or evidence indicates that CSU,________________ will be named, in a lawsuit to compel participation in pollution remediation?	○ **Yes**	○ **No**
3e. CSU,________________ commences, or legally obligates itself to commence pollution remediation?	○ **Yes**	○ **No**

If NO TO ALL of the questions 3a to 3e, go to question 6, choose Number 4 (No Disclosure) below and submit this form. If Yes to any of questions 3a to 3e, you have identified that an obligating event has occurred and one or more components of a pollution remediation obligation may be recognizable as a liability. Please describe the event (or events) and go to question 4 to determine if the liability is reasonably estimable.

4. Is the range of costs of one or more components of the pollution remediation obligation reasonably estimable? Components include, but are not limited to site preparation, remediation and design.

○ **Yes**

○ **No**

If Yes, please input your estimated range of costs below and go to question 5 to determine if the pollution remediation outlays should be capitalized (made into a fixed asset) or expensed. If No, go to question 6, choose Number 3 (Note Disclosure Only) below and submit this form.

5. In terms of the projects

a. Was the property prepared in anticipation of a sale?	○ **Yes**	○ **No**
b. Was the property prepared for use when it was acquired with known or suspected pollution that was expected to be remediated?	○ **Yes**	○ **No**
c. Was the pollution remediation performed to restore a pollution-caused decline in service utility that was recognized as an asset impairment?	○ **Yes**	○ **No**
d. Was the purpose of acquiring a property, plant, or equipment to have a future alternative use other than remediation efforts?	○ **Yes**	○ **No**

If Yes to any of questions 5a to 5d, go to question 6, choose Number 1 (Financial Statements and Note Disclosure) below and submit this form. If NO TO ALL of questions 5a to 5d, go to question 6, choose Number 2 (Financial Statements and Note Disclosure) below and submit this form. Input additional comments here if needed.

6. Disclosure requirement - check only 1

	Choose
1. Financial Statements and Note Disclosure (if YES TO ANY of 5a to 5d) The CSU,________________ will capitalize part or all of the pollution remediation outlays.	○
2. Financial Statements and Note Disclosure (if NO TO ALL of 5a to 5d). The CSU,________________ will expense pollution remediation outlays and recognize pollution remediation liability.	○
3. Note Disclosure Only (if NO to 4).	○

Choose

4. No Disclosure (if NO and/or N/A TO ALL of 2a to 2h or NO TO ALL of 3a to 3e). GASB 49 does not apply. ○

GASB 53 Derivative Instruments Survey
Campus / Auxiliary Organization Name:
Prepared by:

GASB Statement No. 53, Accounting and Financial Reporting for Derivative Instruments defines **derivatives** as financial arrangements with values or cash payments that are based on what happens in separate transactions, agreements, or rates, and that have the following characteristics:

● *The financial statements are leveraged.* This means they require minimal or no initial investment on the part of a government but nevertheless achieve changes in fair value that would have required a far larger initial investment.

● *The financial arrangements can be settled early* with a cash payment or the transfer of an equivalent asset.

Please check all the derivative instruments your agency has based on the definition above.

mark "X"	Derivatives	Definition	Examples	Esimated Amount (N/A if not applicable)	Significant? (Y/N)
	Forward/Future contracts for energy purchase (e.g. natural gas or electricity)	The contracts are intended to result in the purchase or sale of a commodity, such as natural gas or electricity, used in the normal course of operations. These contracts are distinguished from other purchases and sales contracts by their net settlement feature. That is, the government may have a choice to take or make delivery of the commodity or exchange the cash value of the contract to terminate the government's rights or obligations Indicators of normal purchases and normal sales contracts are **(a) the government has entered into such a contract in the past, (b) the government has a practice of taking delivery or selling the commodity, and (c) the quantity of the commodity in the contract is equal or less than the volume used in the government's activities.**	A government's natural gas utility enters into a contract to purchase natural gas from a regional transportation pipeline. Settlement provisions of the contract permit the utility either to take delivery of the gas or to pay or receive a settlement price. This government routinely enters into similar contracts and takes delivery of the gas. The volume of gas specified in the contract is equal or less than the volume expected to be used.		
	Other forward contracts	Forward contracts are agreements to buy or sell a security, commodity, foreign currency, or other financial instrument, at a certain future date for a specific price. An agreement with a supplier to purchase a quantity of heating oil at a certain future time, for a certain price, and a certain quantity is an example of a forward contract. Forward contracts are not exchange-traded. Some forward contracts, rather than taking or making delivery of a commodity or financial instrument, may be settled by a cash payment that is equal to the fair value of the contract.	A argiculture products seller enters into a forward contract (mutual agreement) with a buyer to "lock-in" a price now in advance for its argicultural products for the upcoming harvest. The volume specified in the contract is signifiantly higher than the volume expected to be sold.		
	Other futures contracts	Futures contracts are exchange-traded securities to buy or sell a security, commodity, foreign currency, or other financial instrument at a certain future date for a specific price. A futures contract obligates a buyer to purchase the commodity or financial instrument and a seller to sell it, unless an offsetting contract is entered to offset one's obligation.	A buyer buys a future contract of heating oil from the market (Exchange's Clearing House) to profit from the spectulation of a runup of heating oil price index.		
	Other commodity swaps	Commodity swaps are contracts that have a variable payment based on the price or index of an underlying commodity.	A buyer that uses a lot of heating oil might use a commodity swap to secure a maximum price for oil. In return, the buyer profited from the payments received based on the market price (usually an oil price index).		
	Interest rate locks **(Campus should not have this derivative. Please notify CO Finance & Treasury if your campus has it)**	Interest rate locks are contracts that allow one party to fix an interest rate for a specified period of time.	An Issuer of bonds is planning a bond issuance for October, but rates are very low in April. The Issuer wants to avoid the risk that rates will rise between April and October, so the Issuer purchases a rate lock in April that will guarantee a low rate in October.		
	Interest rate swaps **(Campus should not have this derivative. Please notify CO Finance & Treasury if your campus has it)**	Interest rate swaps are contracts that have a variable payment based on the price of an underlying interest rate or index.	An Issuer of fixed rate bonds enters into an agreement with another party—the Counterparty—whereby the Issuer will receive from the Counterparty fixed payments, roughly equivalent to the interest cost of the Issuer's fixed rate bonds, and pay the Counterparty payments that will move up and down based on a variable rate index. The aim is to "synthetically" convert the fixed rate bonds to variable rate bonds.		
	Options, such as calls, puts, collars, floors, or swaptions **(Campus should not have this derivative. Please notify CO Finance & Treasury if your campus has it)**	Options are contracts or securities that give their holders the right but not the obligation to buy or sell a financial instrument or commodity at a certain price for a certain period of time.	A Buyer purchases the right to buy a certain number of shares of XYZ stock at a price of $50.00/share when the price of XYZ stock is $30/share. The right to buy the shares expires after a certain period of time. If the price of the stock rises to $50.00/share or more before the expiration of the option, then the buyer may exercise the option to purchase the shares. If the price never reaches $50.00/share before the expiration date, the option expires with no value.		
	Others, please specify……..	Input here			

CSU (*Campus Name*)			SAMPLE		Should tie to FIRMS Legal Balance		
Unrecorded & Year End Liabilities (SRB Required Format)							
6/30/20CY							
Natural Class	Natural Class Description	CSU Fund	CSU Fund Name	Journal ID	Legal Balance *(If any)*	Journal Entry Amt *(for csu fund)*	Adjusted GAAP Balance (Colum F + Colum G)
712103	**Accrued salaries and benefits**	441	TF-CERF-Extended Education	0000028095	0	(169,318.24)	(169,318.24)
712103	**Accrued salaries and benefits**	441	TF-CERF-Extended Education	0000028108	0	(20,620.93)	(20,620.93)
712103	**Accrued salaries and benefits**	472	TF-Parking Revenue Fund-Parkin	0000028108	0	(5,912.48)	(5,912.48)
712104	**Accrued compensated absences, Current**	441	TF-CERF-Extended Education	0000027777	0	(56,435.28)	(56,435.28)
712104	**Accrued compensated absences, Current**	472	TF-Parking Revenue Fund-Parkin	0000027777	0	(62,894.18)	(62,894.18)
712104	**Accrued compensated absences, Current**	534	TF-Campus Union-Operations and	0000027777	0	(32,007.45)	(32,007.45)
712201	**Accrued compensated absences, Non Current**	441	TF-CERF-Extended Education	0000027777	0	(101,392.57)	(101,392.57)
712201	**Accrued compensated absences, Non Current**	472	TF-Parking Revenue Fund-Parkin	0000027777	0	(37,603.42)	(37,603.42)
712201	**Accrued compensated absences, Non Current**	534	TF-Campus Union-Operations and	0000027777	0	(26,983.04)	(26,983.04)
712101	**Accounts payable**	222	DCF-Parking		**(121,658.00)**		
		222	DCF-Parking	0000027892		(2,790.00)	
		222	DCF-Parking	0000027980		(2,446.50)	
		222	DCF-Parking	0000027980		(5,162.50)	
	Total CSU Fund 222						(132,057.00)
712101	**Accounts payable**	441	TF-CERF-Extended Education		**(23,210.00)**		
		441	TF-CERF-Extended Education	0000027804		(6,383.84)	
		441	TF-CERF-Extended Education	0000027892		(419.83)	
		441	TF-CERF-Extended Education	0000027980		(31,279.35)	
		441	TF-CERF-Extended Education	0000028020		(30,790.00)	
	Total CSU Fund 441						(92,083.02)
712101	**Accounts payable**	531	TF- Housing		**56,700.00**		
		531	TF- Housing	0000037892		(2,790.00)	
		531	TF- Housing	0000037804		(9,560.00)	
		531	TF- Housing	0000037825		(67,546.64)	
	Total CSU Fund 531						(23,196.64)
712109	**Other liabilities, Current**	441	TF-CERF-Extended Education		**(200,000.00)**		
		441	TF-CERF-Extended Education	0000027777		(101,392.57)	
		441	TF-CERF-Extended Education	0000027777		(11,100.00)	
		441	TF-CERF-Extended Education	0000027980		(25,000.00)	
	Total CSU Fund 441						(337,492.57)

Numbers within a bracket indicate a Credit amount.

To protect formulas, only insert rows below legal balance row.

To protect formulas, only insert rows below legal balance row.

Additional Rows inserted
<----------------------------

To protect formulas, only insert rows below legal balance row.

ACCOUNT DESCRIPTION	GAAP Financial Statement Line Balances - RP v.1	JE_XXX	JE_XXX	GAAP Financial Statement Line Balances - RP Final	Related Footnote Changes: Footnote Reference	Related Footnote Changes: Brief Description of the Change
Cash	19,640			19,640		
Short-term investments	206,361,282			206,361,282		
Accounts receivable, net	7,912,471			7,912,471		
Due from	0			0		
Notes receivable, current	115,255			115,255		
Prepaid expenses and other assets	1,185,327			1,185,327		
Accounts receivable, net (noncurrent)	271,992			271,992		
Notes receivable, net of current portion	363,159			363,159		
Student loans receivable, net (noncurrent)	7,721,120			7,721,120		
Other long-term investments	8,866,338			8,866,338		
Capital assets, net	418,543,967			418,543,967		
Other assets (noncurrent)	798,000			798,000		
Deferred outflows of resources	-			-		
Accounts payable	(11,117,851)			(11,117,851)		
Due to	-			-		
Accrued salaries and benefits payable	(21,158,925)			(21,158,925)		
Accrued compensated absences - current	(7,263,444)			(7,263,444)		
Unearned Revenue	(13,864,857)			(13,864,857)		
Capitalized lease obligations - current portion	(99,222)			(99,222)		
Long term debt obligations	(5,220,000)			(5,220,000)		
Claims liabilities for losses and LAE - current portion	-			-		
Other liabilities	(5,402,446)			(5,402,446)		
Accrued compensated absences	(8,578,390)			(8,578,390)		
Grants refundable	(8,133,274)			(8,133,274)		
Capitalized lease obligations	(322,122)			(322,122)		
Long-term debt obligations, net of current portion	(125,010,214)			(125,010,214)		
Claims liabilities for losses and LAE, net of current portion	-			-		
Depository Accounts	(56,336)			(56,336)		
Other postemployment benefits obligation	(3,239,227)			(3,239,227)		
Unearned revenue, noncurrent	-			-		
Other liabilities, noncurrent	(286,498)			(286,498)		
Deferred inflows of resources	-			-		
Net Position	(407,749,532)			(407,749,532)		
Student tuition and fees, net	(156,505,616)			(156,505,616)		
Grants and contracts, federal	(975,758)			(975,758)		
Grants and contracts, state	(1,528,240)			(1,528,240)		
Grants and contracts, local	(15,000)			(15,000)		
Sales and services of educational activities	(16,147,395)			(16,147,395)		
Sales and services of auxiliary enterprises	(24,966,830)			(24,966,830)		
Other operating revenues	(14,824,076)			(14,824,076)		
Instruction	156,422,154			156,422,154		
Research	3,172,812			3,172,812		
Public service	5,328,227			5,328,227		
Academic support	46,514,067			46,514,067		
Student services	64,975,764			64,975,764		
Institutional support	28,169,077	743,294		28,912,371		
Operation and maintenance of plant	39,314,686			39,314,686		
Student grants and scholarships	67,394,452			67,394,452		
Auxiliary enterprise expenses	21,976,394			21,976,394		
Depreciation	28,266,736			28,266,736		
State appropriations, noncapital	(178,988,455)			(178,988,455)		
Other federal nonoperating grants, noncapital	(11,262,000)			(11,262,000)		
Federal financial aid grants	(50,312,283)			(50,312,283)		
State financial aid grants	(23,150,385)			(23,150,385)		
Local financial aid grants	-			-		
Nongovernmental financial aid grants	(5,653,068)			(5,653,068)		
Gifts, noncapital	(8,145,779)			(8,145,779)		
Investment income, net	(592,447)			(592,447)		
Interest on capital-related debt	6,418,574			6,418,574		
Other nonoperating revenues (expenses)	(4,000,460)	(743,294)		(4,743,754)		
State appropriations, capital	(1,100,000)			(1,100,000)		
Grants and gifts, capital	(4,441,364)			(4,441,364)		
Transfers	1			1		
Suspense	-			-		
Fund Balance Clearing	1			1		
Check	(0)	-	-	(0)		

California State University, XXXXXX
Detail of Transfers
6/30/20CY

Instructions: If your campus is receiving this schedule, the CO SRB team and/or KPMG have identified transfers that need further detail. In campus and systemwide consolidation, campuses eliminate transfers. However, in the SRB program any transfer in or out of a SRB Fund will survive on the SRB Financials. SRB requires detail of the transfer in order to accurately identify the proper treatment.

NOTE: SRB WILL RUN SW CAMPUS ACTUAL TRANSFER TRANSACTIONS IN DATAWAREHOUSE TO IDENTIFY TRANSFERS REQUIRING EXPLANATIONS.

For illustration purposes, see examples below.

CSU Fund	SRB: Y/N	FIRMS Object Code and Description	Transfer OUT	Transfer IN
Example: SRB has identified FIRMS Object Code 670491 in CSU Fund 441 in the amount of $13,204,100 as a transfer out of the SRB Continuing Education program needing more detail.				
441 491	Y N	670491 - Tr Out to CSU 491 -TF Spl Pjt Fd-Special Project *Campus wide information technology infrastructure upgrade.*	13,204,100	 (13,204,100)

	CSU Fund	SRB: Y/N	FIRMS Object Code and Description	Transfer OUT	Transfer IN
1	XXX XXX			— —	— —
2				— —	— —
3				— —	— —
4				— —	— —
5				— —	— —
				0	0
					OK

CSU Chancellor's Office
Sample PBC059 Reconciliation of GL & Aging Report
As of 6/30/2014
Prepared by:

GAAP Account	FIRMS Object Code	P/S Account	Net Asset	CSU Fund		GL		Aging Report	Variance	Explanation for Variance(s)
711103	103001	103001 - A/R ABATEMENT	881	485		1,143.85		1,143.85	-	
711103	103001	103001 - A/R ABATEMENT	881	542		2,893.00		2,893.00	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	485		1,033.78		-	1,033.78	June 2014 Monthly Chargebacks to CSU Foundation
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	491		111,199.81		111,199.81	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	496		200.00		200.00	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	544		123,480.37		123,480.37	-	
711103	103004	103802 - SUBSYS - AR IP STUDENT	881	464		12,433.58		12,433.58	-	
711103	103004	103814 - UNBILLED GRANTS	836	465		15,499.63		-	15,499.63	Manual AR accrual (not in AR system): Sponsored Programs Unbilled Activities
711103	103004	103815 - SUBSYS - AR SPONSORED PROGRAMS	836	465		2,338,750.74		2,338,750.74	-	
711103	103004	103824 - MANUAL AR ACCRUAL-OTHER OP	881	543		653,642.88		-	653,642.88	Manual AR accrual (not in AR system): SWIFT Cost Recovery (JE# 545971)
711103	103007	103007 - SUBSYS-AR OTHER	881	544		13,490.86		13,490.86	-	
711103	103007	103817 - AR-SUMMER ARTS/OTHER	881	464		22,677.46		-	22,677.46	Manual AR accrual (not in AR system): International Program Summer Arts
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	200		23,400.00		-	23,400.00	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	452		1,653.92		-	1,653.92	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	531		4,128.63		-	4,128.63	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	537		4,446.92		-	4,446.92	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	104004	104004 - ALLOW AR OPER REV	881	464		(11,928.40)		(11,928.40)	-	
711103	131485	131485 - DUE FROM CSU 485	881	542		100,000.00		100,000.00	-	
Total Accounts Receivable					✓	**3,418,147.03**	⊖	**2,691,663.81**	**726,483.22**	

✓ Must agree to Legal Balance
⊖ Must agree to tab "Aging Reports"

PBC088 & 088A

CSU
Sample CWIP ROLLFORWARD
FOR FISCAL: 2013/2014

Project	CSU Fund	Legal Balance @ 06/30/2014	Current Year GAAP Accruals (2013/2014)	GAAP Balance @ 06/30/2014	Start Date	Finish Date	Completed - Yes/No & Comments
Science II Building	485	1,438,182.73	-	1,438,182.73	God Only Knows	Unknown	NO - Still looking for funding - in the works
Draper/Jenkins Halls - Renovations	532	163,766.00	222,028.29	385,794.29	Spring 2015	Fall 2015	
New Housing Building Project	532	203,915.22	6,962.91	210,878.13	Spring 2017	Unknown	Requesting SRB in Spring 2015
University Stadium Improvements-Phs 1	485	199,631.66	252,320.05	451,951.71	Fall 2014	Spring 2015	
University Stadium Elevator Replacement	485	51,595.00		51,595.00	Fall 2014	Spring 2015	
Folsom Hall - Pysical Therapy Equipment	485	-	202,298.63	202,298.63	Fall 2014	Fall 2014	
Sequoia Hall Chemistry Labs	491	-	35,381.20	35,381.20	Fall 2014	Spring 2015	
Facility Warehouse Remodel	485	-	206,676.59	206,676.59	Fall 2014	Spring 2015	
Total for All		2,057,090.61	925,667.67	2,982,758.28			

Note: none of the listed projects will be completed before September 2014

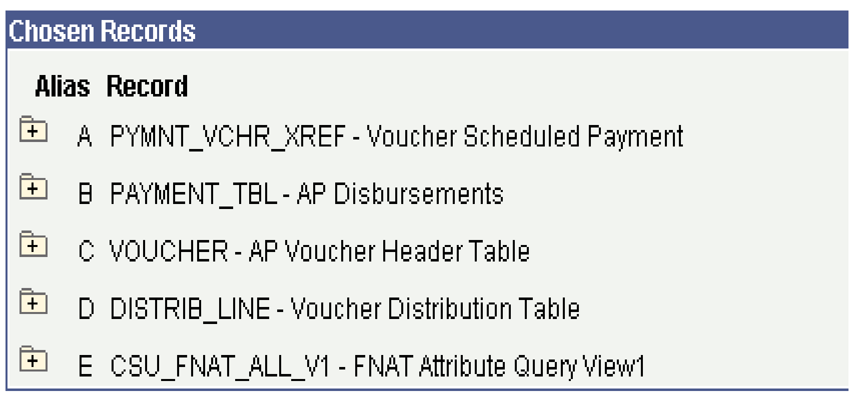
NON-GAAP ACCOUNTING POLICIES – QUANTIFYING THE IMPACT OF USING A DOLLAR AMOUNT CUTOFF IN THE SEARCH FOR UNRECORDED LIABILITIES

OVERVIEW

The goal of this PBC item is to list all non-GAAP accounting policies that the campus uses when preparing financial statements and to quantify the potential impact of those policies. One very common non-GAAP accounting policy is applying a dollar amount cutoff in the campus search for unrecorded liabilities. This means that the financial statement preparers use a list of accounts payable that is no lower than $x,xxx to search for unrecorded liabilities. When using this approach, a campus must disclose that policy to the external audit staff and quantify the potential impact. Note that any number of approaches may be used to formulate the campus accrual and quantify the impact of a non-GAAP accounting policy. The approach presented below is only an example of how the data may be gathered for further analysis using a query. The operators greater than or less than in the query criteria are used to search for either unrecorded liabilities or quantify the impact of the policy, respectively.

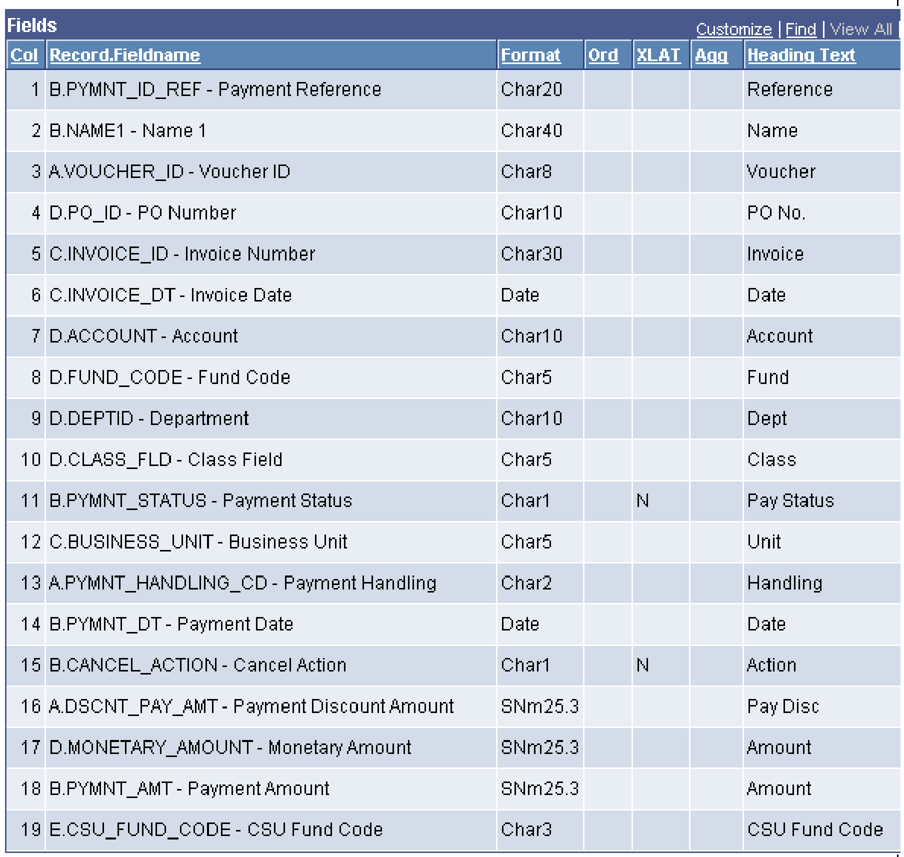
QUERY

The screenshots below describe a query that can be used both in the search for unrecorded liabilities and to quantify the impact of using a dollar amount cutoff in the search for unrecorded liabilities.

<table>
<tr>
<td>Begin by selecting and joining the tables shown in the display at right. When prompted to select which table to join, use the following relationships and allow Query to make the automatic connections:
Table B joins to A
Table C joins to A
Table D joins to C
Table E joins to D</td>
<td colspan="4">
</td>
</tr>
<tr>
<td rowspan="3">Add the 19 fields shown at right for each table to the query results.</td>
<td>Table A</td>
<td>VOUCHER_ID
PYMNT_HANDLING_CD
DSCNT_PAY_AMT</td>
<td>Table C</td>
<td>INVOICE_ID
INVOICE_DT
BUSINESS_UNIT</td>
</tr>
<tr>
<td>Table B</td>
<td>PYMNT_ID_REF
NAME1
PYMNT_STATUS
PYMNT_DT
CANCEL_ACTION
PYMNT_AMT</td>
<td>Table D</td>
<td>PO_ID
ACCOUNT
MONETARY_AMOUNT
FUND_CODE
CLASS_FLD
DEPTID</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Table E</td>
<td>CSU_FUND_CODE</td>
</tr>
</table>

Initially the fields will display on the query results page in the order they were selected from the table. Using the Column Order button on the fields page reorder the results per the example shown at right or per the user's preference.

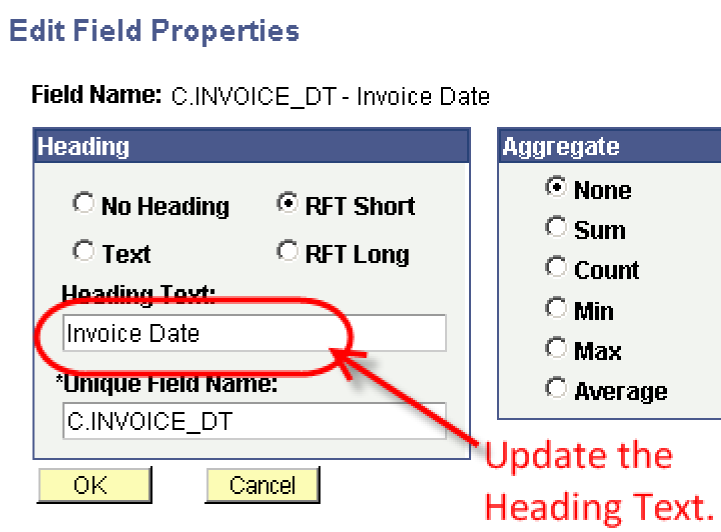
Several amount fields are included in the results. The PYMNT_AMT represents the total amount of the check to the vendor. DSCNT_PAY_AMT and MONETARY _AMOUNT relate to the amounts on individual voucher accounting lines.



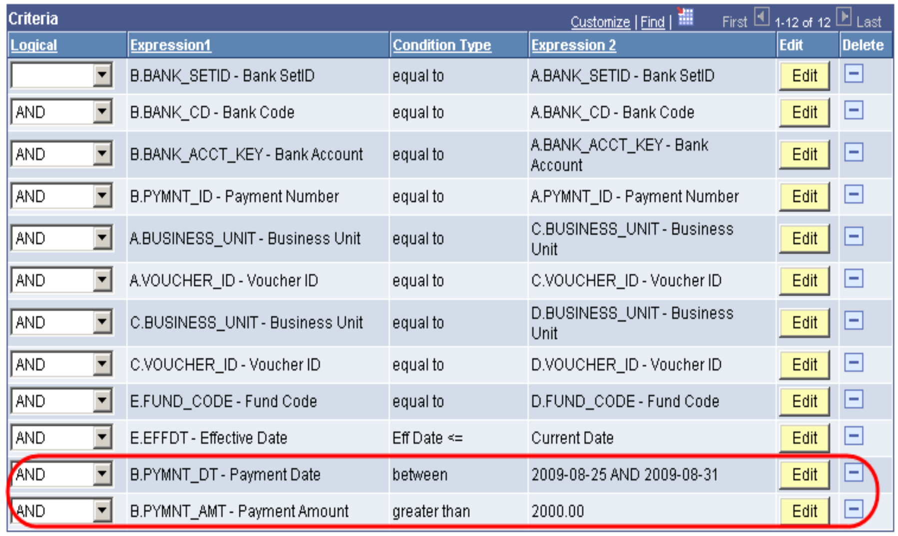
Fields — Customize | Find | View All

Col	Record.Fieldname	Format	Ord	XLAT	Agg	Heading Text
1	B.PYMNT_ID_REF - Payment Reference	Char20				Reference
2	B.NAME1 - Name 1	Char40				Name
3	A.VOUCHER_ID - Voucher ID	Char8				Voucher
4	D.PO_ID - PO Number	Char10				PO No.
5	C.INVOICE_ID - Invoice Number	Char30				Invoice
6	C.INVOICE_DT - Invoice Date	Date				Date
7	D.ACCOUNT - Account	Char10				Account
8	D.FUND_CODE - Fund Code	Char5				Fund
9	D.DEPTID - Department	Char10				Dept
10	D.CLASS_FLD - Class Field	Char5				Class
11	B.PYMNT_STATUS - Payment Status	Char1		N		Pay Status
12	C.BUSINESS_UNIT - Business Unit	Char5				Unit
13	A.PYMNT_HANDLING_CD - Payment Handling	Char2				Handling
14	B.PYMNT_DT - Payment Date	Date				Date
15	B.CANCEL_ACTION - Cancel Action	Char1		N		Action
16	A.DSCNT_PAY_AMT - Payment Discount Amount	SNm25.3				Pay Disc
17	D.MONETARY_AMOUNT - Monetary Amount	SNm25.3				Amount
18	B.PYMNT_AMT - Payment Amount	SNm25.3				Amount
19	E.CSU_FUND_CODE - CSU Fund Code	Char3				CSU Fund Code

Several of the fields have the same standard Heading Text such as the field INVOICE_DT with Heading Text of Date and PYMNT_DT with the Heading Text of Date. The Heading Text for a field may be altered by clicking the Edit button from the Edit column for the field and changing the Heading Text.



At a minimum, add criteria for the date range of interest and the payment amount. Depending on the purpose for the query results, the condition type for the payment amount can be set for greater than (shown) or less than a particular dollar amount.

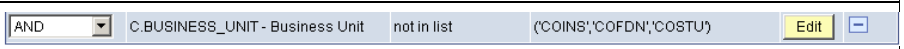


Criteria — Customize | Find | First 1-12 of 12 Last

Logical	Expression1	Condition Type	Expression 2	Edit	Delete
	B.BANK_SETID - Bank SetID	equal to	A.BANK_SETID - Bank SetID	Edit	
AND	B.BANK_CD - Bank Code	equal to	A.BANK_CD - Bank Code	Edit	
AND	B.BANK_ACCT_KEY - Bank Account	equal to	A.BANK_ACCT_KEY - Bank Account	Edit	
AND	B.PYMNT_ID - Payment Number	equal to	A.PYMNT_ID - Payment Number	Edit	
AND	A.BUSINESS_UNIT - Business Unit	equal to	C.BUSINESS_UNIT - Business Unit	Edit	
AND	A.VOUCHER_ID - Voucher ID	equal to	C.VOUCHER_ID - Voucher ID	Edit	
AND	C.BUSINESS_UNIT - Business Unit	equal to	D.BUSINESS_UNIT - Business Unit	Edit	
AND	C.VOUCHER_ID - Voucher ID	equal to	D.VOUCHER_ID - Voucher ID	Edit	
AND	E.FUND_CODE - Fund Code	equal to	D.FUND_CODE - Fund Code	Edit	
AND	E.EFFDT - Effective Date	Eff Date <=	Current Date	Edit	
AND	B.PYMNT_DT - Payment Date	between	2009-08-25 AND 2009-08-31	Edit	
AND	B.PYMNT_AMT - Payment Amount	greater than	2000.00	Edit	

If the campus has auxiliary Business Units in PeopleSoft, criteria should be added to exclude those payments from the query results.

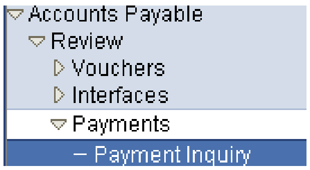
Criteria may also be needed to exclude checks from a Student Business Unit if those checks do not pertain to the prior year.

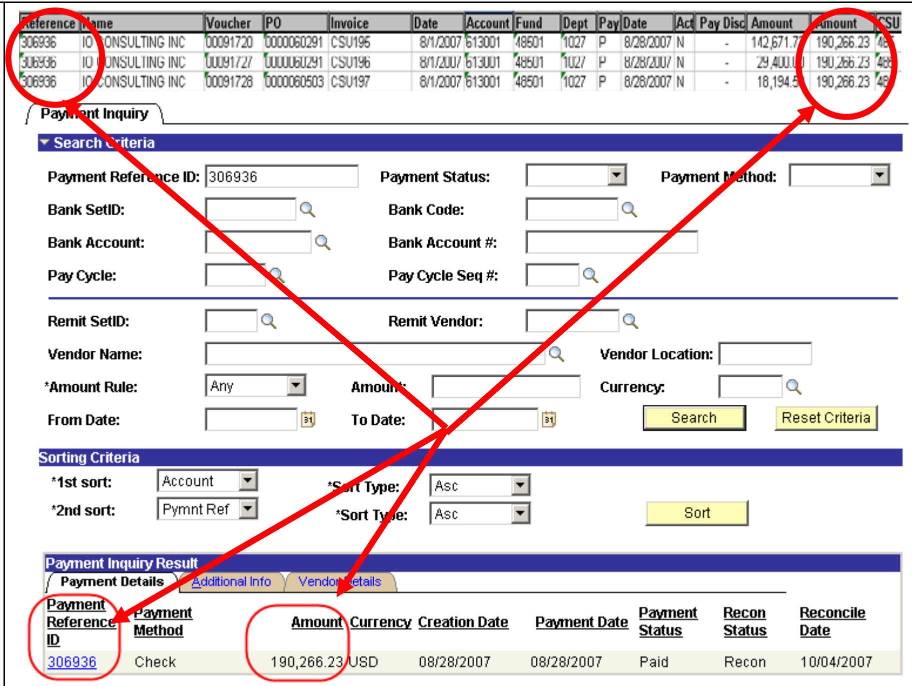


AND	C.BUSINESS_UNIT - Business Unit	not in list	('COINS','COFDN','COSTU')	Edit	

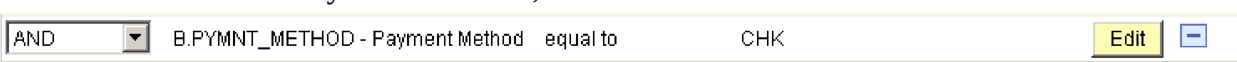
If the query performs poorly or fails, see page 5 and 6 for instructions about adding the "Ordered" expression to improve results.

To verify the results, the campus should crosscheck a sample of check numbers to the check amounts shown in PeopleSoft.





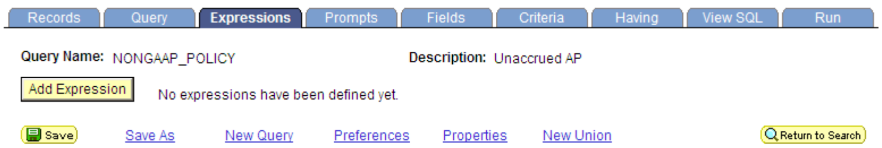
A campus using this approach should evaluate the results yielded from the initial criteria and adjust or add criteria as necessary. As an example, if the campus uses checks, ACH and wire transfers as payment methods, but due to campus process only check payments would include items that need to be analyzed for accrual, criteria should be added as follows:



The campus should be prepared to explain the purpose or reason for each criterion that limits or excludes data from the results.

ADDING AN EXPRESSION TO THE QUERY:

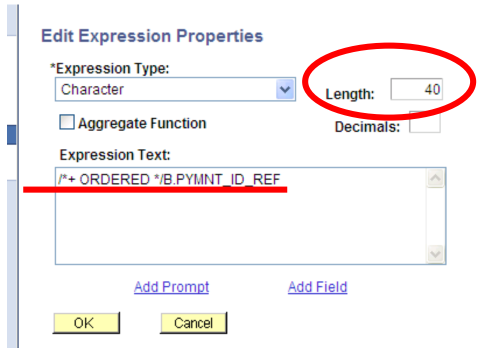
Select the Expression tab and click on Add Expression.



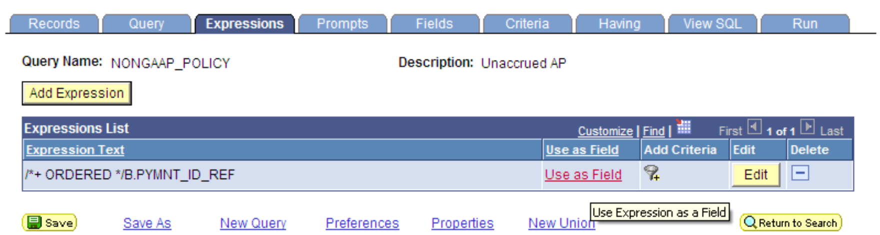
Add the expression;

/*+ ORDERED */

followed by the first field of the query (B.PYMNT_ID_REF in this query's order). This expression instructs the query to gather data according to table order. Set character length to 40 and click OK.



Back at the Expression tab, click Use as Field. This will add the expression to the query's SQL and add the field.



At the Fields tab, a new field, /*+ ORDERED */B.PYMNT_ID_REF will appear at the bottom the query. Delete field number 1, B.PYMT_ID_REF and reorder the fields so that /*+ ORDERED */B.PYMNT_ID_REF is field number 1. This is important so the expression is in the proper position in the SQL of the query.

Col	Record.Fieldname	Format	Ord	XLAT	Agg	Heading Text	Add Criteria	Edit	Delete
1	/*+ ORDERED */B.PYMNT_ID_REF	Char6				/*+ ORDERED */B.PYMNT_ID_REF		Edit	
2	B.NAME1 - Name 1	Char40				Name		Edit	
3	A.VOUCHER_ID - Voucher ID	Char8				Voucher		Edit	
4	D.PO_ID - PO Number	Char10				PO No.		Edit	
5	C.INVOICE_ID - Invoice Number	Char30				Invoice		Edit	
6	C.INVOICE_DT - Invoice Date	Date				Date		Edit	
7	D.ACCOUNT - Account	Char10				Account		Edit	
8	D.FUND_CODE - Fund Code	Char5				Fund		Edit	
9	D.DEPTID - Department	Char10				Dept		Edit	
10	D.CLASS_FLD - Class Field	Char5				Class		Edit	
11	B.PYMNT_STATUS - Payment Status	Char1		N		Pay Status		Edit	
12	A.BUSINESS_UNIT - Business Unit	Char5				Unit		Edit	
13	A.PYMNT_HANDLING_CD - Payment Handling	Char2				Handling		Edit	
14	B.PYMNT_DT - Payment Date	Date	1			Date		Edit	
15	B.CANCEL_ACTION - Cancel Action	Char1		N		Action		Edit	
16	A.DSCNT_PAY_AMT - Payment Discount Amount	SNm25.3				Pay Disc		Edit	
17	D.MONETARY_AMOUNT - Monetary Amount	SNm25.3				Amount		Edit	
18	B.PYMNT_AMT - Payment Amount	SNm25.3				Amount		Edit	
19	F.CSU_FUND_CODE - CSU Fund Code	Char3				CSU Fund Code		Edit	

The /*+ ORDERED */ expression should be the first instruction after SELECT in the query's SQL. Now run the query, performance should be greatly enhanced.

PAYROLL DETAIL REPORT (GAAP EXHIBIT 10) (GL09014)

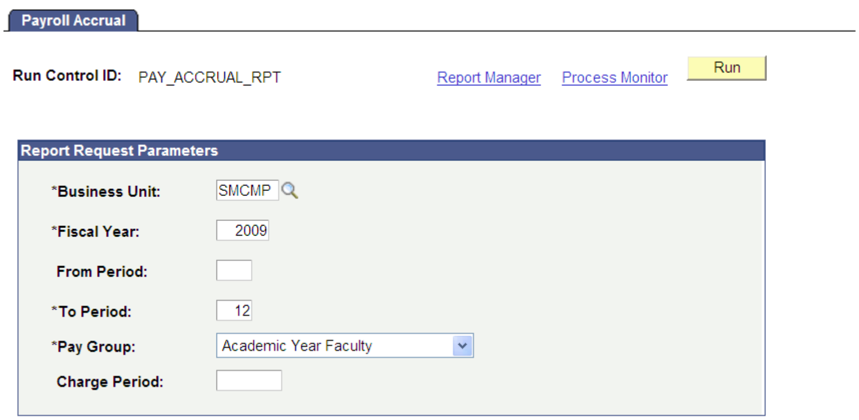
1. OVERVIEW

The intent of this report is to provide the campuses more detail information on payroll costs. The report retrieves data from the CSU_LABOR_DIST table that is being imported from the HCM application into Finance via the Integration Broker process during the Labor Cost Distribution (LCD) process initiated from the HCM application.

2. RUNNING THE REPORT

Navigation: CSU State & SW Reporting > Campus Reports > Payroll Accrual Report

Screenshot



Processing Steps

1. Create a Run Control or Search for an existing one to use.
   - **Business Unit:** Enter the appropriate GL business unit (Required)
   - **Fiscal Year:** Enter the appropriate Fiscal Year (Required)
   - **From Period:** Enter the appropriate Accounting Period from.
   - **To Period:** Enter the appropriate Accounting Period To. (Required)
   - **Pay Group:** Select the appropriate value from the list.
   - **Charge Period:** Enter an appropriate Yea/Month value in the YYYY/MM format. (Required when selected Pay Group is not “Academic Year Faculty”)
2. Run report and go to process monitor to View/Print Report.
   - **Type** = Web
   - **Format** = PDF

3. REPORT EXAMPLE

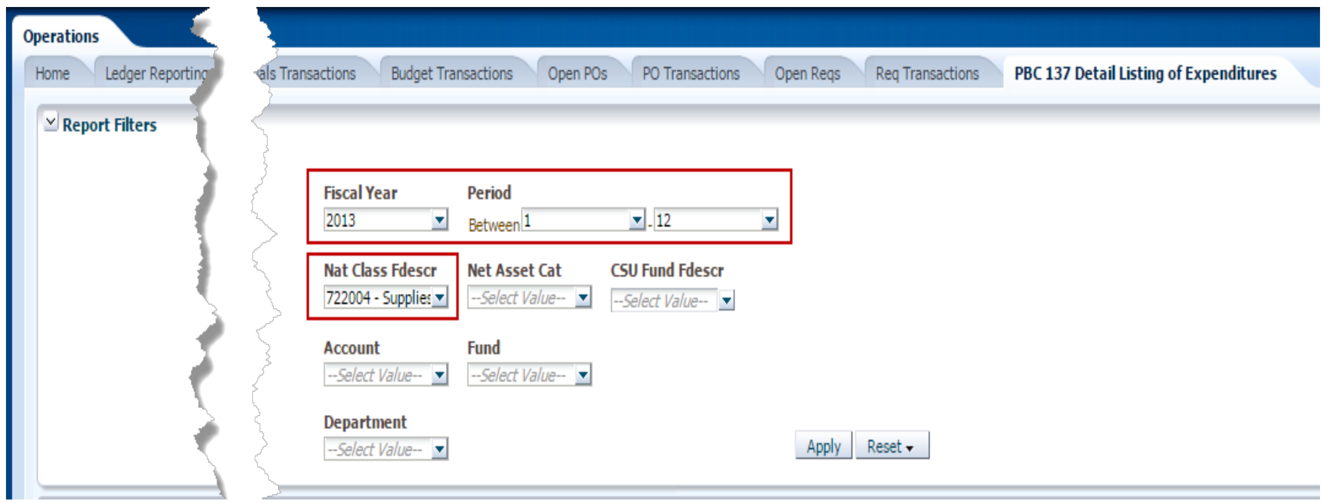
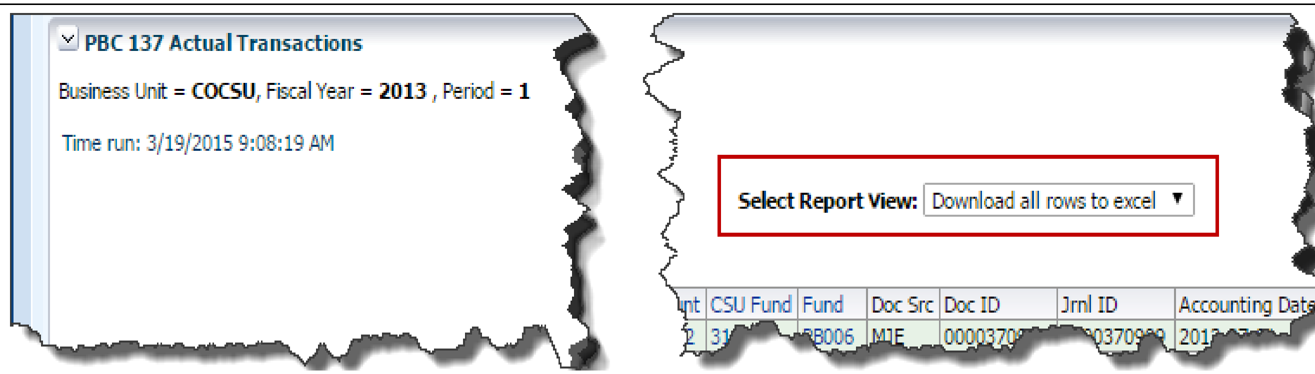
Unit	Fiscal Year	Acctg Period	Emplid	Deptid	Dept Descr	Comp Rate	Comp Freq	Bargaining Unit	Job Code	Position Descr	Charge Period	Type	Union Code	Net Asset Category Charged	CSU Fund Charged	Fund Charged	Natural Class Charged	Account Charged	Dept Charged	Total Amt	FTE
EBCMP	2011	1	000000	15610	Applicati	4975	M		400	Analyst/P	201107	ERN	R09	881	485	EB001	722001	601300	15610	4975	1
EBCMP	2011	1	000000	15610	Applicati	4975	M		400	Analyst/P	201107	TAX	R09	881	485	EB001	722002	603001	15610	307.65	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M		400	Analyst/P	201107	TAX	R09	881	485	EB001	722002	603012	15610	71.95	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M	10	400	Analyst/P	201107	DED	R09	881	485	EB001	722002	603004	15610	524.51	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M	11	400	Analyst/P	201107	DED	R09	881	485	EB001	722002	603003	15610	47.81	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M	14	400	Analyst/P	201107	DED	R09	881	485	EB001	722002	603013	15610	9.13	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M	23	400	Analyst/P	201107	DED	R09	881	485	EB001	722002	603011	15610	1.5	0.27
EBCMP	2011	1	000000	15610	Applicati	4975	M	70	400	Analyst/P	201107	DED	R09	881	485	EB001	722002	603005	15610	904.21	0.27
EBCMP	2011	1	000000	12150	Biologica	7363	M		2360	Instr Fac	201106	TAX	R03	881	485	EB001	722002	603001	12150	39.93	0
EBCMP	2011	1	000000	12150	Biologica	7363	M		2360	Instr Fac	201106	TAX	R03	881	485	EB001	722002	603012	12150	9.34	0
EBCMP	2011	1	000000	12150	Biologica	7363	M		2360	Instr Fac	201107	ERN	R03	881	485	EB001	722001	601100	12150	7363	1
EBCMP	2011	1	000000	12150	Biologica	7363	M		2360	Instr Fac	201107	TAX	R03	881	485	EB001	722002	603001	12150	444.94	0
EBCMP	2011	1	000000	12150	Biologica	7363	M		2360	Instr Fac	201107	TAX	R03	881	485	EB001	722002	603012	12150	104.06	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	10	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603004	12150	1034.45	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	11	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603003	12150	90.2	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	14	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603013	12150	9.13	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	23	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603011	12150	7.5	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	31	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603014	12150	4.22	0
EBCMP	2011	1	000000	12150	Biologica	7363	M	70	2360	Instr Fac	201107	DED	R03	881	485	EB001	722002	603005	12150	1338.23	0
EBCMP	2011	1	000000	10020	Provost &	5459	M		1038	Admin An	201107	ERN	R09	881	485	EB001	722001	601300	10020	5459	1
EBCMP	2011	1	000000	10020	Provost &	5459	M		1038	Admin An	201107	TAX	R09	881	485	EB001	722002	603001	10020	345.59	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M		1038	Admin An	201107	TAX	R09	881	485	EB001	722002	603012	10020	80.82	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M	1	1038	Admin An	201107	DED	R09	881	485	EB001	722002	603015	10020	128	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M	11	1038	Admin An	201107	DED	R09	881	485	EB001	722002	603003	10020	90.2	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M	14	1038	Admin An	201107	DED	R09	881	485	EB001	722002	603013	10020	9.13	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M	23	1038	Admin An	201107	DED	R09	881	485	EB001	722002	603011	10020	1.5	0.27
EBCMP	2011	1	000000	10020	Provost &	5459	M	70	1038	Admin An	201107	DED	R09	881	485	EB001	722002	603005	10020	992.17	0.27
EBCMP	2011	1	000000	10400	English	6800	M		2368	Instr Fac	201107	ERN	R03	881	485	EB001	722001	601806	10400	453.33	0.07
EBCMP	2011	1	000000	10400	English	6800	M		2368	Instr Fac	201107	TAX	R03	881	485	EB001	722002	603012	10400	6.57	0.27
EBCMP	2011	1	000000	10400	English	5102	M		2358	Lecturer A	201107	ERN	R03	881	485	EB001	722001	601805	10400	2721.07	0.53
EBCMP	2011	1	000000	10400	English	5102	M		2358	Lecturer A	201107	TAX	R03	881	485	EB001	722002	603001	10400	167.77	0
EBCMP	2011	1	000000	10400	English	5102	M		2358	Lecturer A	201107	TAX	R03	881	485	EB001	722002	603012	10400	39.24	0
EBCMP	2011	1	000000	10400	English	5102	M	10	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603004	10400	1033.87	0
EBCMP	2011	1	000000	10400	English	5102	M	11	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603003	10400	43.26	0
EBCMP	2011	1	000000	10400	English	5102	M	14	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603013	10400	9.13	0
EBCMP	2011	1	000000	10400	English	5102	M	23	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603011	10400	7.5	0
EBCMP	2011	1	000000	10400	English	5102	M	31	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603014	10400	4.22	0
EBCMP	2011	1	000000	10400	English	5102	M	70	2358	Lecturer A	201107	DED	R03	881	485	EB001	722002	603005	10400	494.55	0
EBCMP	2011	1	000000	10400	English	5102	M		2358	Lecturer S	201107	ERN	R03	881	485	EB001	722001	601830	10400	2380.93	0.47

Click on the icon to review a report example

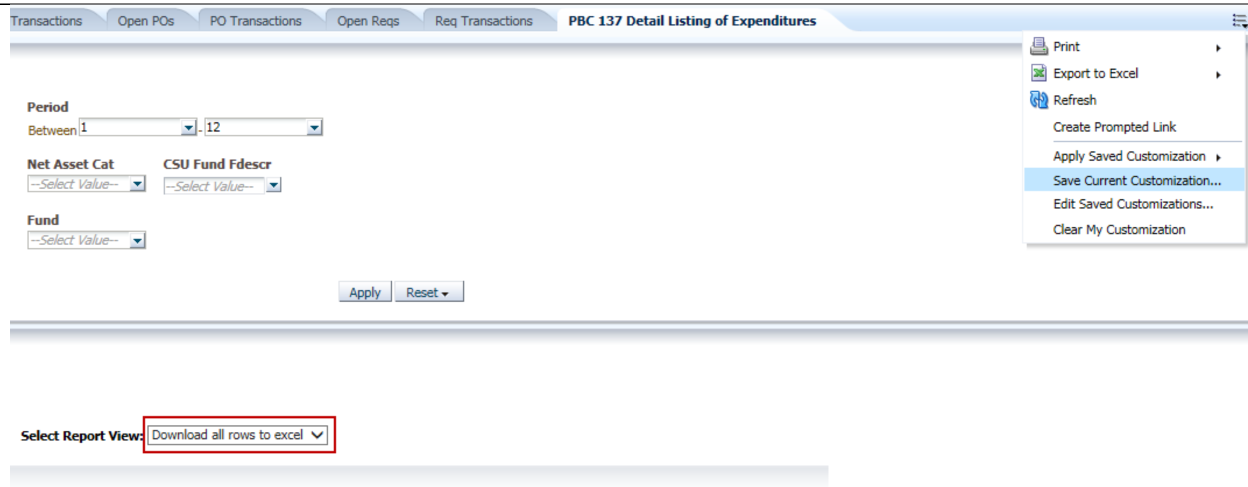
CSUGL031_SAMPLE.
csv

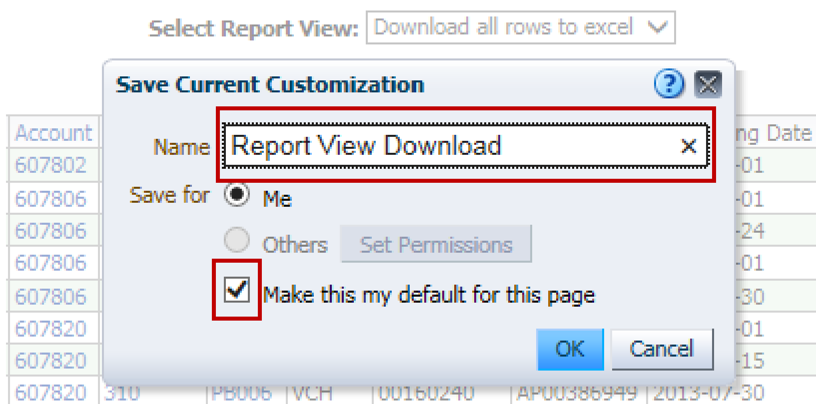
DETAIL LISTING OF EXPENDITURES

The screenshots below describe the KPMG **approved** and **required** DW dashboard to be used to generate PBC schedule 137.

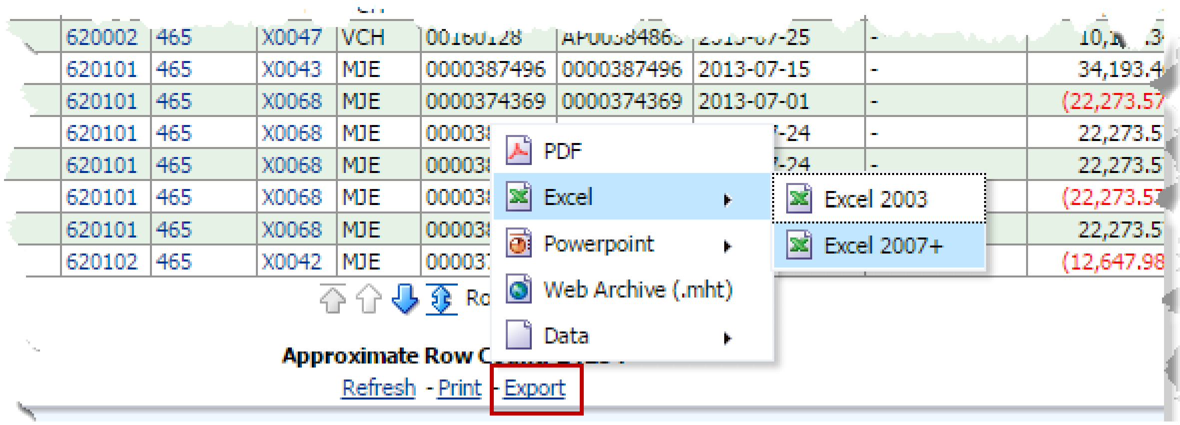
Select Operations Dashboard Select PBC 137 Detail Listing of Expenditures page Populate Report Filters: • Fiscal Year • Period Between **1-12** • Nat Class Fdescr = **722004** Click Apply	
Select Report View: Download all rows to excel	

Note: The Download all rows to excel Report view may be saved as a current customization, as shown on the right.





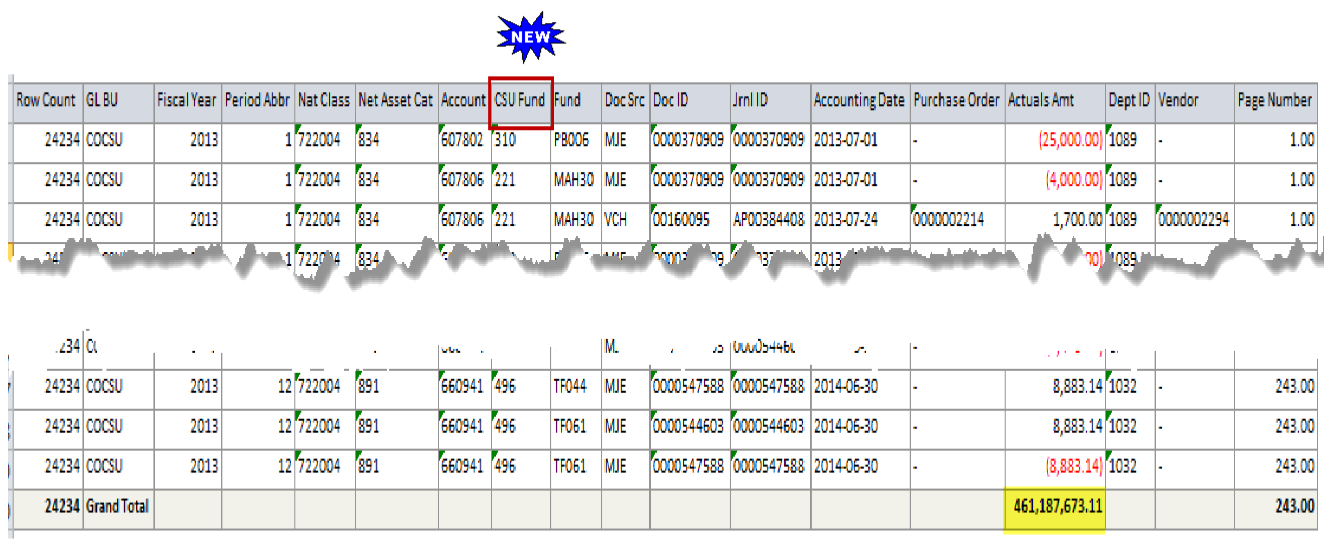
Export to Excel 2007+



Agree DW Schedule 137 (Excel) Report total to Lead Sheet Summary Report total (PBC #22 – Report CSUFS169).

Once the two numbers agree, upload the Excel to PBC SharePoint site.

CSU Fund field added in FY 2014-15 to assist with identification and selection of SRB CSU funds.



Row Count	GL BU	Fiscal Year	Period Abbr	Nat Class	Net Asset Cat	Account	CSU Fund	Fund	Doc Src	Doc ID	Jrnl ID	Accounting Date	Purchase Order	Actuals Amt	Dept ID	Vendor	Page Number
24234	COCSU	2013	1	722004	834	607802	310	PB006	MJE	0000370909	0000370909	2013-07-01	-	(25,000.00)	1089	-	1.00
24234	COCSU	2013	1	722004	834	607806	221	MAH30	MJE	0000370909	0000370909	2013-07-01	-	(4,000.00)	1089	-	1.00
24234	COCSU	2013	1	722004	834	607806	221	MAH30	VCH	00160095	AP00384408	2013-07-24	0000002214	1,700.00	1089	0000002294	1.00
24234	COCSU	2013	12	722004	891	660941	496	TF044	MJE	0000547588	0000547588	2014-06-30	-	8,883.14	1032	-	243.00
24234	COCSU	2013	12	722004	891	660941	496	TF061	MJE	0000544603	0000544603	2014-06-30	-	8,883.14	1032	-	243.00
24234	COCSU	2013	12	722004	891	660941	496	TF061	MJE	0000547588	0000547588	2014-06-30	-	(8,883.14)	1032	-	243.00
24234	Grand Total													461,187,673.11			243.00

Peoplesoft Financials
PRE-CLOSING TRIAL BALANCE BY NET POSITION CATEGORY
LEAD SHEET - SUMMARY
Fiscal Year 2013

Report ID. CSUPS169
Bus Unit. COGAP -- CO GAAP BU

Page No . 17
Run Date. 03/19/2015
Run Time. 08.33.54

Nat Class/ Func Class	811 Net Investment in Capital Assets	821 Restricted, Nonexpendabe - Endowments	831 Restricted, Expendable - Scholarships	832 Restricted, Expendable - Research	833 Restricted, Expendable - Loans	834 Restricted, Expendable - Capital Proje	835 Restricted, Expendable - Debt Service	836 Restricted, Expendable - Other	881 Unrestricted	891 Agency Funds -Depository Accounts	892 Agency Funds -Grants Refundable	TOTALS
For operation expenses (Natural Classification range 722xxx) substitute Natural Classification with Functional Classification (Program Group)												
722001 - Salaries												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	638,172.19	51,054,568.15	101,160.22	0.00	51,793,900.56
CYA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-739.25	163,185.80	-101,160.22	0.00	61,286.33
EB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	637,432.94	51,217,753.95	0.00	0.00	51,855,186.89
722002 - Benefits												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	148,651.05	41,051,892.27	44,906.02	0.00	41,245,449.34
CYA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2,895.31	20,700,419.39	-44,906.02	0.00	20,658,408.68
EB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	151,546.36	61,752,311.66	0.00	0.00	61,903,858.02
722003 - Scholarships and Fellowships												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	500.00	0.00	0.00	0.00	0.00	100,000.00	1,414,983.83	0.00	0.00	1,515,483.83
CYA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,971,451.55	0.00	0.00	3,971,451.55
EB	0.00	0.00	500.00	0.00	0.00	0.00	0.00	100,000.00	5,386,435.38	0.00	0.00	5,486,935.38
722004 - Supplies and Other Services												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	0.00	0.00	0.00	169,322,750.14	89,390,000.00	10,002,993.76	192,273,619.24	198,309.97	0.00	461,187,673.11
CYA	0.00	0.00	0.00	0.00	0.00	-175,486,072.19	-89,390,000.00	-475,545.01	-112,551,362.29	-198,309.97	0.00	-378,101,289.46
EB	0.00	0.00	0.00	0.00	0.00	-6,163,322.05	0.00	9,527,448.75	79,722,256.95	0.00	0.00	83,086,383.65
722005 - Depreciation												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYA	3,739,034.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,739,034.43
EB	3,739,034.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3,739,034.43
722006 - Reimbursable Activities (Conversion temp												
BB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYL	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
CYA	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EB	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Troubleshoot Differences:

Leading causes of differences between PBC 137 report and Lead Sheet Summary Report are:

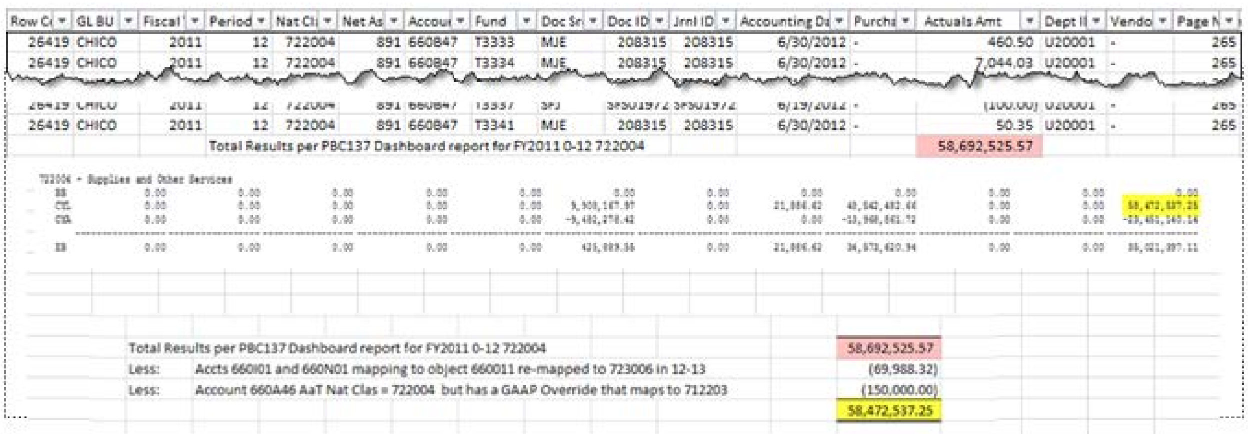
- GAAP Override
- FIRMS Remapping

A couple of tools to help you identify these two types of differences:

- **CSU_GAAP_Override_2** query. This query will return the PS account, FIRMS object code, the Natural Classification and the AAT Natural Class. See if the Nat Class & AAT Nat Class impact 722004.
- **CSU_GAAP_AAT_MAPPING_CHANGES** query to help identify which FIRMS object codes have been remapped.

Once you have prepared the reconciliation and identify the causes, the detail amounts should either be added to the PBC 137 report or removed from the PBC 137 report to agree to the total on the GAAP summary trial balance before providing the PBC 137 report to the auditor.

Example:



Row Ct	GL BU	Fiscal	Period	Nat Cl	Net As	Accou	Fund	Doc Sr	Doc ID	Jrnl ID	Accounting Da	Purch	Actuals Amt	Dept I	Vendo	Page N
26419	CHICO	2011	12	722004	891	660847	T3333	MJE	208315	208315	6/30/2012	-	460.50	U20001	-	265
26419	CHICO	2011	12	722004	891	660847	T3334	MJE	208315	208315	6/30/2012	-	7,044.03	U20001	-	265
26419	CHICO	2011	12	722004	891	660847	T3337	SPJ	SPS01972	SPS01972	6/19/2012	-	(100.00)	U20001	-	265
26419	CHICO	2011	12	722004	891	660847	T3341	MJE	208315	208315	6/30/2012	-	50.35	U20001	-	265
			Total Results per PBC137 Dashboard report for FY2011 0-12 722004										58,692,525.57			

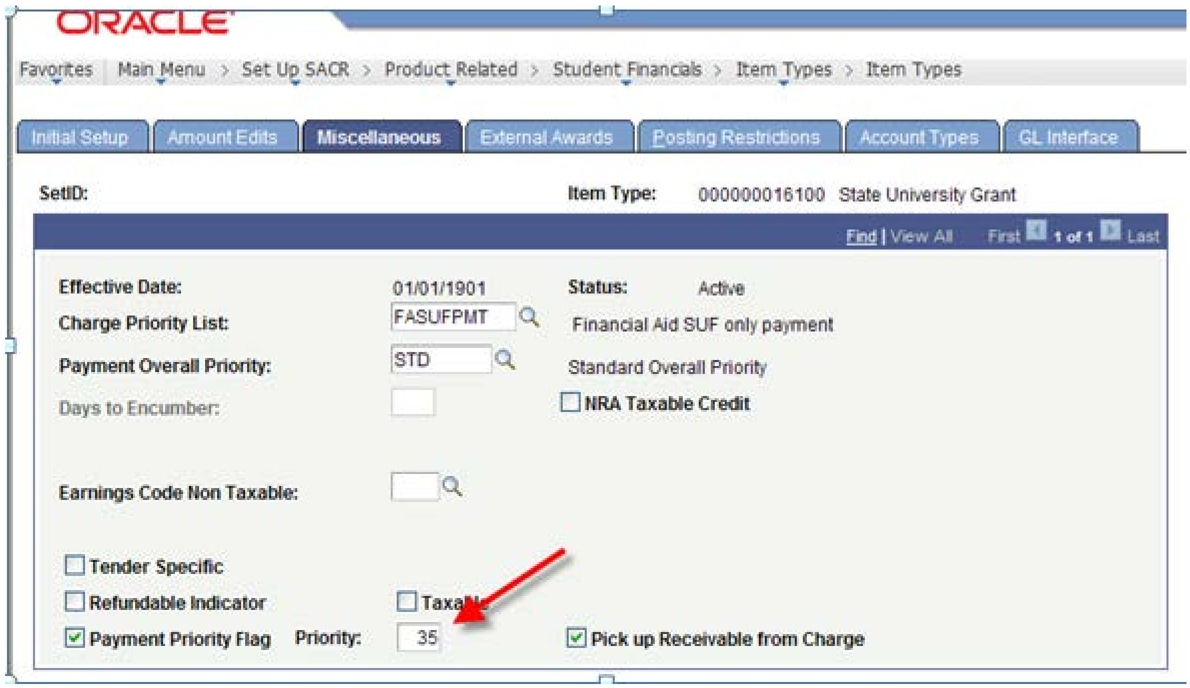
722004 - Supplies and Other Services

Total Results per PBC137 Dashboard report for FY2011 0-12 722004	58,692,525.57
Less: Accts 660I01 and 660N01 mapping to object 660011 re-mapped to 723006 in 12-13	(69,988.32)
Less: Account 660A46 AaT Nat Clas = 722004 but has a GAAP Override that maps to 712203	(150,000.00)
	58,472,537.25

TUITION DISCOUNTING CALCULATION OPTIONS

During the 2010/11 audit KPMG noted that the tuition discounting query data provided by some campuses utilizing campus defined and maintained queries over-reported refunds. This would result in tuition that would not be properly discounted and the Statement of Revenue, Expenses and Changes in Net Position (SRECNP) would over-report revenues and expenses.

Financial Services worked with CMS to understand the cause of the discrepancy and found that while some campuses set a payment priority flag on some aid item types that is less than 999 [priority set for cash payments], as shown in this screenshot, not all aid item types are setup with a priority less than a cash payment.



Students sometimes make cash payments even when they know that they have financial aid grant awards. When this occurs, aid items with a lower priority will bump cash payments out of the students account and apply to the charges due so the reporting of the aid and refunds is accurate. When the priority on the aid item is equal to the cash payment priority, the aid applied after a cash payment will not bump the cash payment and will be reported as a refund, therefore refunds are over-reported.

One approach to correct the query results gathered as above would be to create another query that reported student accounts with cash payments that subsequently received financial aid then adjust the results from the original query.

Going forward, this issue can be eliminated by setting financial aid grant priority less than a cash payment (exclude agency loans).

An alternative approach removes the question of when the awarded vs. applied to the student account by pulling the student account balance and aid then calculating refunds independently in a report. Here is an example of the report:

Report Id: LBSF0463 FMIS - Financial Aid Allowance - Tuition Discounting Run Date 31-AUG-2011
Student Detail Term: 2104 Run Time 05:36:36

Student ID	Student Name	FA Awarded	Reg Fees	HSG Charge	Waived Amt.	Refund Due	Balance Due
000007993	[redacted]	-2,454.00	2,700.00	0.00	0.00	0.00	246.00
000010025	[redacted]	-2,775.00	7,941.00	0.00	0.00	0.00	5,166.00
000037022	[redacted]	-1,512.00	1,758.00	0.00	0.00	0.00	246.00
000038738	[redacted]	-1,095.00	2,853.00	0.00	-1,799.00	-41.00	0.00
000051673	[redacted]	-1,512.00	1,758.00	0.00	0.00	0.00	246.00
000051751	[redacted]	-4,597.00	2,361.00	0.00	0.00	-2,236.00	0.00
000058836	[redacted]	-1,512.00	1,758.00	0.00	0.00	0.00	246.00
000062788	[redacted]	-4,715.00	2,361.00	0.00	0.00	-2,354.00	0.00
000065219	[redacted]	-4,115.00	2,361.00	0.00	0.00	-1,754.00	0.00

Starting with the FA Award, first four columns reflect the FA award, fees and waivers exactly as they occurred by term then the excess calculated and reported in the refund or balance due column as appropriate. The FA Award column excludes the agency aid types so there is no adjustment necessary for those awards. The aid amount is reduced by the calculated refund then the resulting discount amount is allocated between the registration fees and housing charges. With this approach, the tuition discount will always be calculated correctly, with no over-reporting of refunds. However, it doesn't take into account the aid types that are restricted to registration only like Cal Grant A or SUG so all aid is applied equally to both. As a result, there is a risk that the amount discounted in tuition may be too low and amount discounted in housing may be too high (of equal amounts).

KPMG has reviewed this and will accept the discounting produced by the report method (alternative approach). This alternate method is the preferred Systemwide approach for gathering the supporting information for the tuition discounting entry. However, campuses must create and maintain such a report independently as there are no Systemwide naming conventions related to item types that allow such a report to be generated. Also, there is a lack of standard business processes in student finance for example, the waiver column may have information for some campuses while others choose not to apply waivers to student accounts rather they do not charge the fee.

Attached is a sample report specification from the Long Beach campus.

FA Allowance.pdf

Note: Refer to Chapters 4.11 and 4.13 of the GAAP manual for a complete discussion on Tuition Discounting, and Student Financial Aid.

Direct Method (Model B) - Tuition Discounting Calculation

This model uses queries in the Student Financial System to calculate the amount for tuition discounting adjustment. The queries provide details of the actual application of financial aid against registration fees and housing fees which are essential in tuition discounting. Below are positive feedback from using this model.

- ✓ The amount of financial aid on the reports equal the amounts reported as Federal or State financial aid on the Statement of Revenues, Expenses and Changes in Net Position.
- ✓ It allows elimination of financial aid types that should be excluded in tuition discounting such as Perkins Loans and Direct Loans.
- ✓ It allows elimination of fee collections that are "agency" in nature such as ASI or Board fees.
- ✓ Pivot of data allows easy creation of actual journal entry.

In order to ensure the accuracy of the amounts in the report, it is recommended to test a sample of students to see if the application of financial aid is accurate based on supporting documents.

Instructions:

- Step 1: Review sample Tuition Discounting Worksheet Summary reports.

    1. A report that looks in Student Financials for all financial aid postings. The report shows application of financial aid to fee charges (i.e. registration and housing) per student and aid type. It also shows the amount paid to students for residual aid not applied to fee charges per student and aid type. This is generated in PDF and excel file.

       sacsf102_22321351.pdf   sacsf102_2232135_byID.xlsx

    2. Another report is generated that shows students that initially paid their fee charges, then subsequently received financial aid. In this case, the financial aid does not apply to fee charges and is reflected (in report #1) as full refund to the student. This report will show the correct application

of the financial aid which will be used in calculating the tuition discounting adjustment.

sacsf102_3565581_DisbOnly (2).xlsx

- Step 2: Create Migration Request and Impact Analysis to be submitted to IT.

  Below are samples for reference.

  SAC_SF_TDISC_MigrationRequest_20100621 SAC_SF_TDISC_ImpactAnalysis_20100621.do

- Step 3: Customize Item Type Group/Tree

  The item type group/tree in the student financial system is set-up differently at each campus. As this is the key driver of the report, it is important that the campus provides the IT department with the correct ranges for each item type group. Below are item type group used in the sample program. Provide the IT department with the equivalent parameters for your campus.

  SF_tuit_Disc_project.docx SAC_SF_LR_ITEM_TYPES_CONF 5-31-2011.xl

- Step 4: Forward the App Engine Program and SQR

  Below are the App Engine Program and SQR to be provided to IT department.

  SAC_SF_TDISC.zip sacsf102.sqr

- Step 5: Generate the reports

This illustrates the process of generating the reports.

Additional Tuit
Discount Info.docx

Reference Tool:

Here is a sample PBC 131 using the above queries:

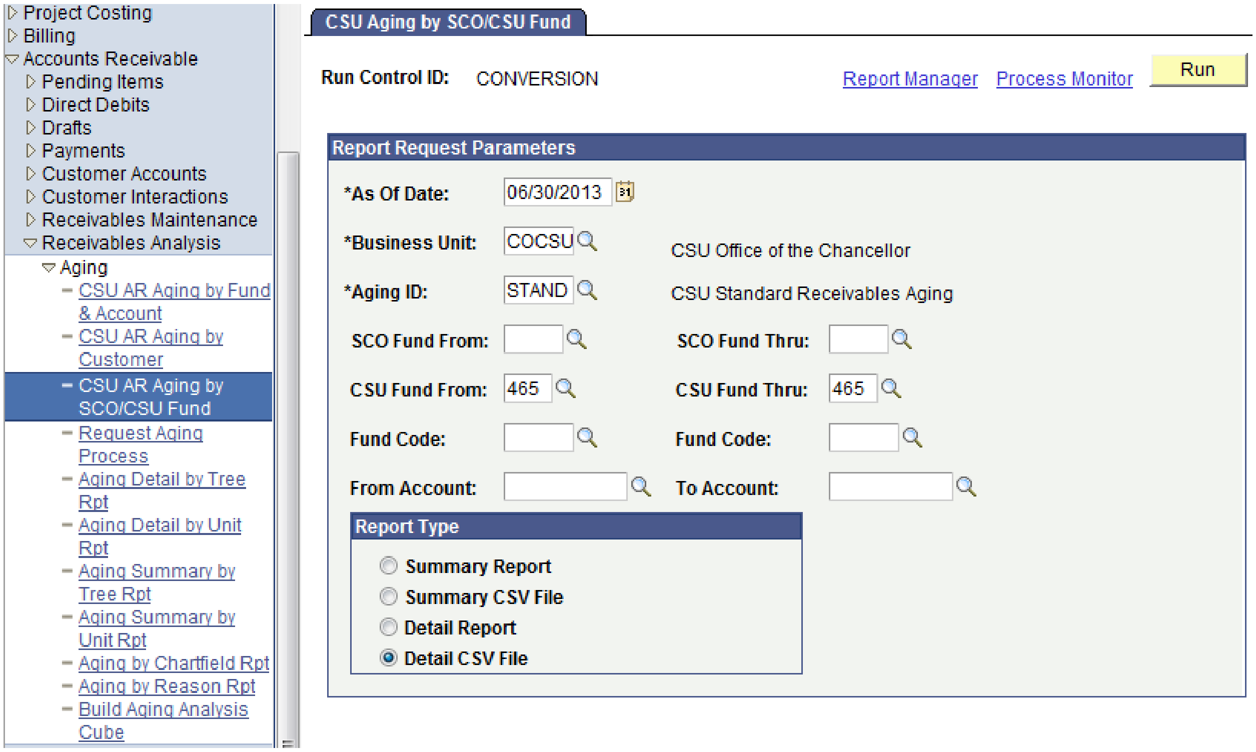
PBC131 SA - Tuition Discounting 13.14.xlsx

PBC131 SA - Tuition Discounting II 13.14.xl

ACCOUNTS RECEIVABLE AGING REPORT

OVERVIEW

The AR aging report may be run to four Report Types. To meet the requirement of PBC 64, select the Detail CSV File or Detail Report.



The aging may also be used to populate Note 4.1, government grants and contracts line. However, campus must first identify and **back out any nongovernmental grants and contracts, and add any accruals not billed.**

Note 4 - Receivables			
All Campuses			
Instruction: (A) Accounts receivable due from Chancellor's Office related to BAN proceeds must be classified as noncurrent.			
4.1 - Composition of accounts receivable at June 30,		**2012**	
	Current	**Noncurrent**	**Total**
State appropriations	$ 85,019	$ 446,643,826	$ **446,728,845**
Auxiliary organizations	32,606,504	3,842,625	**36,449,129**
Student accounts	53,760,557	701	**53,761,258**
Allowance for doubtful accounts, student accounts (enter as negative number)	(14,911,776)	-	**(14,911,776)**
Government grants and contracts	25,487,560	-	**25,487,560**

The following sections are taken directly out of the CFS 9.0 User Guide, Accounts Receivable Reports for your reference.

CSU AGING BY SCO/CSU FUND (AR09003)

1. OVERVIEW

The reporting of aged receivables is a requirement of Financial Integrity and State Managers Accountability Act (FISMA) and Generally Accepted Accounting Principles (GAAP). FISMA requires reporting at the State and CSU Fund Level while GAAP requires reporting by Net Asset Category.

The Aging by SCO/CSU Fund is a standard AR aging report, and can be run at either a summary and detail level. It can also be run to a .csv file format.

A custom Run Control page and SQR process (CSUAR003) is used to generate the report. The format of the file has been defaulted to “PDF”.

2. SUMMARY OF TABLES

The report extracts the information the following tables:

- PS_ITEM – Customer Items
- PS_ITEM_ACTIVITY – Customer Item Activity
- PS_ITEM_DST – Customer Item Distribution
- PS_AGING_TBL – Aging ID Header
- PS_AGING_CATEG_TBL – Aging ID Category Detail
- PS_ENTRY_TYPE_TBL – Entry Types
- PS_DISPUTE_TBL – Dispute Status Table

For account attributes:

- PS_CSU_AAT_ALL_VW- Account Attribute Table

For fund attributes:

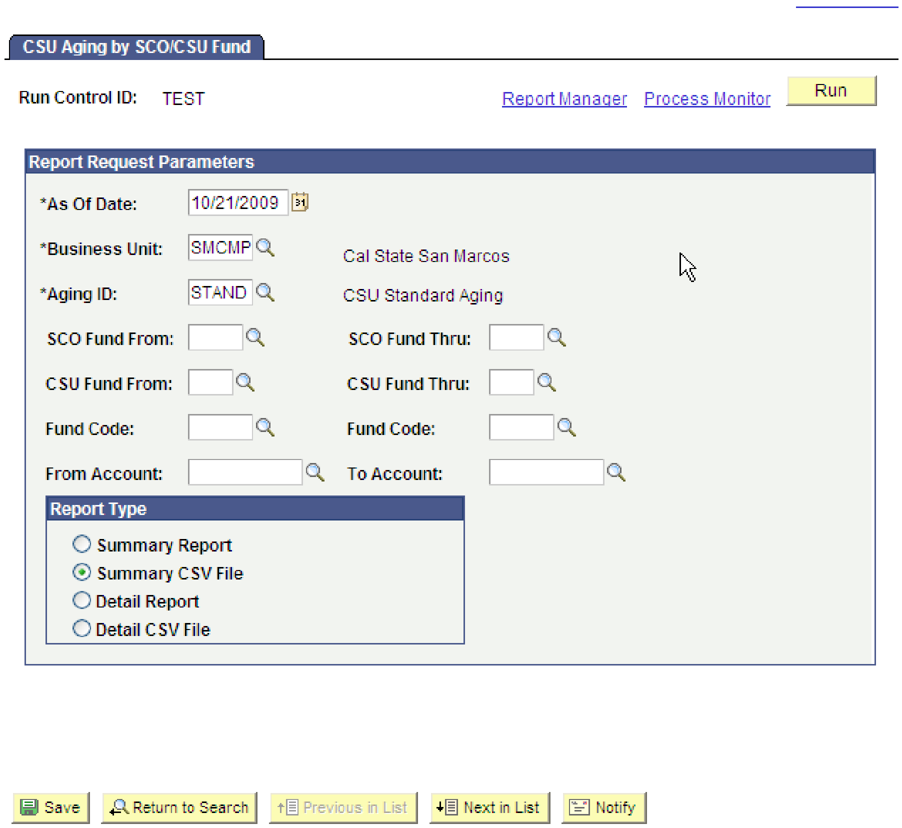
- PS_CSU_FNAT_ALL_V1- FNAT Attribute Query View 1
- PS_CSU_GAAP_NC_VW-FIRMS Program Code View

3. Running the Report

CSU Accounts Receivable Aging by Fund and Account Run Control Page

Navigation: Accounts Receivable > Receivables Analysis >Aging> CSU AR Aging by SCO/CSU Fund

Screenshot



Processing Steps

1. Create a Run Control or Search or an existing one to use.

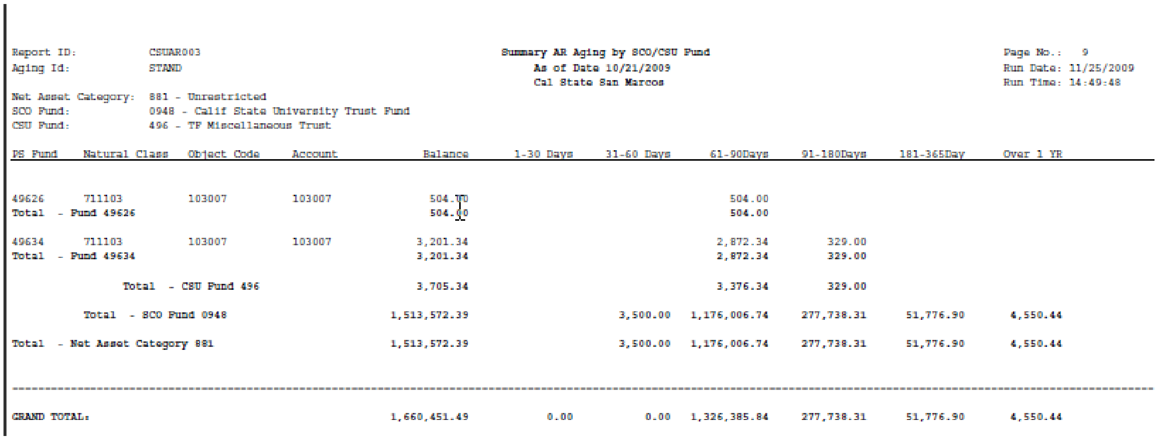
   The CSU AR Aging by SCO/CSU page will appear.

   - **As of Date**: Enter the As of Date. Required.
   - **Business Unit**: Enter the Campus Business Unit. Required.
   - **Aging ID**: Enter the Aging ID. Required.
   - **From SCO Fund/To SCO Fund**: Enter the From and To SCO Fund being requested.
   - **From CSU Fund/To CSU Fund**: Enter the From and To CSU Funds being requested.
   - **From Account/To Account**: Enter the From and To Accounts desired for this report.
   - **From Fund Code/To Fund Code**: Enter the From and To Fund Codes desired for this report.

Screenshot
• **Report Type**: Select report type by Summary, Summary CSV, Detail, or Detail CSV. 2. Run report and go to Process Monitor to View/Print Report.

4. REPORT EXAMPLE

Summary

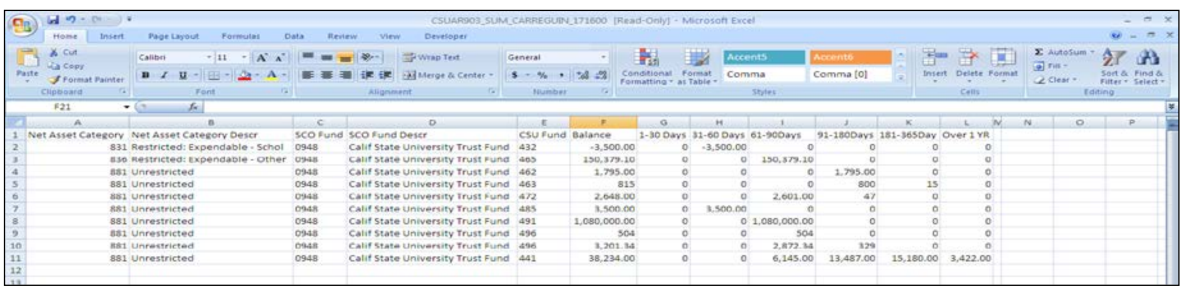


```
Report ID:          CSUAR003                       Summary AR Aging by SCO/CSU Fund                 Page No.:   9
Aging Id:           STAND                             As of Date 10/21/2009                         Run Date: 11/25/2009
                                                      Cal State San Marcos                          Run Time: 14:49:48
Net Asset Category: 881 - Unrestricted
SCO Fund:           0948 - Calif State University Trust Fund
CSU Fund:           496 - TF Miscellaneous Trust

PS Fund  Natural Class  Object Code  Account      Balance   1-30 Days  31-60 Days    61-90Days   91-180Days  181-365Day  Over 1 YR

49626    711103         103007       103007        504.00                               504.00
Total  - Fund 49626                                504.00                               504.00

49634    711103         103007       103007      3,201.34                             2,872.34       329.00
Total  - Fund 49634                              3,201.34                             2,872.34       329.00

           Total  - CSU Fund 496                 3,705.34                             3,376.34       329.00

        Total  - SCO Fund 0948               1,513,572.39                3,500.00  1,176,006.74  277,738.31   51,776.90   4,550.44

Total  - Net Asset Category 881              1,513,572.39                3,500.00  1,176,006.74  277,738.31   51,776.90   4,550.44

------------------------------------------------------------------------------------------------------------------------------------

GRAND TOTAL:                                 1,660,451.49        0.00        0.00  1,326,385.84  277,738.31   51,776.90   4,550.44
```

Click on the icon to review a report example:

AR09003_AgingBySC
O&CSUFund_Summar

Summary CSV

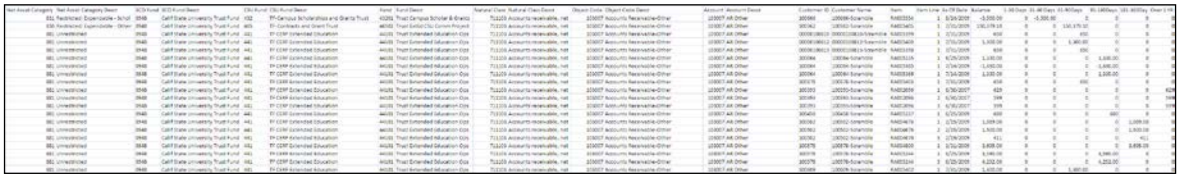


	A	B	C	D	E	F	G	H	I	J	K	L
1	Net Asset Category	Net Asset Category Descr	SCO Fund	SCO Fund Descr	CSU Fund	Balance	1-30 Days	31-60 Days	61-90Days	91-180Days	181-365Day	Over 1 YR
2	831	Restricted: Expendable - Schol	0948	Calif State University Trust Fund	432	-3,500.00	0	-3,500.00	0	0	0	0
3	836	Restricted: Expendable - Other	0948	Calif State University Trust Fund	465	150,379.10	0	0	150,379.10	0	0	0
4	881	Unrestricted	0948	Calif State University Trust Fund	462	1,795.00	0	0	0	1,795.00	0	0
5	881	Unrestricted	0948	Calif State University Trust Fund	463	815	0	0	0	800	15	0
6	881	Unrestricted	0948	Calif State University Trust Fund	472	2,648.00	0	0	2,601.00	47	0	0
7	881	Unrestricted	0948	Calif State University Trust Fund	485	3,500.00	0	3,500.00	0	0	0	0
8	881	Unrestricted	0948	Calif State University Trust Fund	491	1,080,000.00	0	0	1,080,000.00	0	0	0
9	881	Unrestricted	0948	Calif State University Trust Fund	496	504	0	0	504	0	0	0
10	881	Unrestricted	0948	Calif State University Trust Fund	496	3,201.34	0	0	2,872.34	329	0	0
11	881	Unrestricted	0948	Calif State University Trust Fund	441	38,234.00	0	0	6,145.00	13,487.00	15,180.00	3,422.00
12												

Click on the icon to review a report example:

AR09003_AgingBySC
O&CSUFund_SUMM_(

Detail CSV



Click on the icon to review a report example:

AR09003_AgingbySCO&Fund_Detail_CSV.

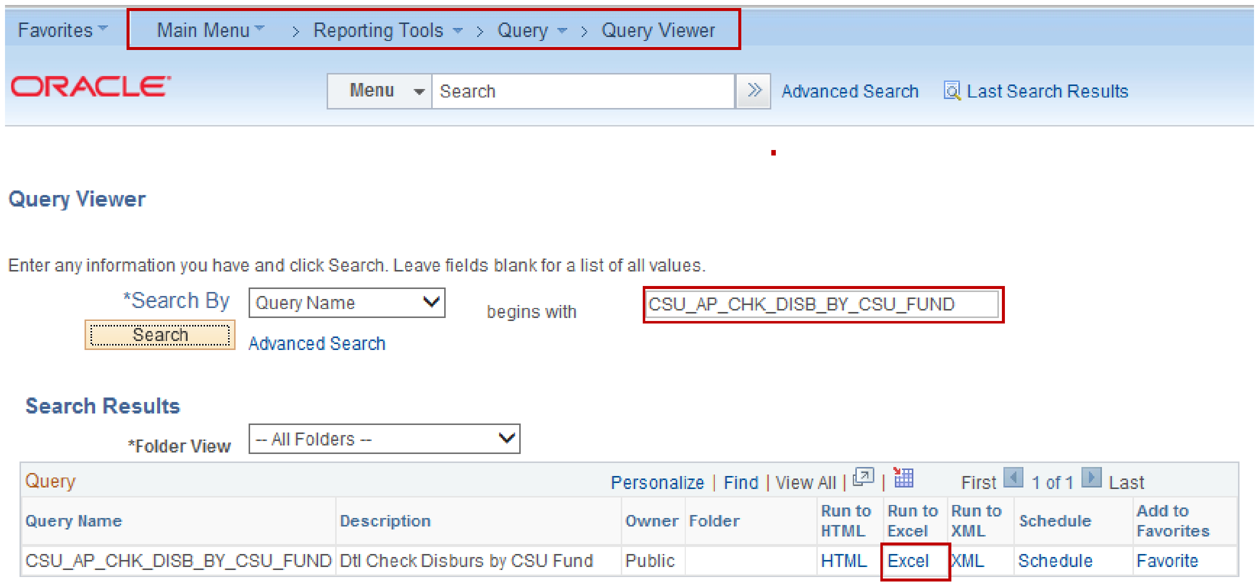
ACCOUNTS PAYABLE CHECK REGISTER

The screenshots below describe the KPMG **approved** and <u>**required**</u> CFS Query to be used to generate PBC schedule 95.

Navigate to Query Viewer

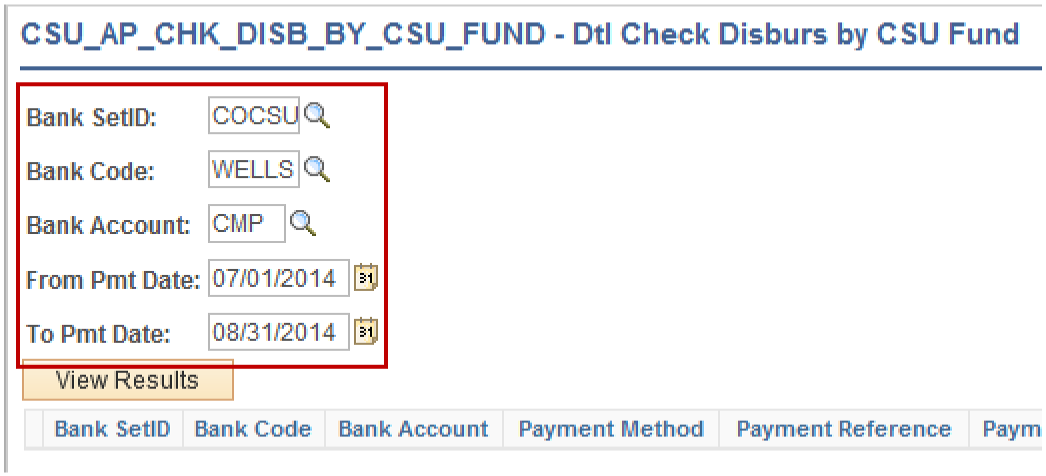
Type in query name **CSU_AP_CHK_DISB_BY_CSU_FUND**

Run to Excel



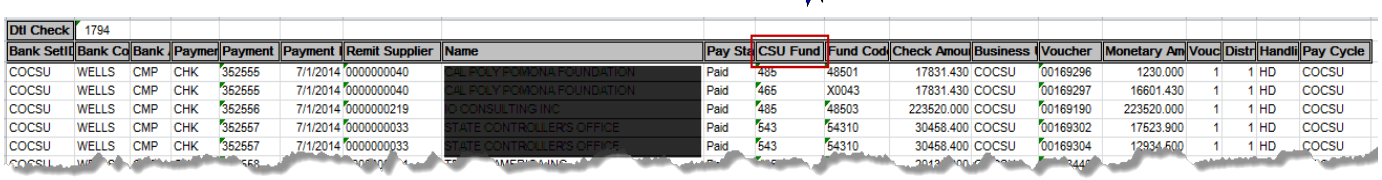
Enter run control criteria:

- **Bank SetID:** Enter the Bank SetID you want to run this report for. This is a required field.
- **Bank Code:** Enter the Bank Code you want to run this report for. This is a required field.
- **Bank Account:** Enter the Bank Account you want to run this report for. This is a required field.
- **Payment Date From/To:** Enter a Date Range you want to run this report for. This is a required field.



Excel report example

Upload Excel to PBC SharePoint site.

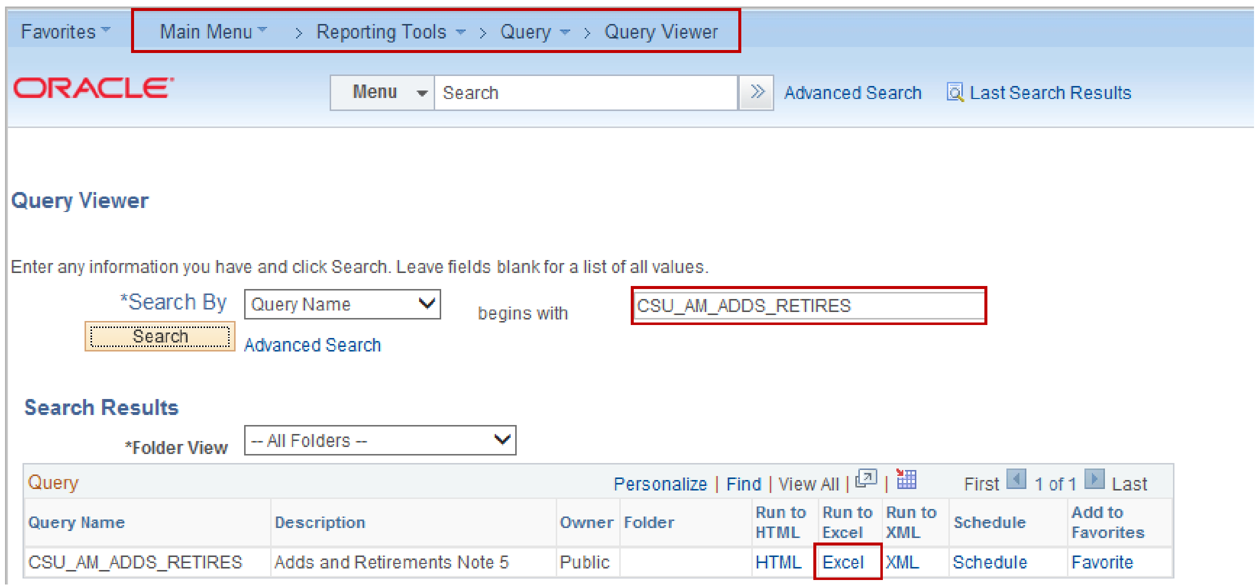
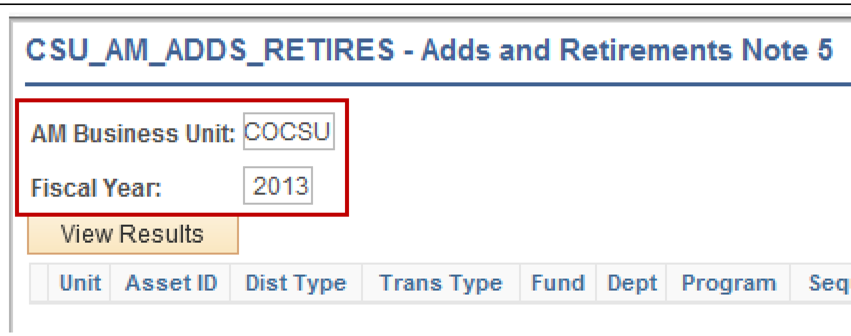


Dtl Check	1794																		
Bank SetI	Bank Co	Bank	Paymer	Payment	Payment	Remit Supplier	Name	Pay Sta	CSU Fund	Fund Cod	Check Amou	Business	Voucher	Monetary Am	Vouc	Distr	Handli	Pay Cycle
COCSU	WELLS	CMP	CHK	352555	7/1/2014	0000000040	[redacted]	Paid	485	48501	17831.430	COCSU	00169296	1230.000	1	1	HD	COCSU
COCSU	WELLS	CMP	CHK	352555	7/1/2014	0000000040	[redacted]	Paid	465	X0043	17831.430	COCSU	00169297	16601.430	1	1	HD	COCSU
COCSU	WELLS	CMP	CHK	352556	7/1/2014	0000000219	[redacted]	Paid	485	48503	223520.000	COCSU	00169190	223520.000	1	1	HD	COCSU
COCSU	WELLS	CMP	CHK	352557	7/1/2014	0000000033	[redacted]	Paid	543	54310	30458.400	COCSU	00169302	17523.900	1	1	HD	COCSU
COCSU	WELLS	CMP	CHK	352557	7/1/2014	0000000033	[redacted]	Paid	543	54310	30458.400	COCSU	00169304	12934.500	1	1	HD	COCSU

NEW CSU Fund field added in FY 2014-15 to assist with identification and selection of SRB CSU funds.	

Detail of Capital Asset Additions and Deletions

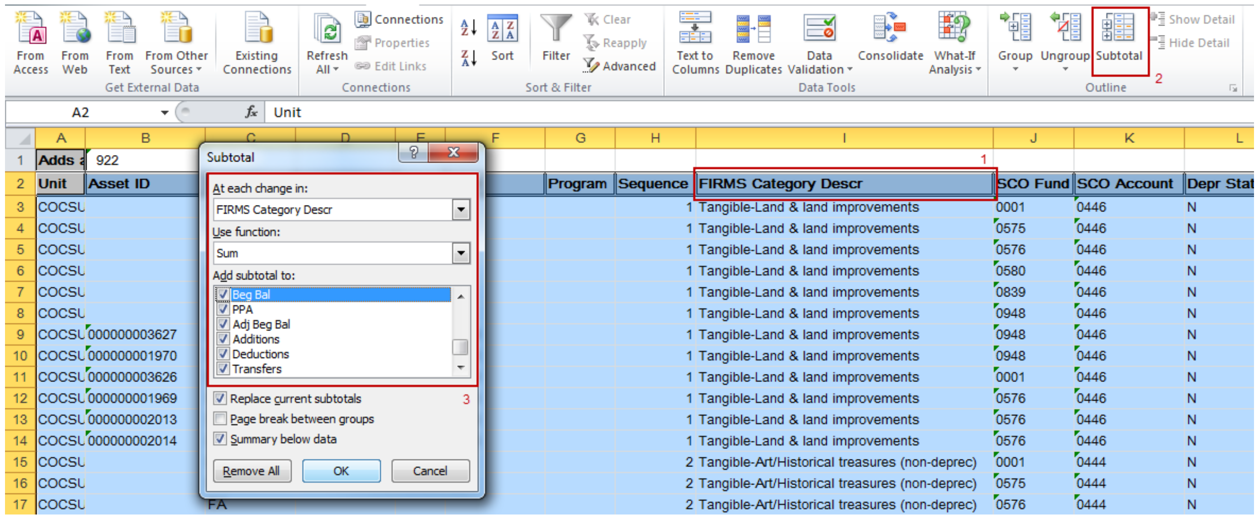
The screenshots below describe the KPMG **approved** and **<u>recommended</u>** CFS Query to be used to generate PBC schedules 81 and 87.

Navigate to Query Viewer Type in query name CSU_AM_ADDS_RETIRES Run to Excel	
Enter run control criteria: Click View Results	

Once result is returned, subtotal Excel report by Category to match Reporting Package Note 05.

To do so, first, click on header FIRMS Category Descr. Next, click on the Subtotal icon. Then, populate pop up box:

- Select Change in FIRMS Category Descr
- Select Function = Sum
- Check Add subtotal to all balances



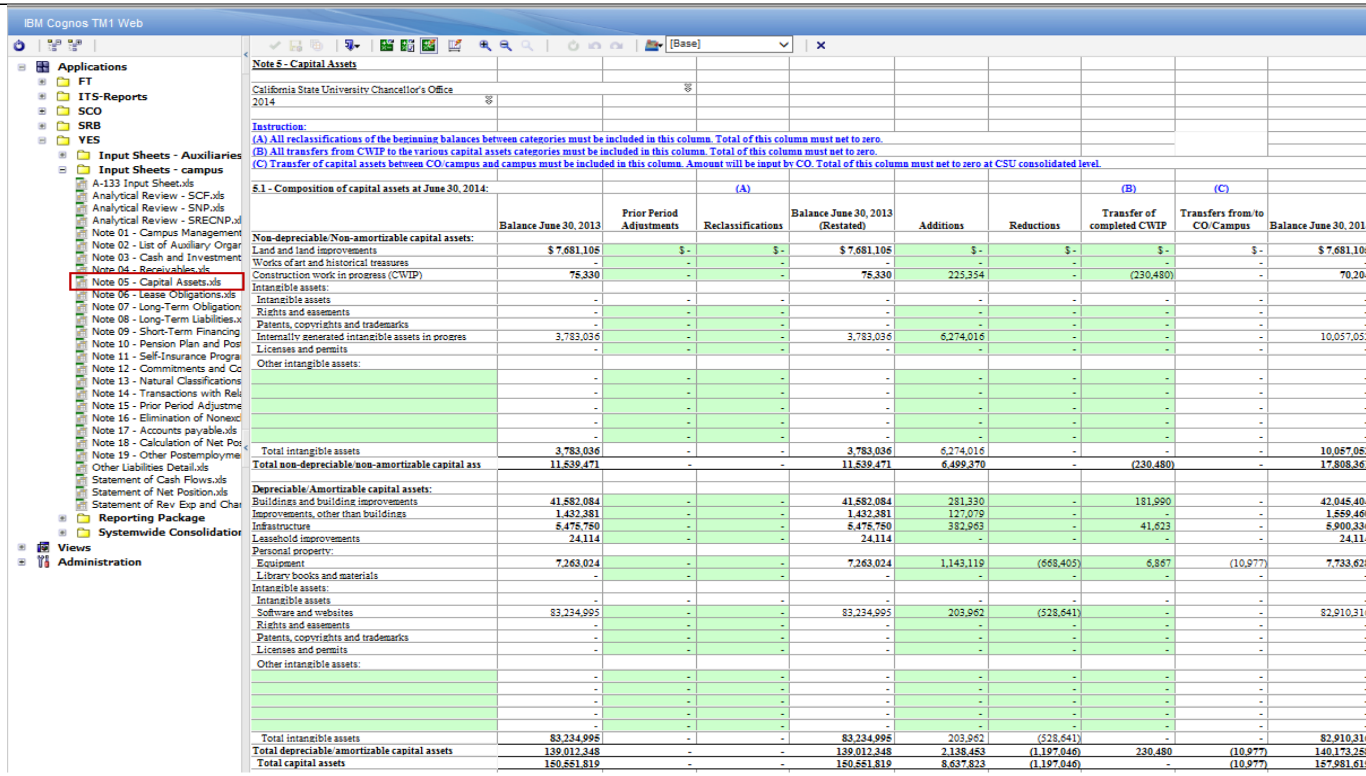
Click on level 2 to view at the subtotal level. This view looks similar to Reporting Package Note 05.

Agree the Excel report to Reporting Package Note 05.

Important: The query result will not include GAAP adjustments, which may result in variances to the Reporting Package requiring reconciliation.

Once agreed, click on level 3 to expand file.

	I	Q	R	S	T	U	V	W
1								
2	FIRMS Category Descr	Beg Bal	PPA	Adj Beg Bal	Additions	Deductions	Transfers	End Bal (before GAAP AJE)
15	Tangible-Land & land improvements Total	7,681,105.21	-	7,681,105.21	-	-	-	7,681,105.21
22	Tangible-Art/Historical treasures (non-deprec) Total	-	-	-	-	-	-	-
29	Tangible-Construction work in progress Total	41,437.97	33,892.10	75,330.07	225,354.10	(230,480.07)	-	70,204.10
36	Tangible-Libraries & Coll. (non-deprec) DO NOT USE Total	-	-	-	-	-	-	-
43	Intangible-Land use rights (non-amort) Total	-	-	-	-	-	-	-
50	Intangible-Patents, cpyrghts & trdmrks (non-amort) Total	-	-	-	-	-	-	-
57	Intangible-Other intangible assets (non-amort) Total	-	-	-	-	-	-	-
64	Intangible-Internally generated assets in progress Total	3,783,035.79	-	3,783,035.79	6,274,016.18	-	-	10,057,051.97
91	Tangible-Buildings & building improvements Total	41,531,998.59	50,085.32	41,582,083.91	463,320.18	-	-	42,045,404.09
119	Tangible-Improvements other than buildings Total	1,432,381.21	-	1,432,381.21	127,078.95	-	-	1,559,460.16
126	Tangible-Art/Historical treasures DO NOT USE Total	-	-	-	-	-	-	-
216	Tangible-Infrastructure Total	5,359,749.86	116,000.00	5,475,749.86	417,312.78	-	-	5,893,062.64
223	Tangible-Libraries & Coll. (deprec) Total	-	-	-	-	-	-	-
798	Tangible-Equipment Total	7,154,189.24	108,834.85	7,263,024.09	1,142,773.95	(668,404.73)	(10,977.21)	7,726,416.10
800	Tangible-Other fixed assets Total	24,114.18	-	24,114.18	-	-	-	24,114.18
922	Intangible-Computer software Total	83,234,994.97	-	83,234,994.97	203,962.30	(528,641.36)	-	82,910,315.91
929	Intangible-Land use rights (amort) Total	-	-	-	-	-	-	-
936	Intangible-Patents, cpyrghts & trdmrks (amort) Total	-	-	-	-	-	-	-
943	Intangible-Other intangible assets (amort) Total	-	-	-	-	-	-	-
944	Grand Total	150,243,007.02	308,812.27	150,551,819.29	8,853,818.44	(1,427,526.16)	(10,977.21)	157,967,134.36



Note 5 - Capital Assets

California State University Chancellor's Office
2014

Instruction:
(A) All reclassifications of the beginning balances between categories must be included in this column. Total of this column must net to zero.
(B) All transfers from CWIP to the various capital assets categories must be included in this column. Total of this column must net to zero.
(C) Transfer of capital assets between CO/campus and campus must be included in this column. Amount will be input by CO. Total of this column must net to zero at CSU consolidated level.

5.1 - Composition of capital assets at June 30, 2014:			(A)				(B)	(C)	
	Balance June 30, 2013	Prior Period Adjustments	Reclassifications	Balance June 30, 2013 (Restated)	Additions	Reductions	Transfer of completed CWIP	Transfers from/to CO/Campus	Balance June 30, 2014
Non-depreciable/Non-amortizable capital assets:									
Land and land improvements	$ 7,681,105	$ -	$ -	$ 7,681,105	$ -	$ -	$ -	$ -	$ 7,681,105
Works of art and historical treasures	-	-	-	-	-	-	-	-	-
Construction work in progress (CWIP)	75,330	-	-	75,330	225,354	-	(230,480)	-	70,204
Intangible assets:									
Intangible assets	-	-	-	-	-	-	-	-	-
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Internally generated intangible assets in progres	3,783,036	-	-	3,783,036	6,274,016	-	-	-	10,057,052
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	3,783,036	-	-	3,783,036	6,274,016	-	-	-	10,057,052
Total non-depreciable/non-amortizable capital ass	11,539,471	-	-	11,539,471	6,499,370	-	(230,480)	-	17,808,361
Depreciable/Amortizable capital assets:									
Buildings and building improvements	41,582,084	-	-	41,582,084	281,330	-	181,990	-	42,045,404
Improvements, other than buildings	1,432,381	-	-	1,432,381	127,079	-	-	-	1,559,460
Infrastructure	5,475,750	-	-	5,475,750	382,963	-	41,623	-	5,900,336
Leasehold improvements	24,114	-	-	24,114	-	-	-	-	24,114
Personal property:									
Equipment	7,263,024	-	-	7,263,024	1,143,119	(668,405)	6,867	(10,977)	7,733,628
Library books and materials	-	-	-	-	-	-	-	-	-
Intangible assets:									
Intangible assets	-	-	-	-	-	-	-	-	-
Software and websites	83,234,995	-	-	83,234,995	203,962	(528,641)	-	-	82,910,316
Rights and easements	-	-	-	-	-	-	-	-	-
Patents, copyrights and trademarks	-	-	-	-	-	-	-	-	-
Licenses and permits	-	-	-	-	-	-	-	-	-
Other intangible assets:									
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
Total intangible assets	83,234,995	-	-	83,234,995	203,962	(528,641)	-	-	82,910,316
Total depreciable/amortizable capital assets	139,012,348	-	-	139,012,348	2,138,453	(1,197,046)	230,480	(10,977)	140,173,258
Total capital assets	150,551,819	-	-	150,551,819	8,637,823	(1,197,046)	-	(10,977)	157,981,619

Upload Excel to PBC SharePoint site.

How to make selections from this file:

- **Select from rows that has an Asset ID and does NOT equal Period 0**
- Do not select from period 0 = Beginning Balance
- Do not select from periods where there is no Asset ID. These are data from CSU CFS on-line adjustment pages.
- Use Search for an Asset by Asset ID in CFS AM to locate date of purchase, invoice # and vendor information.
- Use PBC #88 to make CWIP selections.

NEW CSU Fund field added in FY 2014-15 to assist with identification and selection of SRB CSU funds.

NEW

Unit	Asset ID	Dist	Trans	Fund	Dept	Prog	Seq	FIRMS Category Descr	SCO F	SCO	Depr	PS AM	CSU Fund	Year	Period	Beg Bal	PPA	Adj Beg Bal	Additions	Deductions	Transfers	End Bal (before GAAP AJE)
								Tangible-Land & land improvements Total								7,681,105.21	-	7,681,105.21	-	-	-	7,681,105.21
								Tangible-Art/Historical treasures (non-deprec) Total								-	-	-	-	-	-	-
								Tangible-Construction work in progress Total								41,437.97	33,892.10	75,330.07	225,354.10	(230,480.07)	-	70,204.10
								Tangible-Libraries & Coll. (non-deprec) DO NOT USE Total								-	-	-	-	-	-	-
								Intangible-Land use rights (non-amort) Total								-	-	-	-	-	-	-
								Intangible-Patents, cpyrghts & trdmrks (non-amort) Total								-	-	-	-	-	-	-
								Intangible-Other intangible assets (non-amort) Total								-	-	-	-	-	-	-
								Intangible-Internally generated assets in progress Total								3,783,035.79	-	3,783,035.79	6,274,016.18	-	-	10,057,051.97
COCSU		FA					1	Tangible-Buildings & building improvements	0001	0448	D	BLDG		2013	1	-	-	-	-	-	-	-
COCSU		FA					1	Tangible-Buildings & building improvements	0575	0448	D	BLDG		2013	1	-	-	-	-	-	-	-
COCSU		FA					1	Tangible-Buildings & building improvements	0576	0448	D	BLDG		2013	1	-	-	-	-	-	-	-
COCSU		FA					1	Tangible-Buildings & building improvements	0580	0448	D	BLDG		2013	1	-	-	-	-	-	-	-
COCSU		FA					1	Tangible-Buildings & building improvements	0839	0448	D	BLDG		2013	1	-	-	-	-	-	-	-
COCSU		FA					1	Tangible-Buildings & building improvements	0948	0448	D	BLDG		2013	1	-	50,085.32	50,085.32	(50,085.32)	-	-	-
COCSU	000000004293	FA	ADD	48501	1029		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	485	2013	12	-	-	-	43,411.77	-	-	43,411.77
COCSU	000000004284	FA	ADD	48501	1048		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	485	2013	12	-	-	-	43,961.79	-	-	43,961.79
COCSU	000000003366	FA	ADD	538HQ	1017		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	538	2013	0	838.29	-	838.29	-	-	-	838.29
COCSU	000000004037	FA	ADD	538HQ	1073		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	538	2013	3	-	-	-	58,297.56	-	-	58,297.56
COCSU	000000004038	FA	ADD	538HQ	1073		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	538	2013	3	-	-	-	28,485.01	-	-	28,485.01
COCSU	000000004039	FA	ADD	538HQ	1073		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	538	2013	3	-	-	-	10,764.05	-	-	10,764.05
COCSU	000000003635	FA	ADD	54693	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	0	1,075,000.00	-	1,075,000.00	-	-	-	1,075,000.00
COCSU	000000003637	FA	ADD	54693	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	0	2,704,074.00	-	2,704,074.00	-	-	-	2,704,074.00
COCSU	000000003636	FA	ADD	54694	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	0	398,984.00	-	398,984.00	-	-	-	398,984.00
COCSU	000000003638	FA	ADD	54694	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	0	75,017.00	-	75,017.00	-	-	-	75,017.00
COCSU	000000004020	FA	ADD	54694	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	2	-	-	-	22,435.32	-	-	22,435.32
COCSU	000000004291	FA	ADD	54694	1089		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	546	2013	12	-	-	-	278,400.00	-	-	278,400.00
COCSU	000000004017	FA	ADD	TF021	1090		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	496	2013	2	-	-	-	27,650.00	-	-	27,650.00
COCSU	000000001971	FA	ADD	TF036	1090		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	496	2013	0	415,585.00	-	415,585.00	-	-	-	415,585.00
COCSU	000000002047	FA	ADD	TF036	1090		1	Tangible-Buildings & building improvements	0948	0448	D	BLDG	496	2013	0	1,225,000.00	-	1,225,000.00	-	-	-	1,225,000.00
COCSU	000000003634	FA	ADD	ZZ001	1089		1	Tangible-Buildings & building improvements	0001	0448	D	BLDG	007	2013	0	7,700,000.00	-	7,700,000.00	-	-	-	7,700,000.00
COCSU	000000003206	FA	ADD	ZZ575	1017		1	Tangible-Buildings & building improvements	0575	0448	D	BLDG	201	2013	0	170,777.00	-	170,777.00	-	-	-	170,777.00
COCSU	000000002046	FA	ADD	ZZ576	1073		1	Tangible-Buildings & building improvements	0576	0448	D	BLDG	225	2013	0	27,666,584.00	-	27,666,584.00	-	-	-	27,666,584.00
COCSU	000000003365	FA	ADD	ZZ580	1017		1	Tangible-Buildings & building improvements	0580	0448	D	BLDG	264	2013	0	42,989.30	-	42,989.30	-	-	-	42,989.30
COCSU	000000003367	FA	ADD	ZZ580	1017		1	Tangible-Buildings & building improvements	0580	0448	D	BLDG	264	2013	0	57,150.00	-	57,150.00	-	-	-	57,150.00
								Tangible-Buildings & building improvements Total								41,531,998.59	50,085.32	41,582,083.91	463,320.18	-	-	42,045,404.09

DETAIL LISTING OF COMPONENTS OF AUXILIARY ENTERPRISE EXPENSES

The screenshots below describe the KPMG **approved** and **required** DW dashboard to be used to generate PBC schedule 139.

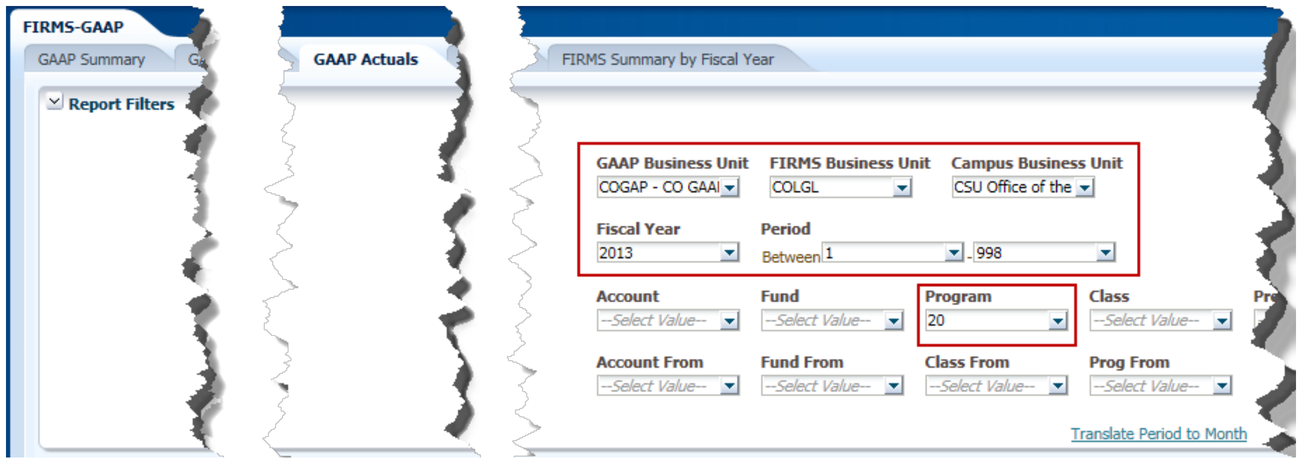
Select FIRMS-GAAP Dashboard.

Select GAAP Actuals page.

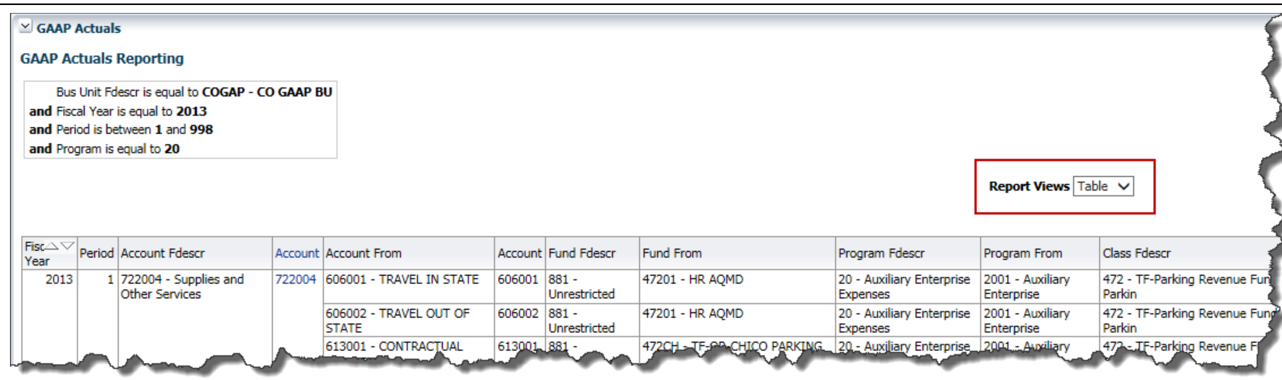
Populate Report Filters:

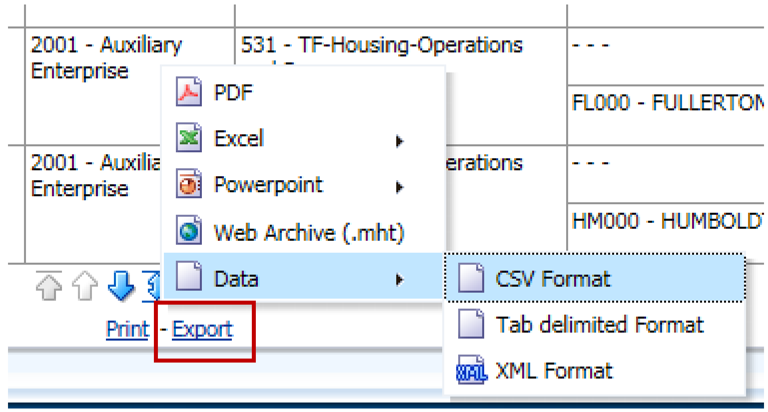
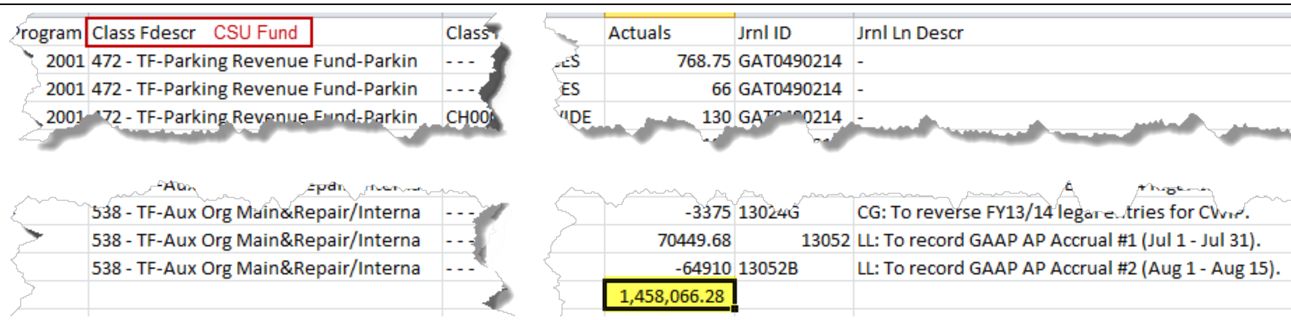
- GAAP Business Unit
- FIRMS Business Unit
- Campus Business Unit
- Fiscal Year
- Period Between **1-998**
- Program = **20**

Click Apply



Select Table Report View



Export Data to CSV Format.	
Sum downloaded data and agree to the Reporting Package. Once the two numbers agree, save the CSV file as Excel and upload it to PBC SharePoint site.	

REPORTING PACKAGE
California State University Chancellor's Office
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 2014

2014	University	Discretely presented component units: GASB Auxiliary Organizations	FASB Auxiliary Organizations	Eliminations	Total
Revenues:					
Operating revenues:					
Student tuition and fees, gross	$ 3,435,338	-	-	-	3,435,338
Scholarship allowances (enter as negative)	-	-	-	-	-
Student tuition and fees (net of scholarship allowances of $ 0)	3,435,338	-	-	-	3,435,338
Grants and contracts, noncapital:					
Federal	340,239	-	-	(189,404)	150,835
State	5,652,841	-	-	(12,972)	5,639,869
Local	3,185,549	-	-	-	3,185,549
Nongovernmental	1,574,502	-	-	(1,323,766)	250,736
Sales and services of educational activities	-	-	-	-	-
Sales and services of auxiliary enterprise	81,731	-	-	-	81,731
Scholarship allowances - aux ent (enter	-	-	-	-	-
Sales and services of auxiliary enterprises (net of scholarship allowances of $ 0)	81,731	-	-	-	81,731
Other operating revenues	13,299,024	80,112,507	-	-	93,411,531
Total operating revenues	27,569,224	80,112,507	-	(1,526,142)	106,155,589
Expenses:					
Operating expenses:					
Instruction	25,589,314	12,636,790	-	-	38,226,104
Research	271,506	159,530	-	-	431,036
Public service	806,448	237,056	-	-	1,043,504
Academic support	41,070,852	2,842,420	-	(227,000)	43,686,272
Student services	17,588,958	2,921,339	-	-	20,510,297
Institutional support	93,728,865	53,183,573	3,864,684	(1,557,316)	149,219,806
Operation and maintenance of plant	16,331,419	1,803,834	-	-	18,135,253
Student grants and scholarships	5,486,935	-	414,184	(358,517)	5,542,602
Auxiliary enterprise expenses	1,458,067	2,823,551	406,917	-	4,688,535
Depreciation and amortization	3,739,034	1,254	-	-	3,740,288
Total operating expenses	206,071,398	76,609,347	4,685,785	(2,142,833)	285,223,697
Operating income (loss)	(178,502,174)	3,503,160	(4,685,785)	616,691	(179,068,108)

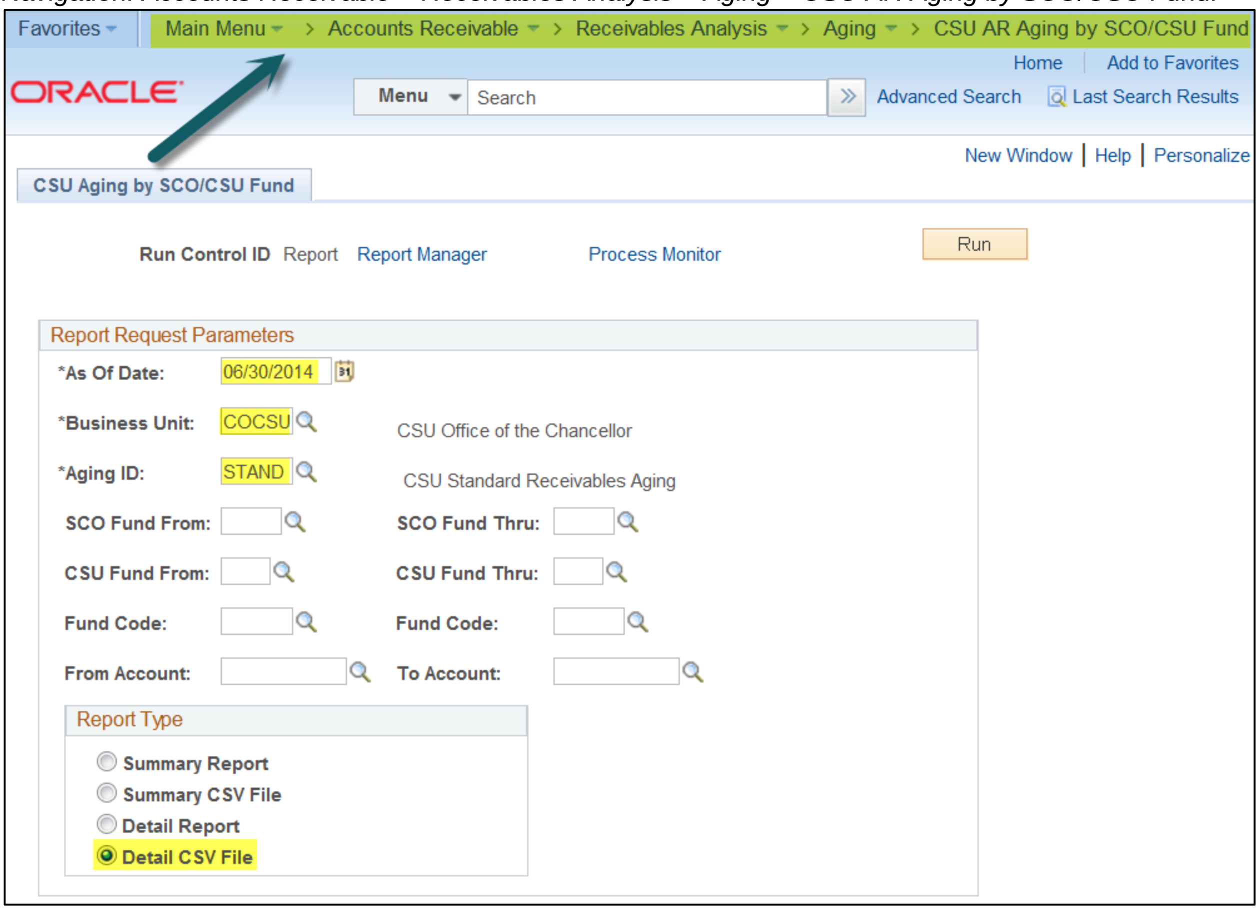
1.1 Overview

The intent of this report is to provide campuses more information to run the Accounts Receivable Aging report and the General Ledger report. The data is extracted from the CFS AR Aging report and CFS Data Warehouse as shown below. Campuses may also utilize the CFS queries to run the data.

1.2 Running the Report:

Aging Report

Navigation: Accounts Receivable > Receivables Analysis > Aging > CSU AR Aging by SCO/CSU Fund:



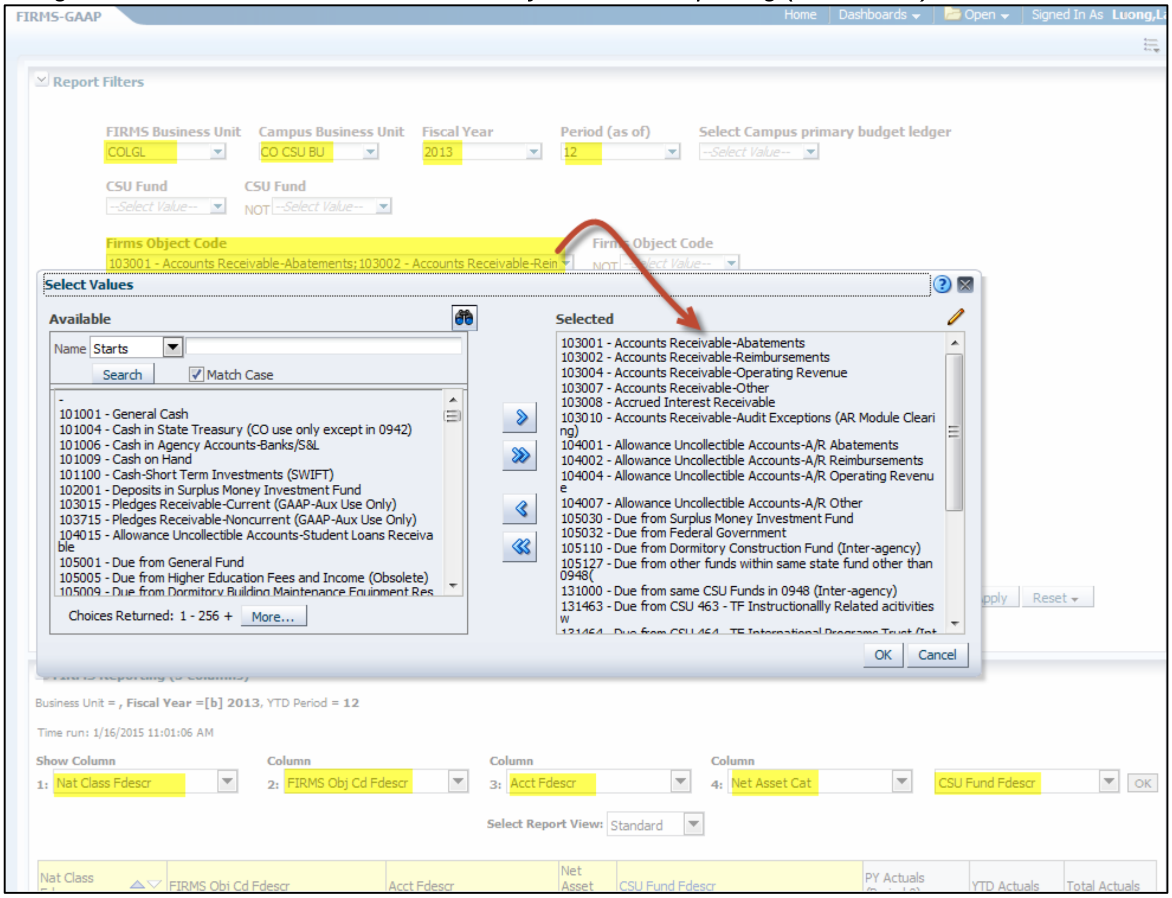
Report Example:

Click on icon for an example of the full Aging report and Pivot.

Aging Report.xlsx

__General Ledger Report__

Navigation: FIRMS-GAAP > FIRMS Summary > FIRMS Reporting (5 Columns):



In the FIRMS Object Code field, please make sure to select all FOC related to "Accounts Receivable, Current," due to periodical updates. The source data is from Matrix 2–Statement of Net Position in the GAAP Manual:

Matrix 2: Statement of Net Position
Mapping Legal-Basis Object Codes to GAAP-Basis Object Codes

	ALL CSU FUNDS			
	State GL Account Number Series (Source: Pre-Closing SAM07)	FIRMS Object Codes		GAAP Object Code
CURRENT ASSETS			For Auxiliary Use Only	
Cash and cash equivalents	1110, 1140 - 1160, 1180 - 1190	101001, 101004 - 101006, 101008, 101009		711101
Short-term investments	1210 - 1240, 2010 - 2090	102001, 101100, 108001 - 108018, 108090	102600	711102
Accounts receivable, net	1310 - 1340, 1390XXXX, 1410XXXX, 1420, 1510 - 1590, 1600XXXX	103001 - 103010, 104001 - 104009, 105030 - 105033, 1051XX, 131XXX, 106001 - 106009, 106014, 112001 - 112002		711103
Due from other funds (conversion template only)	1410XXXX, 1420	105001 - 105027, 105034 - 105038,		711104

Click on icon for an example of the General Ledger report.

GL Report.xlsx

Reconciliation Report

Combine Aging and GL reports into the Reconciliation Report and provide explanations for all variances.

Report Example:

CSU Chancellor's Office
PBC059 Reconciliation of GL & Aging Report
As of 6/30/2014
Prepared by:

GAAP Account	FIRMS Object Code	P/S Account	Net Asset	CSU Fund	GL	Aging Report	Variance	Explanation for Variance(s)
711103	103001	103001 - A/R ABATEMENT	881	485	1,143.85	1,143.85	-	
711103	103001	103001 - A/R ABATEMENT	881	542	2,893.00	2,893.00	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	485	1,033.78	-	1,033.78	June 2014 Monthly Chargebacks to CSU Foundation
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	491	111,199.81	111,199.81	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	496	200.00	200.00	-	
711103	103004	103004 - SUSYS-AR OPERATING REVENUE	881	544	123,480.37	123,480.37	-	
711103	103004	103802 - SUBSYS - AR IP STUDENT	881	464	12,433.58	12,433.58	-	
711103	103004	103814 - UNBILLED GRANTS	836	465	15,499.63	-	15,499.63	Manual AR accrual (not in AR system): Sponsored Programs Unbilled Activities
711103	103004	103815 - SUBSYS - AR SPONSORED PROGRAMS	836	465	2,338,750.74	2,338,750.74	-	
711103	103004	103824 - MANUAL AR ACCRUAL-OTHER OP	881	543	653,642.88	-	653,642.88	Manual AR accrual (not in AR system): SWIFT Cost Recovery (JE# 545971)
711103	103007	103007 - SUBSYS-AR OTHER	881	544	13,490.86	13,490.86	-	
711103	103007	103817 - AR-SUMMER ARTS/OTHER	881	464	22,677.46	-	22,677.46	Manual AR accrual (not in AR system): International Program Summer Arts
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	200	23,400.00	-	23,400.00	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	452	1,653.92	-	1,653.92	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	531	4,128.63	-	4,128.63	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	103008	103008 - ACCRUED INT RECEIVABLE	881	537	4,446.92	-	4,446.92	Manual AR accrual (not in AR system): BAN Interest Receivable FY 13/14
711103	104004	104004 - ALLOW AR OPER REV	881	464	(11,928.40)	(11,928.40)	-	
711103	131485	131485 - DUE FROM CSU 485	881	542	100,000.00	100,000.00	-	
Total Accounts Receivable					✓ **3,418,147.03**	⊖ **2,691,663.81**	**726,483.22**	

✓ Must agree to Legal Balance in PBC056

⊖ Must agree to tab "Aging Reports"

CHAPTER 10

GAAP PREPARATION CHECKLIST

OVERVIEW

The GAAP Preparation Checklist is completed as part of the GAAP Process. This is intended to ensure that the procedures required as part of the GAAP closing process are performed accurately and timely. References to appropriate sections in the GAAP Manual are provided for each requirement listed on the checklist, as applicable.

Part A and B of this checklist must be completed and provided to the independent auditors on the dates specified in the checklist.

REVISION CONTROL

Document Title: CHAPTER 10 – GAAP PREPARATION CHECKLIST

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Template	Added new items in the checklist to assist preparers of the GAAP financial statements.	April 2014
Template	Added new items in the checklist and updated the references based on the updated Chapter 4.	April 2015

THE CALIFORNIA STATE UNIVERSITY
GAAP PREPARATION CHECKLIST

PART A1 – TO BE PROVIDED ON THE 1ST DAY OF AUDIT FIELDWORK

Chapter	Description	Preparer's Initials	Reviewer's Initials
STEP 1 – BEGINNING TRIAL BALANCE VALIDATION			
4	1. Complete prior fiscal year GAAP Ledger Close Process.		
4	2. Validate current fiscal year beginning trial balance [Accounting Period "0"] equals prior fiscal year final Statement of Net Position from your reporting package. [San Diego only: Confirm that Beginning Net Position tie to prior year reporting package in GAAP Ledger.]		
STEP 2 – YEAR-END CLOSING			
2	1. Complete legal basis closing.		
STEP 3 – CDIP GAAP DERIVATION			
3	1. Process the CDIP GAAP Derivation for the current fiscal year Accounting Periods 1 - 12 to convert Legal Basis activity to GAAP Basis Chart Fields. Journal Generate and Post Journals to the GAAP Ledger Accounting Periods 1 -12. [San Diego only: Complete mapping of Legal Basis activity to GAAP Ledger.]		
STEP 4 – GAAP ADJUSTMENTS AND RECLASSIFICATIONS			
4.1.1	1. Cash and Cash Equivalents		
4.1.1	2. Investments (other than those passed down by CO)		
4.1.2	3. Fund Balance Clearing Accounts		
4.1.3	4. Receivables and Revenue (other than those passed down by CO)		
4.1.4	5. Prepaid Expenses and Other Assets		
4.1.5	6. Capital Assets, Depreciation and Amortization		
4.2.1	7. Deferred Inflows and Outflows of Resources (other than those passed down by CO)		
4.3.1	8. Accounts Payable		

Chapter	Description	Preparer's Initials	Reviewer's Initials
STEP 4 – GAAP ADJUSTMENTS AND RECLASSIFICATIONS (CONT.)			
4.3.2	9. Accrued Salaries and Benefits		
4.3.3	10. Accrued Compensated Absences		
4.3.4	11. Unearned Revenues		
4.3.5	12. Capitalized Lease Obligations		
4.3.6	13. Long-term Debt Obligations (other than those passed down by CO)		
4.3.7	14. Depository Accounts		
4.3.8	15. Grants Refundable		
4.3.9	16. Other Postemployment Benefits Obligation		
4.3.10	17. Pension Obligation		
4.3.11	18. Other Liabilities		
4.5.1	19. Student Tuition and Fees (net of Scholarship Allowance)		
4.5.2	20. Grants and Contracts		
4.5.3	21. Operating Expenses		
4.5.4	22. Other Nonoperating Revenues and Expenses		
STEP 5 – RECORD ALLOCATIONS FROM THE OFFICE OF THE CHANCELLOR (CO)			
5	1. Capital Outlay Allocations Summary (CO website)		
5	2. State Appropriations Revenue, Noncapital Summary (CO website)		
5	3. Consolidated CSU Investment Pool (CO website)		
5	4. Non-Delegated Projects (Issuance of ADNOATs)		
5	5. Bond Anticipation Notes (BAN) and Systemwide Revenue Bonds (SRB) (E-mailed to campuses)		

Chapter	Description	Preparer's Initials	Reviewer's Initials
	STEP 6 – PREPARE FOR THE AUDIT		
9	1. Complete your reporting package template in YES.		
9, 15 & 17	2. Prepare PBC items for your audit team using the PBC List provided in Chapter 9, 15 and 17 (included financial statements, A-133, and IT audits, respectively).		
9	3. Prepare comprehensive variance analysis (to be included as part of reporting package).		
16	4. Complete SRB requirements: Legal fluctuation analysis, SRB required lead sheets, and GAAP entry query.		
11	5. Complete GAAP Financial Reporting Checklist provided in Chapter 11 (Part A1 only).		

Preparer's Printed Name	**Preparer's Signature**	**Date**
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

PART A2 – DUE ON SEPTEMBER 8, 2015

Chapter	Description	Preparer's Initials	Reviewer's Initials
STEP 7 – PREPARE THE STATEMENT OF CASH FLOWS			
6	1. Statement of Cash Flows (SCF): Use the resources provided in Chapter 6 to prepare a direct method SCF.		
9	2. Prepare comprehensive variance analysis for cash flows (to be included as part of reporting package).		
11	3. Complete GAAP Financial Reporting Checklist provided in Chapter 11 (Part A2 only).		
STEP 8 – RECORD ALLOCATIONS FROM THE OFFICE OF THE CHANCELLOR (CO)			
5	1. GASB Statement No. 45Other Postemployment Benefits Obligation (CO website and e-mailed to campuses)		
5	2. GASB Statement No. 68 Pension Obligation (CO website and e-mailed to campuses)		

Preparer's Printed Name	Preparer's Signature	Date
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

PART B – DUE ON SEPTEMBER 23, 2015

Chapter	Description	Preparer's Initials	Reviewer's Initials
STEP 9 – INCLUDE YOUR DISCRETELY PRESENTED COMPONENT UNIT'S FINANCIAL DATA			
8	1. Obtain the audited financial statements and management letters (summarizing significant deficiencies or material weaknesses, if any) of your discretely presented component units. Provide 1 hard copy of each discretely presented component unit's audited financial statements and management letter to the Office of the Chancellor.		
8	2. Using the discretely presented component units' supplementary information schedules included in their audited financial statements, enter their financial data into YES. Ensure that component units are properly classified as either FASB or GASB and that data entry was complete and accurate.		
8	3. Verify that an "in relation to" opinion paragraph was included in the independent auditor's report.		
11	4. Complete GAAP Financial Reporting Checklist provided in Chapter 11 (Part B only).		

Preparer's Printed Name	**Preparer's Signature**	**Date**
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

CHAPTER 11

GAAP FINANCIAL REPORTING CHECKLIST AND DATA INTEGRITY FORM

GAAP FINANCIAL REPORTING CHECKLIST

The GAAP Financial Reporting Checklist should be prepared as the final step of the GAAP process. It is intended to allow the preparer to perform a final review of the financial statements (YES reporting package in TM1) prior to submission to the independent auditors and the Office of the Chancellor (CO). References to appropriate sections in this manual are provided for each requirement listed on the checklist where applicable.

This checklist should be provided to the independent auditors with the financial statements (reporting package). Part A and B of this checklist must be completed and provided to the independent auditors on the dates as specified in the checklist.

The GAAP Preparation Checklist included in Chapter 10 is provided as a reminder of items that must be completed **prior** to completing the GAAP Financial Reporting Checklist.

GAAP DATA INTEGRITY FORM

Beginning with fiscal year ended June 30, 2014, the CO is requiring all campuses to execute a new form, the *GAAP Data Integrity Form*. For several years, a certification of data integrity has been required for the State Controller's Office (SCO) GAAP submission (covered in ***Chapter 18 SCO GAAP Submission***). That certification is being superseded by the new form.

The *GAAP Data Integrity Form* is signed by each campus vice president of administration and finance and certifies the accuracy of **all** GAAP data provided in any form to the CO for inclusion in various reports and documents, including the annual CSU systemwide financial statements, the annual Systemwide Revenue Bond (SRB) statements and the State of California's Comprehensive Annual Financial Report (CAFR). Furthermore, it confirms that the campus has complied with the policies set forth in the *Integrated CSU Administrative Manual (ICSUAM)* and adheres to the guidelines of this manual. The form applies to the data provided in the following submissions:

- GAAP FIRMS
- TM1 (financial statement packages in YES)
- Prepared by Client (PBC) Schedules
- Any supplementary data provided for the SRB financial statements
- SCO GAAP templates

Campuses need to understand that data integrity refers to the accuracy of financial information **at the CSU fund level**. Execution of the certification confirms that the campus' financial records properly reflect transactions at this level and that all schedules submitted in support of data provided to the CO for inclusion in the consolidated systemwide financial statements and in the SRB financial statements, including but not limited to the PBCs, supplementary data for the SRB financial statements and the SCO GAAP templates, have been fully reconciled to that data. Should the CO determine there are an unacceptable number of errors in any of the submitted data, the vice president of administration and finance will be notified and the submission of corrected data will be given top priority by the campus.

The *GAAP Data Integrity Form* is due at the time of the GAAP FIRMS submission --- campuses should consult the Master Timeline for the deadline and the submission mode.

REVISION CONTROL

Document Title: CHAPTER 11.00 – GAAP FINANCIAL REPORTING CHECKLIST

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Template	Added new items in the checklist to assist in the GAAP financial reporting process (i.e. procedures for SEFA documentation when Federal programs do not have CFDA numbers).	April 2014

THE CALIFORNIA STATE UNIVERSITY
GAAP FINANCIAL REPORTING CHECKLIST

PART A1 – TO BE PROVIDED ON THE 1ST DAY OF AUDIT FIELDWORK

Chapter	Statement of Net Position (SNP)	Preparer's Initials	Reviewer's Initials
4.3.5 & 5	1. Amounts recorded for ***capitalized lease obligations*** must equal campus originated capital leases plus capital leases allocated from the Office of the Chancellor (CO). The obligations must be classified into current and noncurrent accordingly. **NOTE:** The carrying value of the asset related to the capital lease is generally <u>NOT</u> the same value as the capitalized lease obligations.		
4.2.1, 4.3.6 & 5	2. Amounts recorded for ***long-term debt obligations*** must equal campus-originated debt plus debt allocated from the CO, including any unamortized bond premium/discount. The obligations must be classified into current and noncurrent accordingly. Loss on debt refunding is recorded as ***deferred outflows of resources***.		
3	3. ***Due to/from other funds*** must be eliminated and are not presented in the SNP.		
1, 4.1.1, 4.4.1 & 7	4. Investments that are used for current operations should be classified as ***short-term investments***. The following are generally classified as short-term investments: ▪ Surplus Money Investment Funds (SMIF) ▪ Systemwide Investment Fund - Trust (SWIFT) The following investments (including those listed above) should be classified as ***other long-term investments*** if: ▪ Restricted for withdrawal or use for other than current operations (i.e. endowments or Perkins loans). ▪ Designated or restricted for the acquisition or construction of noncurrent assets (i.e. SCO 0576 funds).		

Chapter	Statement of Net Position (SNP)	Preparer's Initials	Reviewer's Initials
1, 4.1.1, 4.4.1 & 7	*(cont.)* ▪ Designated or restricted for the liquidation of the noncurrent portion of long-term debt. ▪ Restricted as to liquidity of the investments (i.e. investments in the Common Fund). In addition, short-term investment and other long-term investments with restrictions (as mentioned above) should be classified under *Restricted* net position. See Reporting Package, Note 3.2, 3.4 and 3.5.		
1 & 4.1.1	5. All demand deposits and highly liquid investments with an original maturity date of three months or less should be classified as ***cash and cash equivalents***. Uninvested funds included in SWIFT and the Common Fund Short Term Fund should be classified as ***short-term investments***.		
3 & 4.3.8	6. Contributions, interest income and loan cancellations of the Perkins loan and Nursing loan programs should be reflected as ***grants refundable*** in the SNP.		
4.1.1, 4.4.1 & 5	7. Allocations of debt (from systemwide revenue bond issuances) from the CO that exceed capital expenditures made from such funds should be reflected as ***other long-term investments*** (held by CO) and be classified in the *Restricted Expendable – Capital Projects* net position category.		
4.1.1, 4.4.1 & 5	8. Excess debt service transfers made to the CO should be reflected as ***short-term investments*** (held by CO) and be classified in the *Restricted Expendable – Debt Service* net position category. Debt service reserve transfers made to the CO should be reflected as ***short-term investments*** (held by CO) and be classified in the *Unrestricted* net position category.		
3 & 4.1.3, 4.4.1	9. Institutional loan net position should be reflected in the *Restricted Expendable – Loans* net position category based on the existence of externally imposed restrictions.		

Chapter	Statement of Net Position (SNP)	Preparer's Initials	Reviewer's Initials
3, 4.1.1 & 4.4.1	10. The campus' endowments net position, owned by the campus or its discretely presented component unit, should be reflected in the *restricted for nonexpendable-endowments* net position category. The related assets should be reflected as *endowment investments*.		
4.1.1, 4.4.1 & 7	11. Under the campus and discretely presented component units columns (for both GASB and FASB discretely presented component unit), endowment investments (separate asset line item) and endowment cash (portion of restricted cash and cash equivalents line related to endowments) amounts should be compared with the *restricted for nonexpendable-endowments* net position balance for reasonableness. See calculation in the Reporting Package, Note 18.2.		
4.4.1 & 7	12. *Net investment in capital assets* must equal the *capital assets, net* balance; less related expended outstanding debt and lease obligations. Unspent bond proceeds as well as the portion of outstanding debt that relates to these proceeds should be included in the *restricted expendable-capital projects net position category*. See calculation in the Reporting Package, Note 18.1.		
4.4.1	13. Restricted net position categories should not be negative. Evaluate components of net position category balances causing the negative balance and record any required adjustments accordingly.		
3, 4.3.7 & 4.4.1	14. *Depository accounts*, if applicable, should be classified as noncurrent liabilities if deposits recorded are due in more than one year from year-end or other than the use for current operation (e.g. capital projects). Depository accounts, if applicable, due within one year and use for current operation, should be reclassified to *depository accounts, current portion.*		

Chapter	Statement of Net Position (SNP)	Preparer's Initials	Reviewer's Initials
4.1.3 & 8	15. Leases receivable and notes receivable, current and noncurrent (due from discretely presented component unit) must agree to the related gross capitalized lease or long-term debt obligations, current and noncurrent (excluding any unamortized premium or loss) reported on the discretely presented component unit's financial statements.		

Preparer's Printed Name	Preparer's Signature	Date
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

Chapter	Statement of Revenues, Expenses and Changes in Net Position (SRECNP)	Preparer's Initials	Reviewer's Initials
4.1.3 & 5	1. *State appropriations, capital* should agree to amounts allocated and de-allocated by the CO. Reconciliation must be performed for state appropriations, noncapital. Summary schedules for both state appropriations, capital and state appropriations, noncapital are available on the CO website at: http://www.calstate.edu/sfsr/gaap		
4.2.1, 4.3.5, 4.3.6 & 5	2. *Interest expense* should equal the total interest payments made on long-term debt, capitalized lease obligations, and any other applicable obligations during the year, plus the change in accrued interest expense, including any amortization of bond premium/discount and deferred outflows of resources (unamortized loss on debt refunding) is recognized as an adjustment to interest expense. **Note:** In a debt refunding, the difference between the reacquisition price and the net carrying amount of the old debt (refunded debt) should be reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the shorter of the remaining life of the old debt or the new debt, whichever is shorter (GASB Statement 65 *Items Previously Reported as Assets and* Liabilities, paragraph 6).		
4.1.5	3. Interest on debt used to finance capital assets should be recorded as *interest expense*.		
4.1.5 & 5	4. Construction work in progress amounts allocated by the CO that were not financed by allocated debt should be reflected as *other nonoperating revenues*.		
	5. Debits should not be reflected in the operating revenues section and credits should not be reflected in the expenses.		
3 & 4.1.1	6. Endowment earnings are shown separately from *additions to permanent endowments* and should be reported under *endowment income* within the nonoperating revenues category.		

Chapter	Statement of Revenues, Expenses and Changes in Net Position (SRECNP)	Preparer's Initials	Reviewer's Initials
5	7. Transfers from the CO should be reclassified into the appropriate revenue or expense line item.		
4.3.5 & 5	8. Transfers made to the CO for payment of capitalized lease obligations and payments made on campus-originated capital leases should be reflected as a reduction of the capitalized lease obligation (for the principal portion) and interest on capital-related debt (for the interest portion).		
4.3.6 & 5	9. Transfers made to the CO for payment of long-term debt obligations and payments made on campus-originated debt should be reflected as a reduction of the long-term debt liability (for the principal portion) and interest expense (for the interest portion).		
4.4.1	10. Beginning net position must agree to ending net position per your prior year campus reporting package submitted to the CO.		
4.4.1	11. Ending net position must agree to net position on the SNP.		

Preparer's Printed Name	Preparer's Signature	Date
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.1.1 & 7	1. **Cash, and cash equivalents footnote (FN 3.1):** The Bank of CSU – Wells Fargo Bank account should be included as part of Bank balance at June 30, 20CY in the cash, cash equivalents and investments footnote.		
4.1.1 & 7	2. **Investments footnote (FN 3.2):** Carrying value of current and noncurrent investments must agree to the amount reflected on the SNP.		
4.1.1 & 7	3. **Investments footnote (FN 3.2):** There should be no new investments outside SMIF, and SWIFT.		
4.1.1 & 7	4. **Investments footnote (FN 3.4 & 3.5):** Restricted investments (current and noncurrent) should include unspent bond proceeds reflected in Reporting Package, Note 18.1.		
4.1.3 & 7	5. **Accounts receivable, net footnote (FN 4.1):** Total of amounts in the current and noncurrent columns should agree with the related amounts in the SNP. This footnote should include the breakout of the major components of the accounts receivable balances. For the "other" receivables category, the balance should be further broken out to provide the detail of the components of "other".		
4.1.3 & 7	6. **Leases receivable footnote (FN 4.2):** The present value of future minimum lease payments to be received should agree to total current and noncurrent amounts reflected as leases receivable on the SNP.		
4.1.3 & 7	7. **Notes receivable footnote (FN 4.3):** Current and noncurrent amounts should agree to the related amounts reflected as notes receivable on the SNP.		
4.1.3 & 7	8. **Student loans receivable, net footnote (FN 4.4):** Total student loans receivable, net amount should agree to the amount reflected as student loans receivable, net on the SNP.		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.1.5 & 7	9. **Capital assets, net footnote (FN5.1):** The beginning and ending balances must agree with the amounts included in the preceding and current year's SNP, respectively. The total gross additions (excluding transfers) should agree or reconcile with the related amount per the Statement of Cash Flows (SCF) in the Capital and Related Financing Activities section and should take into account any beginning or ending accounts payable balances related to capital asset acquisitions. The acquisition of capital assets per the SCF should exclude any noncash items (see reconciliation in the Reporting Package Note 5.3 and discussions in Chapter 6 of this manual). The total gross additions capital assets should include capitalized interest as reflected in Reporting Package Note 5.4. The gross additions to accumulated depreciation and amortization plus any noncapital amortization expense should agree with depreciation and amortization expense as reflected on the SRECNP (see Reporting Package Note 5.2). The net capital assets retirements per the capital assets footnote should reconcile to cash proceeds from sale of capital assets per the SCF (net capital assets retirements +/- gain/(loss) +/- write-offs = cash proceeds from sale of capital assets). Transfers of completed Construction Work in Progress (CWIP) to the related capital assets categories should net to zero.		
4.3.5 & 7	10. **Capitalized lease obligations footnote (FN 8.1):** The present value of future minimum lease payments should agree to total current and non-current amounts reflected as capital lease obligations on the SNP**.**		
4.3.6 & 7	11. **Long-term liabilities activity footnote (FN 8.1):** Total current and noncurrent amounts outstanding should agree to the related current and noncurrent amounts reflected as long-term debt obligations on the SNP.		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.3.6 & 7	12. **Long-term liabilities activity footnote (FN 8.1):** Total current portion of long-term debt amount should agree to year one (i.e. 2015) of principal in the long-term debt maturity schedule (see Reporting Package, Note 7.3).		
4.3.6 & 7	13. **Long-term liabilities activity footnote (FN 8.1):** The beginning and ending balances should agree with the amounts included in the preceding and current fiscal year's SNP, respectively. The additions and reductions should agree or reconcile with the related amounts per the SCF in the Capital and Related Financing Activities section (see reconciliations in the Reporting Package Notes 8.2 and 8.3). The reconciling items include noncash transactions as discussed in more detail in Chapter 6 of this manual. The current portion balances should agree with the related amounts on the SNP.		
4.3.11 & 7	14. **Commitments and contingencies footnote (FN 12):** Unexpended authorized construction project expenditures should agree with encumbrances for authorized capital projects (Reporting Package Note 12.1). Contingencies should agree with risks disclosed in State Controller's Office (SCO) Report 22, Statement of Contingent Liabilities (Reporting Package Note 12.2).		
4.5.3 & 7	15. **Natural classification of operating expenses footnote (FN 13):** Totals for each functional category in the footnote must agree to the related amounts shown on the SRECNP. Explanations for variances above scope must be provided in the Reporting Package Analytical SRECNP (components of expenses by natural classification and by function for each natural classification type).		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.1.3, 4.3.1, 7 & 8	16. **Transactions with related entities footnote (FN 14):** For line items related to discretely presented component units, amounts should agree to the summation of the related amounts reported on the discretely presented component unit's audited financial statements. Additionally, the accounts receivable balance due from discretely presented component unit should agree to the related amount shown in the Reporting Package Note 4. The accounts payable balance due to discretely presented component units should agree to the related amount shown in the Reporting Package Note 17. Reconciliation is needed if there is a difference in any of the above lines.		
7	17. **Prior period adjustments (PPA) footnote (FN 15):** ▪ FN 15.1 & 15.2 of the Reporting Package must contain prior period adjustments that are considered as <u>restatement</u> of prior year financial statements. In order to be classified as a restatement, the prior period adjustment must be communicated to and approved by the CO after evaluation of the impact to the systemwide financial statements. ▪ For Note 15.3 of the Reporting Package, a separate schedule (excel file Exhibit 21 of PBC list) must be completed which contains a summary of prior period adjustments and reclassifications that were corrected in the current year financial statements which were not considered to be material to be classified as restatement as required in FN 15.1 and 15.2.		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.5.4, 7 & 8	18. **Elimination of nonexchange transactions footnote (FN 16):** Amounts in this note must agree with the amounts shown on the SRECNP. **NOTE:** In order to prepare this footnote, the campus must first verify that all nonexchange transactions 1) between the campus and the related discretely presented component unit and 2) between the discretely presented component units have been properly identified and eliminated. This must include communicating with the applicable discretely presented component unit's personnel a) to verify that all nonexchange transactions have in fact been captured and b) to confirm how the related transactions were recorded in the discretely presented component unit's audited financial statements. Regardless of the nature of the transaction, the campus should <u>not presume</u> how a particular transaction was recorded by the discretely presented component unit (i.e. which financial statement line items were affected). The campus must confirm directly with the discretely presented component unit in order to ensure that the proper elimination is made in the Reporting Package.		
4.3.1 & 7	19. **Account payable footnote (FN 17):** Totals must agree to amounts shown on the SNP. The amount of accounts payable to CO should be reconciled with CO Accounting prior to the completion of the reporting package.		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.4.1 & 7	20. **Net position footnote (FN 18):** Totals must agree to amounts shown on the SNP. ▪ *FN 18.1 Net investment in capital assets* – This should include the components of the net investment in capital assets (See reconciliation in FN 5 and 8). Add the portion of outstanding debt that is unspent at year-end (i.e. unspent bond proceeds), long term debt obligations related to leases receivables and notes receivable with discretely presented component units, unamortized loss on debt refunding, among others. ▪ *FN 18.2 Restricted for nonexpendable - endowments* – This should include the components of the *Restricted for nonexpendable - endowments* (See reconciliation in FN 5 and 8).		

Preparer's Printed Name	Preparer's Signature	Date
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

Chapter	Single Audit (OMB A-133)	Preparer's Initials	Reviewer's Initials
7 & 15	1. **Schedule of Expenditures of Federal Awards (SEFA):** a) List the individual federal programs by federal agency. For federal programs included in a cluster of programs, list individual federal programs within a cluster of program. For R&D, the total federal awards expended should be shown either by individual award or by federal agency and major subdivision within the federal agency. b) Catalog of Federal Domestic Assistance (CFDA) numbers: Must be entered in correct numerical format as "XX.XXX" (e.g.: 84.042). If the Federal program is not listed in the CFDA or has no CFDA number, enter the Federal Agency's two-digit prefix as listed in Appendix I-A of the Instructions for Form SF-SAC. If the Federal agency is not listed in the appendix, enter "99" for "Miscellaneous". In the extension, enter the contract or grant number from the Federal agency. In rare cases where a program does not have a CFDA number, a contract number, or grant number, enter the Federal agency's two-digit prefix and in the extension enter, "UNKNOWN". Note that CFDA prefixes may not always be the same as the prefixes listed in the appendix. If an award has a CFDA number, use that number. If the program does not have a CFDA number, use the prefix in the appendix. c) Program title column: Must enter <u>full</u> name (no abbreviations) and as shown in the CFDA. If the program name is not listed in the CFDA, a description of the award recognizable by the awarding Federal agency should be entered. The cell should not be blank if there is an amount in the federal expenditures column. d) Federal expenditures column: Amounts must be entered in whole dollars.		

Chapter	Single Audit (OMB A-133)	Preparer's Initials	Reviewer's Initials
7 & 15	(cont.) e) Federal grantor agency column: Must enter <u>full</u> name of agency (no abbreviations) using the listing of federal grantor agencies (not all-inclusive listing) provided on the CO website, when possible. The exact name shown on the listing must be entered on the SEFA. The cell should not be blank if there is an amount in the federal expenditures column. f) Pass-through agency column: Must enter <u>full</u> name of agency (no abbreviations) or indicate "none". The cell should not be blank if there is an amount in the federal expenditures column. g) Pass-through entity identifying number column: If there is a pass-through agency listed, a pass-through entity identifying number must be entered. If there is no pass-through agency, indicate "none" in the column. The cell should not be blank if there is an amount in the federal expenditures column. h) Amounts provided to subrecipients column: Amounts must be entered in whole dollars. i) Separately input each ARRA grant in the SEFA by CFDA number. Campuses need to specifically identify all Federal ARRA grants they received by CFDA number and by attaching the prefix "ARRA-" to the program title column in their A-133 input or overflow sheet of the reporting package.		
7 & 15	2. For the Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Work-Study (FWS) Program, and Federal Perkins Loan Program, the expenditure amounts must include the administrative cost allowance claimed or each program (see Reporting Package, A-133 Note 4).		

Chapter	Single Audit (OMB A-133)	Preparer's Initials	Reviewer's Initials
7 & 15	3. **Federal Perkins Loan Program:** The outstanding balance reported in the FISAP, Part III on lines 3.0, 4.0, 5.1, 5.2, 5.3, and 5.4 (line 2.0 should not be included) must equal the related balance recorded within student loans receivable, net on the SNP (see Reporting Package, A-133 Note 3, and Note 4.4).		

Preparer's Printed Name	Preparer's Signature	Date
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

PART A2 – TO BE PROVIDED BY SEPTEMBER 8, 2015

Chapter	Statement of Cash Flows	Preparer's Initials	Reviewer's Initials
6	1. Net cash provided by (used in) operating activities per cash flows from operating activities and per the reconciliation of net operating income (expenses) to net cash provided by (used in) operating activities **must agree**.		
6	2. The difference between total state appropriations received per the SCF and total state appropriations revenue per the SRECNP must equal the change in state appropriations receivable from 6-30-PY to 6-30-CY (i.e. state appropriations revenue plus the change in state appropriations receivable must equal state appropriations received per the SCF).		
6	3. The operating income (loss) per the SCF must agree to operating income (loss) on the SRECNP.		
6 & 7	4. The acquisition of capital assets per the SCF should agree to total gross additions of capital assets (excluding transfers and considering beginning and ending accounts payable balances related to capital asset acquisitions) per the capital assets footnote, unless there are any noncash items, such as donations or transfers from another entity (see reconciliation in the Reporting Package Note 5.3). Proceeds from the sale of capital assets per the SCF should reconcile to net capital assets retirements per the capital assets footnote. Depreciation and amortization per the SCF must agree to depreciation and amortization expense on the SRECNP.		
6	5. Cash at the end of the year per the SCF must equal total cash and cash equivalents on the SNP – current and restricted (should not include short-term or long-term investments).		
6	6. Cash inflows should be positive and cash outflows should be negative.		

Chapter	Statement of Cash Flows	Preparer's Initials	Reviewer's Initials
6	7. Donated capital assets (including transfers to/from the campus and the discretely presented component unit) should not be included in acquisitions of capital assets in the investing section as this is a noncash item. This should be listed separately in the supplemental schedule of noncash transactions section (see list below).		
6	8. List all noncash transactions within the supplemental schedule of noncash transactions at the bottom of the statement of cash flows (below the reconciliation of operating loss to net cash used in operating activities). Examples of noncash transactions are as follows: ▪ Contributed/donated capital assets (including transfers of assets between the campus and discretely presented component unit) ▪ Assets acquired by capital lease ▪ Acquisition of capital asset through long-term debt obligation (other than capital lease) ▪ Construction work in progress passed down from the CO ▪ Capital asset transferred from the CO ▪ Change in accrued capital asset costs (purchased but unpaid at year-end) ▪ Capital assets that are transferred from or paid by the CO ▪ Capital assets that are purchased but unpaid at year-end (this is usually the change in accounts payable for capital related transactions from the prior year to the current year). ▪ Gifts in-kind ▪ Operating expenses paid through long-term debt obligation ▪ Prepaid expenses paid directly through issuance of long-term debt obligation ▪ Amortization of bond premium/discount ▪ Amortization of loss on refunding		

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
4.3.9, 5 & 7	1. **Other Postemployment Benefits (OPEB) Obligation footnote:** Amounts must agree to the allocation schedule provided by the CO.		

Preparer's Printed Name	**Preparer's Signature**	**Date**
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

Part B – To be provided by September 23, 2015

Chapter	Footnotes to the Financial Statements	Preparer's Initials	Reviewer's Initials
7 & 8	1. GASB and FASB discretely presented component units should each be presented in a separate column on the SNP and SRECNP.		

Preparer's Printed Name	**Preparer's Signature**	**Date**
Reviewer's Printed Name	**Reviewer's Signature**	**Date**

California State University
Office of the Chancellor
GAAP Data Integrity Certification Form

Campus: ___________________________________
Date: ___________________________________
Name: ___________________________________
Phone Number: ___________________________________

I hereby certify that all GAAP-basis data required to be submitted to the Office of the Chancellor (CO) by the campus named above to facilitate the preparation and submission of consolidated financial information for use by various stakeholders, for the fiscal year ended June 30, 20XX, has been reviewed by campus management and is deemed by them to be accurate and compliant with ICSUAM policies and the GAAP accounting guidelines as set forth in the *GAAP Manual*. In addition, I certify that the data at the CSU fund level is accurate and that I am not aware of any transaction that would render the data false or misleading when used in any consolidated report.

This certification is applicable to all data included in the following submissions:

- GAAP FIRMS
- TM1 (financial statement packages)
- PBCs
- Any supplementary data provided for the Systemwide Revenue Bond (SRB) financial statements
- SCO GAAP templates

Furthermore, I confirm that all schedules submitted in support of data provided to the CO for inclusion in the consolidated systemwide financial statements and in the SRB financial statements, including but not limited to the PBCs, supplementary data for the SRB financial statements and the SCO GAAP templates, have been fully reconciled to that data. I understand that should CO staff identify an unacceptable level of errors in any submission, said submission will be rejected and returned to the below-named official for correction. Re-submissions, when necessary, will be given high priority so the CSU's reporting obligations can be met within established deadlines.

Signature: ___________________________________
Vice President, Administration & Finance

CHAPTER 12

NCAA AGREED-UPON PROCEDURES REQUIREMENTS

OVERVIEW

The National Collegiate Athletic Association (NCAA) is a not-for-profit organization that regulates the athletes of different organizations, institutions and individuals. It also organizes the athletic programs of many colleges and universities in the United States and Canada. The campuses that are members of the NCAA have two requirements for reporting financial data: (1) the agreed-upon procedures (AUP) report to be submitted to the chief executive officer (CEO), and (2) the online reporting financial data to the NCAA. These are two separate and distinct processes. The AUP financial reporting requirements of member institutions' intercollegiate athletics programs are mandated under the provisions of NCAA Constitution.

Prior to FY2012/13, the compliance for the AUP was left to individual campuses. Starting from FY2012/13, the Systemwide Financial Standards and Reporting (SFSR) was tasked to review the campus compliance with the NCAA financial data reporting requirements and report the results to the California State University (CSU) Board of Trustees.

OBJECTIVE

The AUP report's primary purpose is to ensure that the chief executive is made aware of all financial activity (both internal and external) for athletics purposes and to assist the institution in exercising control over the financial activity made by or on behalf of the intercollegiate athletics program.

NCAA LEGISLATION

The financial AUP requires that all revenues, expenses and capitalized expenditures on behalf of an institution's intercollegiate athletics program, including those by outside entities, are reported annually for Division I schools and triennially for Division II schools by a qualified independent account from outside the institution. The independent accountant shall verify the accuracy and completeness of the data prior to submission to the institution's CEO (i.e., the campus president). The financial report shall then be certified by the campus president prior to submission to NCAA.

The financial data required by NCAA shall include but not limited to the following:

1. All expenses and revenues for or on behalf of an institution's intercollegiate athletics program, including those by any affiliated or outside organization, agency or group of individuals;
2. Salary and benefits data for all athletics positions. The data shall include base salary, bonuses, endorsements, media fees, camp or clinic income, deferred income and other income contractually guaranteed by the institution

3. Capital expenditures (to be reported in aggregate for athletics facilities), including capitalized additions and deletions to facilities during the reporting period, total estimated book value of athletically related plant and equipment net of depreciation, total annual debt service on athletics and university facilities and total debt outstanding on athletics and university facilities;
4. Value of endowments at fiscal year-end that are dedicated to the sole support of athletics
5. Value of all pledges at fiscal year-end that support athletics; and
6. The athletics department fiscal year-end fund balance.

The report created pursuant to the approved procedures must be completed and presented to the campus president and the online financial data reporting to NCAA must be completed by **January 15** after the end of the fiscal year.

The NCAA agreed-upon procedure reporting legislation for the three membership divisions are as follows:

DIVISION I

- The report for Division I institutions shall be subject to agreed-upon procedures **annually**, and online financial data reporting to NCAA is required **annually**.
- Bakersfield, Fresno, Fullerton, Long Beach, Northridge, Sacramento, San Diego, San Jose, San Luis Obispo

DIVISION II

- The report for Division II institutions shall be subject to agreed-upon procedures **at least once every three years,** but online financial data reporting to NCAA is required **annually**. If, within the last three years, the institution has conducted an overall institutional audit that includes a financial audit of all athletics department funds, including certain minimum required procedures defined in the NCAA AUP guideline document, then the institution is not required to perform a separate financial audit of all athletics department expenditures.
- Chico, Dominguez Hills, East Bay, Humboldt, Los Angeles, Monterey Bay, Pomona, San Bernardino, San Francisco, Sonoma, Stanislaus

DIVISION III

- All expenditures and revenue for or on behalf of a Division III member institution's intercollegiate athletics programs shall be subject to the institution's regular financial audit.
- There are no CSU campuses in Division III.

NO NCAA ATHLETIC PROGRAMS

- Channel Islands, Maritime Academy, San Marcos

SUBMISSION REQUIREMENTS TO THE OFFICE OF THE CHANCELLOR

- All Division I campuses must submit the AUP report to the CO by January 15 annually.
- Division II campuses required to issue the AUP report for the fiscal year ended based on the three year cycle must submit the AUP report to the CO by January 15 triennially.

ATTACHMENTS:

- FY2015 Minimum agreed-upon procedures

  FY2015 Minimum
  Agreed Upon Procedu

- FY2015 Changes to NCAA financial reporting revenue and expense categories

  FY2015 Changes to
  NCAA Financial Repor

- FY2014 NCAA agreed-upon procedures

  NCAA Agreed-Upon
  Procedures 8.15.13.p

- Memorandum regarding compliance with NCAA agreed-upon procedures reporting requirements

  Memo regarding
  Compliance with NCAA

REVISION CONTROL

Document Title: CHAPTER 12 – NCAA AGREED UPON PROCEDURES REQUIREMENTS

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
Attachments	Added the following: ▪ FY2015 Minimum agreed-upon procedures and ▪ FY2015 Changes to NCAA financial reporting revenue and expense categories	April 2015
General	New chapter in FY13/14	April 2014

CHAPTER 13

CAPITAL ASSETS GUIDE

The Capital Assets Guide provides guidance for campuses on establishing useful lives, categorizing assets into asset types, methods for depreciation/amortization, and componentization. This guide has been established as a parameter and is recommended for use by all campuses.

CALIFORNIA STATE UNIVERSITY
CAPITAL ASSETS GUIDE

CAPITAL ASSETS GUIDE
TABLE OF CONTENTS

1. Introduction

Effective July 1, 2001, the California State University (CSU) was required to implement Governmental Accounting Standards Board (GASB) Statements No. 34 and No. 35, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments and Public Colleges and Universities*. Among the implementation challenges the new reporting model presented were infrastructure reporting and depreciation/amortization accounting. This document discusses accounting and reporting requirements related to GASB Statements Nos. 34 and 35 and other technical pronouncements that have subsequently been issued.

This Capital Assets Guide identifies standards used in the initial implementation of GASB Statements Nos. 34 and 35 as well as ongoing compliance with new reporting requirements. Included in this guide are asset category definitions, capitalization thresholds, depreciation/amortization methodologies, and examples of expenditures for each class of assets. Additionally, guidelines for leasehold improvements and construction work in progress have been included.

These guidelines have been reviewed and approved by the CSU Financial Standards Advisory Committee (FSAC).

2. Capital Asset Definitions and Guidelines

A capital asset is defined as real or personal property that has a unit acquisition cost equal to or greater than $5,000 and an estimated life greater than one year. For captial assets that are acquired as a group whose individual acquisition cost is less than the $5,000 threshold, it may be appropriate to capitalize them if they are considered material collectively. Capitalization threshold should appropriately rebalance the goals of (1) ensuring that all material capital assets, collectively, are capitalized and (2) minimizing the cost of record keeping for capital assets (GASB Staff implementation Guidance 7.9.8). Capital assets must be capitalized, which means to record the property in the accounting records as assets at original/historical cost. Capital assets must also be depreciated/amortized except indefinite or inexhaustible life capital assets.

The CSU has invested in a broad range of capital assets that are used in the CSU's operations, which include:

- Real Property
  - Land and land improvements
  - Buildings and building improvements
  - Improvements other than buildings
  - Infrastructure
  - Leasehold improvements
  - Construction work in progress
- Personal Property

  - Equipment, including furniture, vehicles, boats and aircraft
  - Library books and reference materials
  - Works of art and historical treasures
- Intangible Assets
  - Computer Software (Include websites)
  - Easements and Rights
  - Licenses and Permits
  - Patents, Copyrights and Trademarks

2.1 CAPITAL ASSET CLASSIFICATION

Assets purchased, constructed, or donated that meet the CSU's capitalization definition (or threshold) must be uniformly classified. Campuses are encouraged, but not required, to report their buildings on a component level.

2.2 STANDARD ASSET LIVES

For estimated useful lives, (a) general guidelines obtained from professional or industry organizations, (b) information for comparable assets of other governments, or (c) internal information can be used. In determining estimated useful life, an asset's present condition and how long it is expected to meet service demands should also be considered (GASB Statement No. 34, par 161).

Standard asset lives have been established as a general guideline only for each major class of assets and are shown on the following table. Campuses should consider the above paragraph from the GASB to determine the best estimated useful lives for various types of capital assets. Asset classes are defined in *Section 3 - Capital Asset Categories*.

Class of Asset	Standard Life*
Land and non-depreciable land improvements	Infinite
Buildings/building improvements	30 years
Buildings – Componentized	
A. Shell	45 years
B. Service Systems	20 years
C. Fixed Equipment	20 years
Temporary buildings, modular units or similar structures	The lesser of 10 years or estimated useful life
Improvements, other than buildings - Signage, sprinkler systems, TV tower, radio	10-30 years or estimated useful life

tower, swimming pools, paved parking lots, walkways and courtyards, fencing, bleachers, retaining walls, fountains	
Infrastructure - Roads and bridges Telecommunications networks between buildings	 40 years 5-10 years
Leasehold improvements	The lesser of 10 years or remaining term of lease
Construction work in progress	Not depreciated
Personal Property:	
Equipment, including alarms and telecommunications equipment within buildings, and taggable equipment	5 or 10 years (depending on the type of equipment)
Library books/materials (periodicals and subscriptions should be expensed as purchased)	10 years
Works of art/historical treasures	Infinite or estimated useful life if exhaustible
Intangibles – Software Other intangible assets Assets with Indefinite Lives	 3-5 years Various Infinite

* Federal guidelines require that asset lives and depreciation methodology used to calculate indirect cost rates for federally sponsored projects be consistent with those used for campus financial reporting purposes. Campuses and auxiliary organizations that currently use rates that differ from those presented herein as part of their existing indirect cost rate calculation may continue to use the current approved indirect cost rate for sponsored projects. When a new indirect cost rate is negotiated, the asset lives and depreciation/amortization methodologies adopted by the campus must be used.

For example, when an institution elects to depreciate its buildings by components, the same depreciation methods must be used for indirect cost allocations used for federal awards (Facilities & Administrative) purposes and financial statements purposes. Reference: OMB Circular A21 section J.12.B.(4).

2.3 CAPITAL ASSET ACQUISITION COST

2.3.1 CAPITAL ASSET DONATIONS

Capital asset donations should be recorded at the fair market value (FMV) on the date of donation and should be depreciated/amortized using the suggested useful lives in this guide.

2.3.2 CAPITAL ASSETS PURCHASED WITH FEDERAL AND STATE FUNDS

Capital assets purchased with federal or state grant funds should be capitalized and depreciated/amortized by the entity that owns the asset (as stipulated in the grant agreement). For the CSU, if a campus foundation administers the purchase of a piece of equipment for the campus's use, the campus should capitalize and depreciate the asset. Documentation should accompany the transfer of ownership from the foundation to the campus. If the asset is purchased by the foundation, the campus should record the asset similar to a donated asset or contribution. This will require good communication between campuses and its auxiliary organizations. Assets purchased with grant funds must be capitalized and depreciated/amortized on one of the entity's financial statements.

2.3.3 LEASED PROPERTY AND EQUIPMENT

A lease agreement is classified as a capital lease when substantially all of the risks and benefits of ownership are assumed by the lessee. A capital lease can be viewed as an installment purchase of property rather than the rental of property. Leased assets should be capitalized if the related lease agreement meets any one of the following criteria:

6 The lease transfers ownership of the property to the lessee by the end of the lease term.

7 The lease contains a bargain purchase option. A bargain purchase option gives the lessee the right to acquire the leased property at the end of the lease at a price so favorable that the option is likely to be exercised.

8 The lease term is equal to 75 percent or more of the estimated economic life of the leased property.

9 The present value of the minimum lease payments at the inception of the lease, excluding executor costs, equals at least 90 percent of the fair market value of the leased property.

If criterion 1 or 2 is met, the asset shall be depreciated in accordance with the campus' normal depreciation policy and estimated useful lives for capital assets. However, if criterion 3 or 4 is met, the asset shall be depreciated over the lease term.

Leases that do not meet any of the above requirements should be recorded as an operating lease and disclosed in the notes to the financial statements.

2.4 DEPRECIATION/AMORTIZATION OF CAPITAL ASSETS

Depreciation/Amortization is the expensing of an asset's depreciable/ amortizable cost to the time periods during which the owner receives benefit from use of the asset. Capital assets should be depreciated/amortized over their estimated useful lives unless they have unlimited lives or are inexhaustible. Land is considered to have an unlimited life. For a definition of an "inexhaustible asset", see the **Works of Art and Historical Treasures** section of this guide.

The straight-line depreciation method (historical cost divided by useful life) will be used by the CSU. Campuses may apply the use of the half-year convention for depreciation/amortization, or the actual date, for indicating when an asset was rendered into service. The half-year convention applies to the 1st and last years of an asset's depreciable/amortizable life and allows for the recording of a half-year of depreciation for assets placed in service any time during the year. Alternatively, depreciation/amortization can be applied from the specific date on which the asset was placed in service. Judgement has to be made on whether to apply the half-year convetion or the actual date on which the asset was placed in serivce. Half-year convention is acceptable unless it results in significantly different from recognizing depreciation from the actual date the property is ready for use.

Depreciation/amortization data for the State Controller's records (state legal basis) will be calculated by the State Controller's office and will not be recorded on campus legal basis accounting records. For GAAP purposes, depreciation/ amortization will be calculated and maintained by the campus for each eligible asset, and total depreciation/amortization expense will be reported each year. Accumulated depreciation/amortization will be summarized and reported for GAAP purposes annually.

2.5 DISPOSAL OF CAPITAL ASSETS

When an asset is disposed, a gain or loss must be recognized in the financial statements when:

- Cash is exchanged and the amount paid does not equal the net book value of the asset, or
- Cash is not exchanged and the asset is not fully depreciated or has a residual value.

A gain or loss is not reported when:

- Cash exchanged equals the net book value and the asset does not have a residual value, or
- Cash is not exchanged and the asset is fully depreciated/amortized and has no residual value.

2.5.1 Computation of Gain or Loss from Sale of Assets

To compute a gain or loss, proceeds received must be subtracted from the asset's net book value. Net book value is the asset's historical cost less the accumulated depreciation/amortizaion recorded for that asset.

Example:

		Gain on Sale		Loss On Sale
Asset's historical cost	$	10,000		10,000
Less Accumulated depreciation		7,000		7,000
Net book value		3,000		3,000
Less: Proceeds received		(4,000)		(2,000)
Gain from sale of asset (credit to other nonoperating revenues (expenses) account)	$	(1,000)		
Loss from sale of asset (debit to other nonoperating revenues (expenses) account)			$	1,000

If the asset has been fully depreciated/amortizated and has a residual value, then the proceeds must be subtracted from the residual value to compute the gain or loss.

Note: When accounting for the transfer of capital assets within the same financial reporting entity, the transferee should recognize the assets or future revenues received at the carrying value of the transferor. For example, in an intra-entity sale of receivables, the transferee should recognize the receivables acquired at the carrying value of the transferor. The difference between the amount paid (exclusive of amounts that may be refundable) and the carrying value of the receivables transferred should be reported as a gain or loss by the transferor and as a revenue or expenditure/expense by the transferee in their separately-issued statements, but reclassified as transfers or subsidies, as appropriate, in the financial statements of the reporting entity. It should be the same for both discretely presented and blended component units (GASB Statement No. 48 par. 15). Therefore, when an asset is sold or transferred between campuses and/or auxiliary organizations/discretely presented component units, the selling entity has no reported carrying value for the rights sold because the asset recognition criteria has not been met. Therefore, the transferee campus/ transferee organization should not recongize an asset and related revenue until recognition criteria appropriate to that type of revenue are met. Instead, the transferee should report the amount paid as a deferred charge to be amortized over the duration of the transfer agreement. The transferor should defer the recognition of revenue from the sale in its government-wide and fund financial statements and recognize it over the duration of the sale agreement. Furthermore, deferred revenues and charges resulting from intra-entity sales of future revenues and the periodic amortization of those balances should be accounted for similarly to internal balances and intra-entity activity within the financial reporting entity.

If the asset transferred between campuses and / or auxilairy orgnaizations/discretely presented component units is fully depreciated and the carrying value of the asset to the transferee is zero, the transfer does not need to be recorded as part of the Transfer Report because there is no impact on the NBV of the assets. However, the capital asset should be included in the transferee's fixed asset listing for purposes of a physical count with a NBV as zero.

2.6 Assets Acquired by the Exchange of Other Assets

2.6.1 Similar Assets

When recording an exchange of similar assets, campuses must use a book value basis for the assets surrendered or acquired.

- When assets are exchanged and no monetary consideration is paid or received, the cost of the asset acquired is recorded at the book value of the asset surrendered.
- When monetary consideration is given, the new asset must be recorded at the sum of the cash paid plus the book value of the asset surrendered.

2.6.2 Dissimilar Assets

When recording an exchange of dissimilar assets, campuses must:

- Record the value of the asset being traded and the resulting transaction for acquiring the new asset, using the fair value of the asset being traded.
- If cash is used to purchase the asset, agencies must record the transaction for the new asset as cash paid plus the fair value of the asset surrendered.

2.7 Impairment of Capital Assets

The effects of capital asset impairments are to be reported when they occur rather than as part of ongoing depreciation/amortization expense or upon disposal of the capital asset.

A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. Additionally, prominent events or changes in circumstances affecting capital assets must also be considered to determine whether impairment of a capital asset has occurred. Such events include evidence of physical damage, enactment or approval of laws or regulations or other changes in environmental factors, technological changes or obsolescence, changes in the manner or duration of use of a capital asset, and construction stoppage. A capital asset generally should be considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstance is outside the normal life cycle of the capital asset.

Impaired capital assets that will no longer be used should be reported at the lower of carrying value or fair value. Impairment losses on capital assets that will continue to be used should be measured using the method that best reflects the diminished service utility of the capital asset. Impairment of capital assets with physical damage generally should be measured using a restoration cost approach, an approach that uses the estimated cost to restore the capital asset to identify the portion of the historical cost of the capital asset that should be written off. Impairment of capital assets that are affected by enactment or approval of laws or regulations or other changes in environmental facts or are subject to technological changes or obsolescence generally should be measured using a service units approach, an approach that compares the service units provided by the capital asset before and after the impairment event or change in circumstance. Impairment of capital assets that are subject to a change in manner or duration of use generally should be measured using a service units approach, as described above, or using deflated depreciated replacement cost, an approach that quantifies the cost of the service currently being provided by the capital asset and converts that cost to historical cost.

If evidence is available to demonstrate that the impairment will be temporary, the capital asset should not be written down. Impaired capital assets that are idle should be disclosed, regardless of whether the impairment is considered permanent or temporary.

Refer to GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, for further discussion and guidance.

Example: Physically Damaged Building

Assumption

A flood damaged an office building in Sacramento State University. The event was considered to be both unusual in nature and infrequent in occurrence. The office building was constructed in 2006 at a cost of $30 million and was expected to provide service for thirty years. In 2010, after 4 years of use, the flood damaged the office building. Repairs costing $3 million was made to restore the office building to a usable condition. Only $2 million of the restoration costs are capitalizable costs in accordance with the capitalization policies. Insurance is carried for property damage after $1 million deductible. Building construction cost index have been flat over the past 4 years (no inflation).

Evaluation of Impairment

The evidence of physical damage indicates impairment. The magnitude of the physical damage would be considered significant. Flood damage would not be part of the normal life cycle of a building. Impairment loss using the restoration cost approach is determined as follows:

a	Historical cost, 2006	$30,000,000
	Accumulated depreciation (*a* / 30 × 4)	4,000,000
b	Carrying value, 2010	$26,000,000
		=========
c	Restoration cost (No inflation / deflation)	$3,000,000
d	Restoration cost ratio *(c / a)*	10%
		=======
	Impairment loss *(b × d)*	$2,600,000
	Insurance recovery	2,000,000
	Net Impairment loss	$600,000
		=======

Accounting entries:

Debit	Impairment Loss	$2,600,000	
	Credit Capital Asset		$2,600,000

To record the impairment of the building.

Debit	Operation, Plant and Maintenance Expense	$1,000,000	
Debit	Capital Asset	$2,000,000	
	Credit Cash		$3,000,000

To record the restoration cost ($2 million is capitalizable).

Debit	Cash	$2,000,000	
	Credit Impairment Loss		$2,000,000

To record the insurance recovery (net of impairment loss).

2.8 Insurance Recoveries

Insurance recovery associated with events or changes in circumstances resulting in impairment of a capital asset should be netted with the impairment loss unless the recovery happened in subsequent year or no impairment loss to offset. Then it should be reported as a program revenue, non-operating revenue, or extraordinary item, as appropriate. Restoration or replacement of the capital asset using the insurance recovery should be reported as a separate transaction (GASB Statement No. 42 par. 21) as shown above.

2.9 Capitalization of Pollution Remediation Outlays and Rebates

Pollution Remediation Outlays

Except as indicated in GASB Statement No. 49 paragraph 22, pollution remediation outlays, including outlays for property, plant, and equipment, should be reported as an expense when a liability is recognized. However, paragraph 22 provides examples were capitalization is appropriate. See *Section 5 - Excerpts from Relevant Pronouncements* of this chapter for a full quote of paragraph 22. Also, see GASB Statement No. 49, paragraph 106, which is a flowchart and GAAP Manual Chapter 4.12 *Pollution Remediation Obligations* for further guidance.

Rebates

Treatment of rebates is different between exchange and nonexchange transactions.

Exchange Transactions

Rebates (trade discounts) should be netted against the cost of the asset as the historical cost actually spent for the asset is net of the rebates.

Example 1

A campus has entered a binding contract to purchase equipment from a company. In the agreement, the company has agreed to give a manufacturer's rebate of 5% of the equipment cost paid by the campus after 3 months of purchase and registration, the campus paid a total of $200,000 for the equipment.

Debit	Capital asset (net of $10,000 rebate)	$190,000

Debit	Receivables	$10,000
Credit	Cash	$200,000

To record the equipment at historical cost

Non-exchange Transactions

Rebates offered by 3rd party (other than the vendor) are considered as "reimbursement-type" or "expenditure-driven" non-exchange transactions. As a result, rebates to be received will be recorded as revenue when all eligibility requirements have met. The rebate is considered as a separated non-exchange transaction from the acquisition of the asset. Acquisition cost incurred will be capitalized at its full amount.

Example 2

A campus has entered a binding agreement with a utility company. In the agreement, the utility company pays the campus for certain costs the campus paid to a construction company for major renovations or new construction of an energy efficient building which is owned and recorded by the campus**.** Upon completion of construction, the building satisfied the energy efficiency test but is required to maintain the agreed upon energy efficiency equipment for the next 5 years. The building was completed and satisfied the energy efficiency test in year 1 and the total cost of the building is $2,000,000. In year 1, the campus received a rebate of $500,000 from the utility company. Assume the campus maintained the agreed upon energy efficiency equipment for the required 5 years.

Debit	Capital Asset	$2,000,000	
	Credit Cash		$2,000,000

To record the building.

Debit Cash		$500,000
Credit	Other nonoperating revenue	$100,000
Credit	Deferred Revenue	$400,000

To record the rebate and deferred revenue received from the utility company in year 1.

Debit	Deferred Revenue		$100,000
Credit	Other nonoperating revenue	$100,000	

Years 2 – 5: Annual entry to recognize revenue from the utility company as the 5 year contingency requirement is satisfied.

3. Capital Asset Categories

3.1 Land and Land Improvements

3.1.1 Land Definition

Land is the surface of the earth, which can be used to support structures, or may be used to grow crops, grass, shrubs, and trees. Land is characterized as having an unlimited life (indefinite)

3.1.2 Land Improvement Definition

Land improvements consist of betterments, site preparation and site improvements (other than buildings) that ready land for its intended use. Land improvements do not include roads, bridges, pipelines, etc. These are classified as infrastructure.

3.1.3 Depreciation Methodology

Land is an inexhaustible asset and does not depreciate over time.

3.1.4 Examples of Expenditures to be Capitalized as Land and Land Improvements

- Purchase price or fair market value at time of gift
- Commissions
- Professional fees (title searches, architect, legal, engineering, appraisal, surveying, environmental assessments, etc.)
- Interest on mortgages accrued at date of purchase
- Accrued and unpaid taxes at date of purchase
- Other costs incurred in acquiring the land Right-of-way
- Land excavation, fill, grading, drainage
- Removal, relocation, or reconstruction of property of others (railroad, telephone and power lines) to facilitate construction

3.2 Buildings and Building Improvements

3.2.1 Building Definition

A building is a structure that is permanently attached to the land, is not infrastructure, and is not intended to be transportable or moveable.

3.2.2 Building Improvement Definition

Building improvements are capital events that materially extend the useful life of a building or increase the value of a building, or both. A building improvement should be capitalized as a betterment and recorded as an addition of value to the existing building if the expenditure for the improvement is at the capitalization threshold, and the expenditure increases the life or value of the building.

3.2.3 Depreciation Methodology

The straight-line depreciation (historical cost divided by useful life) will be used for buildings, building improvements and their components. Subsequent improvements that change the use or function of the building shall also be depreciated. This may be accomplished by:

- depreciating the addition separately over its useful life, not to exceed the useful life of the primary asset, or
- adding the value of the improvement to the net asset value of the original asset and assigning a new useful life.

3.2.4 Examples of Expenditures to be Capitalized as Buildings

3.2.4.1 Purchased Buildings

- Original purchase price
- Expenses for remodeling, reconditioning, or altering a purchased building to make it ready to use for the purpose for which it was acquired
- Professional fees (legal, architect, inspections, title searches, etc.)
- Payment of unpaid or accrued taxes on the buildings to date of purchase
- Cancellation or buyout of existing leases
- Other costs required to place or render the asset into operation

3.2.4.2 Constructed Buildings

- Completed project costs
- Cost of excavation, grading or filling of land for a specific building
- Expenses incurred for the preparation of plans, specifications, blueprints, etc.
- Cost of building permits
- Professional fees (architect, engineer, management fees for design and supervision, legal)

- Internal costs directly attributable to a construction project (i.e. labor costs related to project management activities)
- Construction project claims premiums
- Costs of temporary buildings used during construction
- Unanticipated costs such as rock blasting, piling, or relocation of the channel of an underground stream
- Permanently attached fixtures or machinery that cannot be removed without impairing the use of the building
- Additions to buildings (expansions, extension, or enlargements)
- Tiered parking structures
- Net interest cost incurred (i.e. interest expense in excess of interest income) during construction period (see GAAP Manual Chapter 5.7 *Capitalized Interest* and GASB Statements No. 34 and 62 for discussion)
- Demolition costs of existing structures should be capitalized as part of the cost of the new asset if the structure exists on newly acquired land and is demolished promptly after acquiring the land. Demolition costs of existing assets that have been operating assets should be charged to expense, even if the demolition is necessary to construct a new asset.
- Additional costs generated during construction stoppage (e.g. security cost to safeguard the site and construction materials), which usually do not add value or useful life to the fixed asset, cannot be included and should be expensed.

3.2.4.3 Componentization Of Buildings

- SHELL-Same as constructed buildings above
- SERVICE SYSTEMS- Electrical and lighting systems, heating, ventilation, and air conditioning (HVAC), plumbing, fire protection systems and elevator systems
- FIXED EQUIPMENT- sterilizers, casework, fumehoods, cold rooms

3.2.5 Examples of Expenditures to be Capitalized as Improvements to Buildings

Note: For the replacement of part of a building to be capitalized, it must be a part of a major repair or rehabilitation project, which increases the value and/or useful life of the building, such as renovation of a student center. A replacement may also be capitalized if the new item/part is of significantly improved quality and higher value compared to the old item/part such as replacement of an old shingle roof with a new fireproof tile roof. Replacement or restoration to original utility level would not be capitalized. Determinations must be made on a case-by-case basis.

- Conversion of attics, basements, etc. to usable office, research, or classroom space
- Structures **attached** to the building such as covered patios, sunrooms, garages, carports, enclosed stairwells, etc.
- Installation or upgrade of heating and cooling systems, including ceiling fans and attic vents
- Original installation/upgrade of floor, wall or ceiling covering such as carpeting, tiles, paneling, or parquet
- Structural changes such as reinforcement of floors or walls, installation or replacement of beams, rafters, joists, steel grids, or other interior framing
- Installation or upgrade of window or door frame, upgrading of windows or doors, built-in closet and cabinets
- Interior renovation associated with casings, baseboards, light fixtures, ceiling trim, etc.
- Exterior renovation such as installation or replacement of siding, roofing, masonry, etc. that extends the life of the building
- Installation or upgrade of plumbing and electrical wiring
- Installation or upgrade of phone or closed circuit television systems, networks, fiber optic cable, wiring required in the installation of equipment (that will remain in the building)
- Other costs associated with the above improvements

3.2.5.1 Building Maintenance Expense

Examples of expenditures **<u>not</u>** to capitalize as improvements to buildings are listed below. Instead, these items should be recorded as maintenance expense.

- Adding, removing and/or moving of walls relating to renovation projects that are not considered major rehabilitation projects and do not increase the value of the building

- Improvement projects of minimal or no added life expectancy and/or value to the building
- Plumbing or electrical repairs
- Cleaning, pest extermination, or other periodic maintenance
- Interior decoration, such as draperies, blinds, curtain rods, wallpaper
- Maintenance-type interior renovations, such as repainting, touch-up plastering, replacement of carpet, tile or panel sections; sink and fixture refurnishing, etc.
- Maintenance-type exterior renovations, such as repainting; replacement of sections of deteriorated siding, roof, or masonry sections that does not extend the useful life of the building
- Replacement of a part or component of a building with a new part of the same type and performance capabilities, such as replacement of an old boiler with a new one of the same type and performance capabilities
- Any other maintenance-related expenditure which does not increase the value of the building

3.3 INFRASTRUCTURE

3.3.1 INFRASTRUCTURE DEFINITION

Assets that are long-lived capital assets that normally are stationary in nature and can be preserved for a significantly greater number of years than most capital assets. Infrastructure assets are often linear and continuous in nature (e.g. electric, water and gas lines).

3.3.2 INFRASTRUCTURE IMPROVEMENTS

Infrastructure improvements are capital events that materially extend the useful life or increase the value of the infrastructure, or both. Infrastructure improvements should be capitalized as betterments and recorded as an addition of value to the infrastructure if the improvement or addition of value meets the capitalization threshold and materially increases the life or value of the asset relative to the original cost or life period.

3.3.3 JOINTLY FUNDED INFRASTRUCTURE

Infrastructure paid for jointly by the state and other governmental entities should be capitalized by the entity responsible for future maintenance.

3.3.4 MODIFIED APPROACH VS. DEPRECIATION

The modified approach is an alternative to reporting depreciation for infrastructure assets that meet the following criteria:

- The assets are managed using a qualifying asset management system.
- It is documented that the assets are being preserved at or above a condition level established by the government.

The CSU does not use the modified approach in lieu of recording depreciation.

3.3.5 Maintenance Costs

Maintenance costs allow an asset to continue to be used during its originally established useful life. Maintenance costs are expensed in the period incurred.

3.3.6 Additions and Improvements

Additions and improvements are those capital outlays that increase the capacity or efficiency of the asset. A change in capacity increases the level of service provided by an asset. For example, additional lanes can be added to a highway or the weight capacity of a bridge could be increased. A change in efficiency maintains the same service level, but at a reduced cost. For example, a heating and cooling plant could be reengineered so that it produces the same temperature changes at reduced cost. The cost of additions and improvements should be capitalized under both the modified and depreciation approaches to reporting infrastructure.

3.3.7 Depreciation Methodology

The straight-line depreciation method (historical cost divided by useful life) will be used for infrastructure assets.

3.3.8 Examples of Expenditures to be Capitalized as Infrastructure

- Highway and rest areas
- Roads, streets, curbs, gutters, sidewalks, fire hydrants
- Bridges, railroads, trestles
- Canals, waterways, wharf, docks, sea walls, bulkheads, boardwalks
- Dam, drainage facility
- Water wells (includes initial cost of drilling, the pump and its casing)
- Light system (traffic, outdoor, street, etc.)
- Airport runway/strip/taxiway/apron
- Electric, water and gas (main lines and distribution lines, tunnels)

3.4 LEASEHOLD IMPROVEMENTS

3.4.1 LEASEHOLD IMPROVEMENTS DEFINITION

Construction of new buildings or improvements made to existing structures by the lessee, who has the right to use these leasehold improvements over the term of the lease. These improvements ***will revert to the lessor*** at the expiration of the lease. Moveable equipment or office furniture that is not attached to the leased property is not considered a leasehold improvement. Leasehold improvements do not have a residual value.

3.4.2 DEPRECIATION METHODOLOGY

Leasehold improvements are capitalized by the lessee and are depreciated over the shorter of (1) the remaining lease term, or (2) the useful life of the improvement. Improvements made in lieu of rent should be recorded in the period incurred. If the lease contains an option to renew and the likelihood of renewal is uncertain, the leasehold improvement should be depreciated over the life of the initial lease term or useful life of the improvement, whichever is shorter.

3.5 CONSTRUCTION WORK IN PROGRESS

3.5.1 CONSTRUCTION WORK IN PROGRESS DEFINITION

Construction work in progress reflects the economic construction activity status of buildings and other structures, infrastructure (highways, energy distribution systems, pipelines, etc.), additions, alterations, and reconstructions that are substantially incomplete. Software developed in progress that has not yet been placed in service should be reported as internally generated intangible assets in progress. Please see section 3.9.1*Computer Software* in this chapter for more details.

3.5.2 DEPRECIATION METHODOLOGY

Depreciation is not recorded while assets are accounted for as construction work in progress.

3.5.3 CAPITALIZATION THRESHOLD

Construction work in progress assets should be capitalized to their appropriate capital asset categories upon the earlier occurrence of filing of Notice of Completion documents, occupancy, or when the asset is placed into service. At that time, the assets should start being depreciated in accordance with the standard lives of the related capital assets categories.

3.5.4 Capitalization of Interest Costs

Interest costs related to Construction Work in Progress may need to be capitalized see Chapter 5.7 *Capitalized Interest* for further details.

3.6 Personal Property

3.6.1 Personal Property Definition

Fixed or movable tangible assets to be used for operations, the benefits of which extend at least one year from date of acquisition and placement into service. Improvements or additions to existing personal property that exceed the capitalization threshold and materially increase the value or life of the asset relative to the original cost or life should be capitalized as a betterment and recorded as an addition of value to the existing asset.

Note: Costs of extended warranties and/or maintenance agreements, which can be separately identified from the cost of the equipment, should be capitalized as a part of prepaid assets (i.e. prepaid expenses) and amortized over the term (life) of the related warranty or maintenance agreements.

3.6.2 Jointly Funded Personal Property

Personal property paid for jointly by the state and other governmental entities should be capitalized by the entity responsible for future maintenance.

3.6.3 Depreciation Methodology

The straight-line depreciation method (historical cost divided by useful life) will be used for personal property.

3.6.4 Capitalization Threshold

The capitalization threshold for personal property is a unit acquisition cost of at least $5,000 and an estimated life of greater than one year. For personal property acquired as a group, such as refrigerators for student housing, refer to guide in Section 2 *Capital Asset Definition and Guidelines*.

3.6.5 Examples of Expenditures to be Capitalized as Personal Property

- Original contract or invoice price
- Freight charges
- Import duties
- Handling and storage charges

- In-transit insurance charges
- Sales, use, and other taxes imposed on the acquisition
- Installation charges
- Charges for testing and preparation for use
- Costs of reconditioning used items when purchased
- Parts and labor associated with the construction of equipment

3.7 LIBRARY BOOKS AND REFERENCE MATERIALS

3.7.1 LIBRARY BOOKS AND MATERIALS DEFINITION

A library book is generally a literary composition bound into a separate volume and identifiable as a separate copyrighted unit. Library reference materials are information sources other than books which include journals, microforms, audio/visual media, computer-based information, manuscripts, maps, documents, and similar items which provide information essential to the learning process or which enhance the quality of academic, professional or research libraries. Changes in value for professional, academic or research libraries may be reported on an aggregated net basis.

3.7.2 LIBRARY CHARACTERISTICS

A professional, academic, or research library normally has one or more of the following characteristics:

- Internal controls are in place in lieu of central property management.
- Information is housed in a centralized location.
- Physical security measures are in place to protect the assets.
- Checkout procedures and policies exist and are used.
- Individual item costs and supplemental information is generally contained in a supplemental database.
- Volumes assigned to libraries are typically available to employees, students, and other individuals for checkout or use.
- Existence of the library helps the entity fulfill its mission.
- The value is material to the organization.
- Equipment assigned to libraries typically remains under central security for on-premises use.

A library may be reported on a composite basis by making net adjustments to total value to reflect an increase or decrease in total value. Net adjustments must be made at least once annually by the close of the fiscal year.

3.7.3 Depreciation Methodology

Library books should be capitalized at their purchase price and depreciated over their estimated useful life (10 years is suggested). Purchases of library books can be grouped by year and depreciated on an aggregate basis.

3.7.4 Capitalization Threshold

Purchases of books and materials for a professional, academic, or research library, should be capitalized, as there is no minimum dollar amount. Periodics, subscriptions, and audiovisual materials should be expensed. Preservation and binding costs should also be expensed, except that if the preservated and binded books are rare and considered as collections like art. Library acquisitions are valued at cost or on another reasonable basis; deletions are valued at annually adjusted average cost. The library maintains records of all books and other library items, which suffice as detailed inventory records. Books, periodicals, subscriptions and other materials purchased but not used in a library should be expensed unless they constitute a capital event.

Refer to Chapter 4.2 *Capital Assets, Depreciation and Amortization* of the GAAP Reporting Manual for detailed instructions regarding acquisitions and deletions of library books.

3.7.5 Examples of Expenditures to be Capitalized as Library Books

- Invoice price
- Freight charges
- Handling
- In-transit insurance charges
- Electronic access charges
- Reproduction and like costs required to place assets in service, with the exception of library salaries

3.8 Works of Art and Historical Treasures

3.8.1 Works of Art and Historical Treasures Definition

Works of art and historical treasures are defined as collections or individual items of significance that are owned by a state agency which are not held for financial gain, but rather for public exhibition, education, or research in furtherance of public service; and are protected and cared for or preserved and subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

Exhaustible collections or items – items whose useful lives are diminished by display or educational or research applications.

Inexhaustible collection or items – where the economic benefit or service potential is used up so slowly that the estimated useful lives are extraordinarily long. Because of their cultural, aesthetic, or historical value, the holder of the asset applies efforts to protect and preserve the asset in a manner greater than that for similar assets without such cultural, aesthetic, or historical value.

For most of the CSU campuses, works of art and historical treasures are insignificant and thus could be expensed or capitalized. If capitalized, these amounts should be treated as inexhaustible and not be depreciated.

3.9 Intangible Assets

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets* was issued in June 2007. Colleges and universities are now required to adopt GASB Statement No. 51, which establishes standards of accounting and financial reporting for intangible assets. Excerpts from this statement have been included in Section 3.9 and Section 5.17-5.24 of this guide. Other reference materials can be found at the Year-End GAAP Workshop, and FAST-ED Training. http://www.calstate.edu/SFSR/Workshops/index.shtml and http://www.calstate.edu/sfo/

Intangible assets are property which lack physical substance and are nonfinancial in nature but give valuable rights to the owner. They are primarily used for operation but not for directly obtaining income or profit, nor intent to resell. An intangible asset will be capitalized if it has an expected useful life of at least one year and a cost of at least $5,000. Section 3.9 contains the applicable guidance to follow.

3.9.1 Computer Software

Commercially available computer software that is purchased or licensed and placed into operation without modification requiring more than minimal incremental effort (that is, the computer software is not considered internally generated) and software that is for internal use, meets the description of an intangible asset in paragraph 5 in GASB Statement No. 51 (GASB Implementation Guide Z.51.1).

3.9.1.1 Internal Use Software Definition

For software to be considered for internal use, it must meet the following tests:

- The software must be acquired, internally developed, or modified solely to meet the college/university's internal needs, and

- During the software's development or modification, the college/university must not have a substantive plan to market the software externally to other organizations.

Commercially available software that is purchased or licensed by the government and modified using more than minimal incremental effort before being put into operation also should be considered internally used (GASB Statement No. 51 par. 9).

Websites should be considered computer software if the website meets the description of internally generated computer software mentioned above.

3.9.1.2 Capitalization of Costs

The capitalization threshold for capital assets is a unit acquisition cost of at least $5,000 in fair value and an estimated life of greater than one year, therefore, annual fees and maintenance costs are expensed, whether fees are paid monthly or annually. If there is an agreement requiring annual installment payments over the life of the contract, with a life greater than one year, both an intangible asset and a long-term liability representing the obligation should be recorded (e.g., computer software licenses for the right to use) (GASB Implementation Guide Z.51.21).

Outlays incurred related to the development of internally generated software that is identifiable should be capitalized only upon the occurrence of all of the following:

a. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the software upon the completion of the project.

b. Demonstration of the technical or technological feasibility for completing the project so that the software will provide its expected service capacity.

c. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the software.

Only outlays incurred subsequent to meeting the above criteria should be capitalized. Outlays incurred prior to meeting those criteria should be expensed as incurred. The above criteria should be considered to be met only when both of the following occur:

a. The activities noted in the preliminary project stage are completed.

b. Management implicitly or explicitly authorizes and commits to funding, at least currently in the case of a multiyear project, the software project.

Moreover, software development generally involves three phases. These phases and their respective characteristics are as follows:

a. *Preliminary Project Stage*. Activities in this stage include the conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives for the development of the software.

b. *Application Development Stage*. Activities in this stage include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase.

c. *Post-Implementation/Operation Stage*. Activities in this stage include application training and software maintenance.

Data conversion should be considered an activity of the application development stage only to the extent it is determined to be necessary to make the computer software operational, that is, in condition for use. Otherwise, data conversion should be considered an activity of the post-implementation/operation stage.

Accordingly, outlays associated with activities in the preliminary project stage should be expensed as incurred. Outlays related to activities in the application development stage should be capitalized. Capitalization of such outlays should cease no later than the point at which the computer software is substantially complete and operational. Outlays associated with activities in the post-implementation/operation stage should be expensed as incurred.

The recognition guidance for outlays associated with the development of internally generated computer software set forth above should be applied based on the nature of the activity, not the timing of its occurrence. For example, outlays associated with application training activities that occur during the application development stage should be expensed as incurred.

Outlays associated with an internally generated modification of computer software that is already in operation should be capitalized if the modification results in any of the following:

a. An increase in the functionality of the computer software, that is, the computer software is able to perform tasks that it was previously incapable of performing.

b. An increase in the efficiency of the computer software, that is, an increase in the level of service provided by the computer software without the ability to perform additional tasks.

c. An extension of the estimated useful life of the software.

If the modification does not result in any of the above outcomes, the modification should be considered maintenance, and the associated outlays should be expensed as incurred.

General and administrative costs and overhead expenditures associated with software development should not be capitalized as costs of internal use software. Capitalization should cease when computer software is ready for its intended use after all substantial testing is completed.

Implementation of GASB Statement No. 51 should be applied to modifications of computer software regardless of whether the original software being modified has been reported as an asset in the financial statements (GASB Staff implementation Guide Z.51.35).

3.9.1.3 Discussion of Costs Associated with Campus Management Systems (CMS)/Peoplesoft Implementation

Certain costs associated with CMS projects qualify for capitalization, as discussed above. The challenges of separating certain internal costs on a reasonably cost effective basis, as well as the relatively short amortization period of software costs have driven the CSU's decision to limit the capitalization of Peoplesoft implementation costs to the following items:

- Peoplesoft licensing agreement (capitalized at the Chancellor's Office).
- Fees paid to third parties for services provided to develop the software during the application development phase (capitalized at the Chancellor's Office). If the baseline product pushed out by Software Operation and Support Services (SOSS) is further developed/modified by the campus prior to placing it in service, the related costs may be capitalized by the campus if they meet the capitalization criteria described in Section 3.9.1.2 *Capitalization of Costs*.
- External costs paid to third parties for specific upgrades and enhancements subsequent to July 1, 2002 (capitalized at the Chancellor's Office). If the baseline product pushed out by SOSS is further developed/modified by the campus prior to placing it in service, the related costs may be capitalized by the campus if they

meet the capitalization criteria described in Section 3.9.1.2 *Capitalization of Costs*.

- Payroll and payroll-related costs of central CMS employees directly associated with or devoting time in coding and testing the software.
- Costs associated with external maintenance agreements will be capitalized separately as a part of prepaid assets and amortized over the life of the agreement.

The table below identifies types of campus costs after baseline product delivery and provides guidance on whether they should be capitalized or expensed:

Description of cost	Capitalize	Expense
Some baseline processes or delivered PeopleSoft processes do not meet the needs of the campus, so custom processes are developed and maintained through upgrades, implementations and patches. An example of this is a journal upload process. PeopleSoft has a process that is cumbersome so many campuses have developed their own custom process.	**X** (if these tools provide new functionalities that do not exist in the baseline product)	**X** (if these tools only streamline existing functionalities and do not enhance any functionalities)
Campuses have to maintain connections to any third party software or services (e.g. CashNet or Touch Net) they use in the course of their business. During upgrades, implementations and patches, these connections are usually extensively tested and may require the expertise of consultants to properly maintain.		**X** (does not add functionality, but must be maintained in order to connect to third party software)
PeopleSoft, as delivered to the campuses, does not address any campus reporting needs, such as departmental reports. Campuses have each developed their own	**X** (if developing a new functionality that does not	**X** (if using existing reporting tool to create new

methods utilizing tools available in the software to address this need. Each location must maintain their campus reporting solution through upgrades, patches and implementations. Campuses have used nVision, sqr reports or developed their own homegrown data warehouse to deliver reports to their campus community. Maintenance of these reports may be costly and require campus personnel and consultants to spend many hours reviewing results.	exist in the baseline product (for example, a data warehouse))	reports for campus specific needs)
Inherent to PeopleSoft are many available products and processes (i.e. additional available PeopleSoft functionality) that are not included in the CMS baseline product version pushed out by SOSS. While not supported by SOSS, such products/ processes may present a solution for a campus that negates the need for third party software or services (for example, generating ACH files from PeopleSoft Accounts Payable). Therefore, the campus may elect to further modify (customize) the baseline product version to include certain of these available products/ processes. These modifications result in additional functionality for the campus and are considered an upgrade or enhancement of the baseline product version. Maintenance costs associated with such modifications to the baseline product version are considered ongoing application maintenance activities and should be expenses	**X** (if the costs associated with the upgrade/ enhancement meet the capitalization criteria described in Section 3.9.1.2)	**X** (costs associated with ongoing maintenance activities)

as incurred.		

This policy recognizes that certain other costs may qualify for capitalization. However, the complexity and subjectivity associated with gathering such costs is not considered cost effective. The costs not capitalized are not deemed significant to the financial statements of the CSU or its campuses.

NOTE: As noted in Section 3.5.1 *Construction Work in Progress Definition*, internal developed software not placed into service at 6/30/CY should be reported as internally generated intangible assets in progress rather than as a construction work in progress.

3.9.1.4 AMORTIZATION METHODOLOGY

The straight-line amortization method (historical cost divided by useful life) will be used for software developed or obtained for internal use. Given the history of rapid changes in technology, software will be amortized over a relatively short useful life.

Fully depreciated software that has been either replaced or is no longer in service or is considered obsolete, may be removed from the capital assets inventory and accounting records, even if the campus has not physically disposed of the software.

3.9.2 EASEMENTS AND RIGHTS (E.G. LAND USE, WATER, MINERAL)

3.9.2.1 DEFINITION

An easement or right is a non-possessory interest to use property in possession of another person for a stated purpose. An easement or right is considered as a property right in itself and is still treated as a type of property. An easement or right does not give the holder a right of "possession" of the property, but only gives a holder a personal privilege to use a property of another for a limited purpose.

Individual rights that were acquired in a transaction that did not involve acquiring the underlying property should be reported as an intangible asset (at historical cost), subject to the provisions of GASB Statement No. 51, if they meet the description of an intangible asset (GASB Staff Implementation Guidance Z.51.30).

However, individual rights associated with land or property already recorded as capital asset before GASB Statement No. 51 should remain aggregated and reported as the capital assets (land or building) instead of separately as intangible assets, and the reported value of the capital asset (land or building) should not be increased upon implementation of GASB Statement No. 51(GASB Staff Implementation Guidance Z.51.30).

3.9.2.2 Capitalization of Costs and Measurement

The capitalization threshold for capital assets is a unit acquisition cost of at least $5,000 in fair value and an estimated life of greater one year.

The outlays would have been incurred to acquire an easement or right in an exchange transaction can be used to estimate the fair value of the easement. If the acquisition of the easement or right is a nonexchange transaction, the fair value of the associated property at the time of acquisition generally can be used as a basis to estimate the fair value of the easement or right. The fair value of the associated property may be used to approximate the outlays that would have been incurred assumed that the easement or right is acquired through an exchange transaction (GASB Statement No. 51 par. 72-75).

3.9.2.3 Amortization Methodology

An easement or right with an indefinite useful life should *not* be amortized.

If an easement or right has a definite life, the straight-line amortization method (historical cost divided by useful life) will be used.

The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the asset is limited by contractual or legal provisions. Renewal periods related to such asset may be considered in determining the useful life if there is evidence that the renewal will be reasonable achieved and that any anticipated outlays to be incurred as part of achieving the renewal are nominal in relation to the level of service capacity expected to be obtained through the renewal (GASB Statement No. 51 par. 16).

3.9.3 Licenses and Permits

3.9.3.1 Definition

Licenses or permits refer to that permission as well as to the documents memorializing that permission. Licenses or permits may be granted by a party ("licensor") to another party ("licensee") as an element of an agreement between those parties.

3.9.3.2 Capitalization of Costs and Measurement

The capitalization threshold for capital assets is a unit acquisition cost of at least $5,000 in fair value and an estimated life of greater than one year. Licenses where no period is mentioned (i.e., perpetual licenses) are capitalized if the cost per license meets the threshold previously stated due to meeting the characteristics of an intangible asset, in which its useful ife extends beyond a single reporting period (GASB Statement No. 51. Par. 2).

The outlays would have been incurred to acquire a license or permit in an exchange transaction can be used to estimate the fair value. If the acquisition of the license or permit is a nonexchange transaction, the fair value of the license or permit at the time of acquisition generally can be used as a basis to estimate the fair value. The fair value may be the approximate outlays that would have been incurred assumed that the license or permit is acquired through an exchange transaction.

Outlays spent to successful defense of the legal rights embodied within any of these intangible assets only allows the asset to continue to be used during its originally established useful life assumed that it does not extend the useful life of the intangible asset, nor does it add any capacity to the intangible asset. Therefore, such outlays should be expensed as incurred (GASB Staff implementation Guidance Z.51.20).

3.9.3.3 Amortization Methodology

For a license or permit with a definite life, the straight-line amortization method (historical cost divided by useful life) will be used.

The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the asset is limited by contractual or legal provisions. Renewal periods related to such asset may be considered in determining the useful life if there is evidence that the renewal will be reasonable achieved and that any anticipated outlays to be incurred as part of achieving the renewal are nominal in relation to the level of service capacity expected to be obtained through the renewal (GASB Statement No. 51 par. 16).

3.9.4 PATENTS, COPYRIGHTS AND TRADEMARKS

3.9.4.1 DEFINITION

A patent is a set of exclusive rights granted by the government to an inventor or their assignee for a limited period of time in exchange for a public disclosure of an invention.

A copyright is the set of exclusive rights granted to the author or creator of an original work, including the right to copy, distribute and adapt the work. These rights can be licensed, transferred and/or assigned.

A trademark is a distinctive sign or indicator used to identify that the products or services to consumers with which the trademark appears originate from a unique source, and to distinguish its products or services from those of other parties. A trademark is a type of intellectual property, and typically a name, word, phrase, logo, symbol, design, image, or a combination of these elements.

3.9.4.2 CAPITALIZATION OF COSTS & MEASUREMENT

The capitalization threshold for capital assets is a unit acquisition cost of at least $5,000 in fair value and an estimated life of greater than one year.

Outlays incurred to initially register an intangible asset similar to a patent, copyright or trademark generally should be capitalized. (GASB Staff implementation Guidance Z.51.20) If the acquisition of the patent, copyright or trademark is a nonexchange transaction, the fair value of the patent, copyright or trademark at the time of acquisition generally can be used as a basis to estimate the fair value. The fair value may be the approximate outlays that would have been incurred assumed that the patent, copyright or trademark is acquired through an exchange transaction.

Outlays spent to successful defense of the legal rights embodied within any of these intangible assets only allows the asset to continue to be used during its originally established useful life assumed that it does not extend the useful life of the intangible asset, nor does it add any capacity to the intangible asset. Therefore, such outlays should be expensed as incurred (GASB Staff implementation Guidance Z.51.20).

3.9.4.3 Amortization Methodology

For a license or permit with a definite life, the straight-line amortization method (historical cost divided by useful life) will be used.

The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the asset is limited by contractual or legal provisions. Renewal periods related to such asset may be considered in determining the useful life if there is evidence that the renewal will be reasonable achieved and that any anticipated outlays to be incurred as part of achieving the renewal are nominal in relation to the level of service capacity expected to be obtained through the renewal (GASB Statement No. 51 par. 16).

3.9.5 Intangible Assets With Indefinite Lives

3.9.5.1 Definition

An intangible asset should be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset (GASB Statement No. 51 par. 17).

An intangible asset should not be considered to have an indefinite useful life solely because the precise length of the period over which it will provide service (that is, its useful life) is unknown. For example, the precise length of the useful life of computer software may not be known; however, it is known that the software will become obsolete and need to be replaced at some future point—in other words, its useful life is limited or finite. This also is the case for most tangible capital assets because they eventually will become physically deteriorated, although the exact point at which they will cease providing service is unknown. A capital asset of this nature, whether tangible or intangible, should be depreciated or amortized over an estimate of its useful life (GASB Staff Implementation Guidance Z.51.24).

3.9.5.2 Amortization Methodology

Intangible assets with indefinite useful lives should ***not*** be amortized.

If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. The carrying value of the intangible asset, if any, following the recognition of any impairment loss should be amortized in subsequent reporting periods over the remaining estimated useful life of the asset.

3.9.6 RETROACTIVE REPORTING AND DISCLOURSE (IMPLEMENTATION FOR FY 2009-2010)

Accounting changes adopted to conform to the provisions of GASB Statement No. 51 should be applied retroactively by restating financial statements, if practical, for all prior periods presented. If restatement is not practical, the cumulative effect of applying GASB Statement No. 51, if any, should be reported as a restatement of beginning net position, fund balances, or fund net position as appropriate, for the earliest period restated. In the period GASB Statement No. 51 is first applied, the financial statements should disclose the nature of any restatement and its effect. Also, the reason for not restating prior periods presented should be explained (GASB Statement No. 51 par. 20).

Retroactive reporting is **required** for intangible assets **except** for those considered to have **1) indefinite useful lives as of June 30, 2009** and **2)** those that would be considered **internally generated**. If determining the actual historical cost of these intangible assets is not practical due to the lack of sufficient records, these governments should report the estimated historical cost for these intangible assets that were acquired in fiscal years ending after June 30, 1980 (GASB Statement No. 51 par. 21).

For intangible assets previously subjected to amortization that have indefinite useful lives as of June 30, 2009, accumulated amortization related to these assets reported prior to the implementation of GASB Statement No. 51 should be restated to reflect the fact that these assets are not to be amortized (GASB Statement No. 51 par. 23).

Implementation of GASB Statement No. 51 should be applied to modifications of intangible assets regardless of whether the original intangible assets being modified have been retroactively reported as an asset in the financial statements (GASB Staff implementation Guide Z.51.35).

3.9.6.1 CSU SYSTEMWIDE POLICY ON RETROACTIVE REPORTING OF INDEFINITE OR INTERNALLY GENERATED INTANGIBLE ASSETS (APPLICABLE ONLY TO FY2009/10. ANY RETROACTIVE REPORTING OF INDEFINITE OR INTERNALLY GENERATED INTANGIBLE ASSETS IN FY2010/11 AND FORWARD IS CONSIDERED AS AN PRIOR PERIOD ADJUSTMENT)

Retroactive reporting is **not required but permitted** for intangible assets that are considered to have **1) indefinite useful lives** and **2)** those that would be considered **internally generated** as of June 30, 2009 (GASB Statement No. 51 par. 21).

GASB Implementation Guide Z.51.31 and Z.51.32 states that a government may retroactively report those intangible assets considered to have indefinite useful lives or internally generated as of the effective date of GASB Statement No. 51 for which it has adequate records to determine or estimate the historical cost and the recognition criteria can be effectively applied; however, it would not be required to retroactively report all such intangible assets. Moreover, it should not retroactively report internally generated intangible assets to which the recognition criteria cannot be applied.

After considered the GASB Statement No. 51 and the appropriate GASB Staff Implementation Guide about accounting and reporting for intangible assets, CSU has decided not to retroactively report all indefinite or internally generated intangible assets except only those have adequate records to determine or estimate the historical cost and the recognition criteria can be effectively applied, or have already reported as of June 30, 2009. The followings are systemwide retroactive reporting instructions for each type of these intangible assets:

Computer Software: CSU has capitalized and reported internally generated software in the past and will continue to do so according to GASB Statement No. 51. Campuses should refer to section 3.9.1 *Computer Software* of this chapter for reporting instructions of internally generated software.

Websites: CSU does not plan to retroactively report internally generated websites which were created and in use on or before June 30, 2009.

Rights (Including Water and Mineral): CSU does not plan to retroactively report rights with indefinite lives, which were obtained on or before June 30, 2009.

Patents, Copyrights, & Trademarks: CSU does not plan to retroactively report patents, copyrights or trademarks which have indefinite lives or were internally generated, and were obtained on or before June 30, 2009, except those were already reported as of June 30, 2009.

Licenses & Permits: CSU does not plan to retroactively report licenses or permits which have indefinite lives or were internally generated, and were obtained on or before June 30, 2009, except those were already reported as of June 30, 2009. See below paragraph for the retroactive reporting instruction for the FCC licenses.

Federal Communications Commission (FCC) Licenses: The FCC has given licenses to the CSU at no cost in early 1980 primarily for the use of education purpose at that time. These licenses allow CSU to use spectrums for running radio channels and renewable every 10 years. The renewal of the FCC licenses is a perfunctory exercise. There is a remote likelihood that the licenses will not be renewed upon expiration. Lately, there are 14 campuses reported holding this license. As of now, since majority of the spectrums or radio channels under these licenses are leased to outside parties but not in use for operation by the campuses, CSU does not plan to retroactively report FCC licenses. Moreover, the FCC licenses' lives are considered as indefinite and therefore not required to be retroactively reported according to the GASB Statement 51 No. paragraph 22.

3.10 Improvements Other Than Buildings (Depreciable)

Improvements other than buildings are non-structural improvements of a permanent nature and include such assets as:

- Paved parking lots (not parking structures)
- Walkways and courtyards (in between buildings)
- Fencing
- Bleachers
- Retaining walls
- Fountains
- Swimming pools (outdoor)
- Major landscaping
- Signage
- TV and radio towers

4. Capital Asset Identification and Recording

Campuses have already, as a part of the June 30, 2002 GAAP audit, undergone an analysis of capital assets. This analysis was performed to ensure that asset values were accurately reflected on the June 30, 2002 audited financial statements. Guidance was provided in AD 96-04. Additional analysis may be required by the campuses to identify values for campus infrastructure and segregate those values where infrastructure was previously recorded in another capital assets category, such as buildings. A derivation of the Engineering News Record (ENR) calculation described in AD 96-04 is one method that campuses may employ to estimate infrastructure costs. GASB Statement No. 34 par. 158 also provides guidance in this area.

Capital Asset Category	FIRMS Object	STATE GL	State GL Account Title
Land & land improvements	110001	2310	Land
Buildings & building improvements	110002	2321	Buildings
Accumulated depreciation – Buildings & bldg improvements	110003	2329	Accumulated depreciation – Buildings
Improvements other than buildings	110004	2331	Improvements other than Buildings
Accumulated depreciation – Improvements other than buildings	110005	2339	Accumulated depreciation – Improvements other than buildings
Infrastructure	110009	2331	Improvements other than buildings
Accumulated depreciation – Infrastructure	110010	2339	Accumulated depreciation – Improvements other than buildings
Leasehold improvements	110011	2331	Improvements other than buildings
Accumulated depreciation – Leasehold improvements	110012	2339	Accumulated depreciation – Improvements other than buildings
Construction work in progress	110008	2350	Construction work in progress
Personal property including:			
Capital Asset Category	**FIRMS Object**	**STATE GL**	**State GL Account Title**
■ Equipment	110006	2341	Equipment
■ Accumulated depreciation – Equipment	110007	2349	Accumulated depreciation – Equipment
■ Library books & materials	190020	2341	Equipment
■ Accumulated depreciation – Library books and materials	190021	2349	Accumulated depreciation – Equipment
■ Works of art and historical	190030	2341	Equipment

treasures			
Computer Software & Websites	110021	2411	Computer Software - Amortizable
Accumulated amortization – Computer Software & Websites	110022	2491	Accumulated Amortization - Computer Software
Land Use Rights - Amortizable	110023	2412	Land Use Rights - Amortizable
Accumulated Amortization - Land Use Rights	110024	2492	Accumulated Amortization - Land Use Rights
Land Use Rights - Non-Amortizable	110025	2422	Land Use Rights - Non-Amortizable
Patents, Copyrights & Trademarks - Amortizable	110026	2413	Patents, Copyrights & Trademarks - Amortizable
Accumulated Amortization - Patents, Copyrights & Trademarks	110027	2493	Accumulated Amortization - Patents, Copyrights & Trademarks
Patents, Copyrights & Trademarks - Non-Amortizable	110028	2423	Patents, Copyrights & Trademarks - Non-Amortizable
Licenses & Permits - Amortizable	110029	2414	Other Intangible Assets - Amortizable
Accumulated Amortization - Licenses & Permits	110030	2494	Accumulated Amortization - Other Intangible Assets
Licenses & Permits - Non-Amortizable	110031	2424	Other Intangible Assets - Non-Amortizable
Capital Asset Category	**FIRMS Object**	**STATE GL**	**State GL Account Title**
Other Intangible Assets - Amortizable	110032	2414	Other Intangible Assets - Amortizable
Accumulated Amortization - Other Intangible Assets	110033	2494	Accumulated Amortization - Other Intangible Assets
Other Intangible Assets - Non-Amortizable	110034	2424	Other Intangible Assets - Non-Amortizable
Internally Generated Intangible Assets in Progress	110035	2430	Internally Generated Intangible Assets in

			Progress

5. Excerpts from Relevant Pronouncements

Statement No. 34 of the Governmental Accounting Standards Board; ¶18-22:

5.1 Reporting Capital Assets

18. Capital assets should be reported at historical cost. The cost of a capital asset should include capitalized interest and ancillary charges necessary to place the asset into its intended location and condition for use. Ancillary charges include costs that are directly attributable to asset acquisition – such as freight and transportation charges, site preparation costs, and professional fees. Donated capital assets should be reported at their estimated fair value at the time of acquisition plus ancillary charges, if any.

19. As used in this Statement, the term capital assets includes land, improvements to land, easements, buildings, building improvements, vehicles, machinery, equipment, works of art and historical treasures, infrastructure and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Examples of infrastructure assets include roads, bridges, dams, and lighting systems. Buildings, except those that are an ancillary part of a network of infrastructure assets, should not be considered infrastructure assets for purposes of this Statement.

20. Capital assets that are being or have been depreciated (paragraph 22) should be reported net of accumulated depreciation in the statement of net position. (Accumulated depreciation may be reported on the face of the statement or disclosed in the notes.) Capital assets that are not being depreciated, such as land, should be reported separately if the government has a significant amount of these assets. Capital assets also may be reported in greater detail, such as by major class of asset (for example, infrastructure, buildings and improvements, vehicles, machinery and equipment). Required disclosures are discussed in paragraphs 116 and 117.

21. Capital assets should be depreciated over their estimated useful lives unless they are inexhaustible. Inexhaustible capital assets such as land and certain land improvements should not be depreciated.

22. Depreciation expense should be reported in the statement of activities as discussed in paragraphs 44 and 45. Depreciation expense should be measured by allocating the net cost of depreciable assets (historical cost less estimated salvage value) over their estimated useful lives in a systematic and rational

manner. It may be calculated for (a) a class of assets, (b) a network of assets, (c) a subsystem of a network, or (d) individual assets.

STATEMENT NO. 34 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶27-29

5.2 REPORTING WORKS OF ART AND HISTORICAL TREASURES

27. Except as discussed in this paragraph, governments should capitalize works of art, historical treasures, and similar assets at their historical cost or fair value at date of donation (estimated if necessary) whether they are held as individual items or in a collection. Governments are encouraged, but not required, to capitalize a collection (and all additions to that collection) whether donated or purchased that meets all of the following conditions. The collection is:

    a. Held for public exhibition, education, or research in furtherance of public service, rather than financial gain.

    b. Protected, kept unencumbered, cared for, and preserved.

    c. Subject to an organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections.

    Governments should disclose information about their works of art and historical collections as required by paragraph 118.

28. Recipient governments should recognize as revenues donations of works of art, historical treasures, and similar assets, in accordance with Statement No. 33. When donated collection items are added to noncapitalized collections, governments should recognize program expense equal to the amount of revenues recognized.

29. Capitalized collections or individual items that are exhaustible, such as exhibits whose useful lives are diminished by display or educational or research applications, should be depreciated over their estimated useful lives. Depreciation is not required for collections or individual items that are inexhaustible.

STATEMENT NO. 34 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶116-120

5.3 REQUIRED NOTE DISCLOSURES ABOUT CAPITAL ASSETS AND LONG-TERM LIABILITIES

116. Governments should provide detail in the notes to the financial statements about capital assets and long-term liabilities of the primary government reported in the statement of net position. The information disclosed should be divided into major classes of capital assets and long-term liabilities as well as between those associated with business-type activities. Capital assets that are not being depreciated should be disclosed separately from those that are being depreciated. (See paragraph 20).

117. Information presented about major classes of capital assets should include:

     a. Beginning and end-of-year balances (regardless of whether beginning-of-year balances are presented on the face of the government-wide financial statements), with accumulated depreciation presented separately from historical cost.

b. Capital acquisitions.

c. Sales or other dispositions.

d. Current-period depreciation expense, with the disclosure of the amounts charged to each of the functions in the statement of activities.

118. For collections not capitalized, disclosures should provide a description of the collection and the reasons these assets are not capitalized. For collections that are capitalized, governments should make the disclosures required by paragraphs 116 - 117.

119. Information about long-term liabilities should include both long-term debt (such as bonds, notes, loans, and leases payable) and other long-term liabilities (such as compensated absences, and claims and judgments). Information presented about long-term liabilities should include:

a. Beginning and end-of-year balances (regardless of whether beginning-of-year balances are presented on the face of the government-wide financial statements).

b. Increases and decreases (separately presented).

c. The portions of each item that are due within one year of the statement date.

d. Which governmental funds typically have been used to liquidate other long-term liabilities (such as compensated absences and pension liabilities) in prior years.

120. Determining whether to provide similar disclosures about capital assets and long-term liabilities of discretely presented component units is a matter of professional judgment. The decision to disclose should be based on the individual component unit's significance to the total of all discretely presented component units and that component unit's relationship with the primary government.

STATEMENT NO. 34 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶154-166

5.4 DETERMINING MAJOR GENERAL INFRASTRUCTURE ASSETS

154. At the applicable general infrastructure transition date, phase 1 and 2 governments are required to capitalize and report major general infrastructure assets that were acquired (purchased, constructed, or donated) in fiscal years ending after June 30, 1980, or that received major renovations, restorations, or improvements during that period.

155. The approaches in paragraphs 158 through 160 may be used to estimate the costs of existing general infrastructure assets when actual historical cost data are not available. These approaches are examples only; governments may use any approach that complies with the intent of this Statement. General infrastructure assets acquired after the effective dates of this Statement should be reported using historical costs.

156. The determination of major general infrastructure assets should be at the network or subsystem level and should be based on these criteria:

   a. The cost or estimated cost of the subsystem is expected to be at least 5 percent of the total cost of all general capital assets reported in the first fiscal year ending after June 15, 1999 *or*

   b. The cost or estimated cost of the network is expected to be at least 10 percent of the total cost of all general capital assets reported in the first fiscal year ending after June 15, 1999.

Reporting of non-major networks is encouraged but not required.

5.5 ESTABLISHING CAPITALIZATION AT TRANSITION

157. The initial capitalization amount should be based on historical cost. If determining historical cost is not practical because of inadequate records, estimated historical cost may be used.

5.6 ESTIMATED HISTORICAL COST – CURRENT REPLACEMENT COST

158. A government may estimate the historical cost of general infrastructure assets by calculating the current replacement cost of a similar asset and deflating this cost through the use of price-level indexes to the acquisition year (or estimated acquisition year if the actual year is unknown). There are a number of price-level indexes that may be used, both private and public sector, to remove the effects of price–level changes from current prices. Accumulated depreciation would be calculated based on the deflated amount, except for general infrastructure assets reported according to the modified approach.

159. The following example illustrates the calculation of estimated historical cost. In 1998, a government has sixty-five lane-miles of roads in a secondary road subsystem, and the current construction cost of similar roads is $1 million per

lane per mile. The estimated total current replacement cost of the secondary road subsystem of a highway network, therefore, is $65 million ($1 million x 65). The roads have an estimated weighted-average age of fifteen years; therefore, 1983 is considered to be the acquisition year. Based on the U.S. Department of Transportation, Federal Highway Administration's Price Trend Information for Federal-Aid Highway Construction for 1983 and 1998, 1983 construction costs were 69.03 percent of 1998 costs. The estimated historical cost of the subsystem, therefore, is $44,869,500 ($65 million x 0.6903). In 1998, the government would have reported the subsystem in its financial statements at an estimated historical cost of $44,869,500 less accumulated depreciation for fifteen years based on that deflated amount.

5.7 Estimated Historical Cost from Existing Information

160. Other information may provide sufficient support for establishing initial capitalization. This information includes bond documents used to obtain financing for construction or acquisition of infrastructure assets, expenditures reported in capital project funds or capital outlays in governmental funds, and engineering documents.

5.8 Methods for Calculating Depreciation

161. Governments may use any established depreciation method. Depreciation may be based on the estimated useful life of a class of assets, a network of assets, a subsystem of a network, or individual assets. For estimated useful lives, governments can use (a) general guidelines obtained from professional or industry organizations, (b) information for comparable assets of other governments, or (c) internal information. In determining estimated useful life, a government also should consider an asset's present condition and how long it is expected to meet service demands.

162. Continuing the example from paragraph 159, assume that in 1998, the road subsystem had a total estimated useful life of twenty-five years from 1983 and therefore has an estimated remaining useful life of ten years. Assuming no residual value at the end of that time, straight-line depreciation expense would be $1,794,780 per year ($44,869,500 / 25) and accumulated depreciation in 1998 would be $26,921,700 ($1,794,780 x 15).

5.9 Composite Methods

163. Governments also may use composite methods to calculate depreciation expense. Composite methods refer to depreciating a grouping of similar assets (for example, interstate highways in a state) or dissimilar assets of the same class (for example, all the roads and bridges of a state) using the same depreciation rate. Initially, a depreciation rate for the composite is determined.

Annually, the determined rate is multiplied by the cost of the grouping of assets to calculate depreciation expense.

164. A composite depreciation rate can be calculated in different ways. The rate could be calculated based on a weighted average or on an unweighted average estimate of useful lives of assets in the composite. For example, the composite depreciation rate of three interstate highways with estimated remaining useful lives of sixteen, twenty, and twenty-four years could be calculated using an unweighted average estimate as follows:

(1 / (16 + 20 + 24) / 3) = 5% annual depreciation rate

A composite depreciation rate may also be calculated based on an assessment of the useful lives of the grouping of assets. This assessment could be based on condition assessments or experience with the useful lives of the grouping of assets. For example, based on experience, engineers may determine that interstate highways generally have estimated remaining useful lives of approximately twenty years. In this case, the annual depreciation rate would be 5 percent.

165. The composite depreciation rate is generally used throughout the life of the grouping of assets. However, it should be recalculated if the composition of the assets or the estimate of average useful lives changes significantly. The average useful lives of assets may change as assets are capitalized or taken out of service.

166. The annual depreciation expense is calculated by multiplying the annual depreciation rate by the cost of the assets. For example, if the interstate highway subsystem cost $100 million then the annual depreciation charge would be $10 million. Accumulated depreciation should not exceed the reported cost of the assets.

STATEMENT NO. 42 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶5-18 AND ¶21-22

5.10 DEFINITION OF IMPAIRMENT

5. Asset impairment is a significant, unexpected decline in the service utility of a capital asset. Governments generally hold capital assets because of the services the capital assets provide; consequently, capital asset impairments affect the service utility of the assets. The events or changes in circumstances that lead to impairments are not considered normal and ordinary. That is, at the time the capital asset was acquired, the event or change in circumstance would not have been expected to occur during the useful life of the capital asset.

6. The service utility of a capital asset is the usable capacity that at acquisition was expected to be used to provide service, as distinguished from the level of utilization, which is the portion of the usable capacity currently being used. The current usable capacity of a capital asset may be less than its original usable capacity due to the normal or expected decline in useful life or to impairing events or changes in circumstances, such as physical damage, obsolescence, enactment or approval of laws or regulations or other changes in environmental factors, or change in manner or duration of use. Usable service capacity may be different from maximum service capacity in circumstances in which surplus capacity is needed for safety, economic, or other reasons. Decreases in utilization and existence of or increases in surplus capacity that are not associated with a decline in service utility are not considered to be impairment.

5.11 ASSESSMENT OF IMPAIRMENT

7. The determination of whether a capital asset is impaired as described in paragraph 5 is a two-step process of (a) identifying potential impairments and (b) testing for impairment. Capital assets that have potential for meeting the definition of impairment are identified through events or changes in circumstances that are prominent and that denote the presence of indicators of impairment, such as those described in paragraphs 9 and 10. For capital assets so identified, a test of impairment as described in paragraph 11 should be performed to determine whether the circumstance or change in condition results in an impairment as defined in paragraph 5.

IDENTIFICATION OF EVENTS OR CHANGES IN CIRCUMSTANCES THAT MAY INDICATE IMPAIRMENT

8. The events or changes in circumstances affecting a capital asset that may indicate impairment are prominent—that is, conspicuous or known to the government. Absent any such events or changes in circumstances,

governments are not required to perform additional procedures to identify potential impairment of capital assets beyond those already performed as part of their normal operations. The events or circumstances that may indicate impairment generally are expected to have prompted discussion by the governing board, management, or the media.

INDICATORS OF IMPAIRMENT

5 Impairment is indicated when events or changes in circumstances suggest that the service utility of the capital asset may have significantly and unexpectedly declined. Common indicators of impairment include:

a. Evidence of physical damage, such as for a building damaged by fire or flood, when the level of damage is such that restoration efforts are needed to restore service utility.

b. Enactment or approval of laws or regulations or other changes in environmental factors, such as new water quality standards that a water treatment plant does not meet (and cannot be modified to meet).

c. Technological development or evidence of obsolescence, such as that related to a major piece of diagnostic or research equipment (for example, a magnetic resonance imaging machine or a scanning electron microscope) that is rarely used because newer equipment provides better service.

d. A change in the manner or expected duration of use of a capital asset, such as closure of a school prior to the end of its useful life.

e. Construction stoppage, such as stoppage of construction of a building due to lack of funding.

10. A change in demand for the services of a capital asset is not considered a separate indicator of impairment. However, changes in demand may be caused by or associated with the indicators listed in paragraph 9, and capital assets in these circumstances should be tested for impairment. For example, decreased demand for the processing services of a mainframe computer because former users of the mainframe have transitioned to PC- and server-based systems should be considered a change in demand associated with an indicator of impairment—evidence of obsolescence—and the mainframe should be tested for impairment. However, a decrease in demand resulting from the conclusion of a special project requiring large amounts of processing time on a mainframe computer that runs other applications should not be considered a change in demand associated with an indicator of impairment, and a test of impairment is not required. A decrease in school enrollment is another example of a change in demand. If this decrease in enrollment prompts management to close a school, a change in manner or duration of use has also resulted and a test for impairment should be performed. If, however, the

decrease in enrollment results in the school's changing from an overcrowded condition to one in which classroom sizes are now below the state-required maximum and is not associated with another indicator of impairment, a test for impairment is not required.

IMPAIRMENT TEST

9. A capital asset identified through the processes described in paragraphs 7 through 10 should be tested for impairment by determining whether both of the following two factors are present:

   a. The magnitude of the decline in service utility is significant. The expenses associated with continued operation and maintenance (including depreciation) or costs associated with restoration of the capital asset are significant in relationship to the current service utility. In circumstances other than those involving physical damage, management's action to address the situation is an indication that the expenses are too high in relation to the benefit.

   b. The decline in service utility is unexpected. The restoration cost or other impairment circumstance is not a part of the normal life cycle of the capital asset. Management is not expected to foresee with precision the useful life of a capital asset or the service utility throughout its useful life. However, there is a reasonable range of expectations about the service utility and useful life at the time of acquisition.

5.12 MEASUREMENT OF IMPAIRMENT

CAPITAL ASSETS THAT WILL CONTINUE TO BE USED BY THE GOVERNMENT

12. For impaired capital assets that will continue to be used by the government, the amount of impairment—the portion of historical cost that should be written off—should be measured by the method described below that most appropriately reflects the decline in service utility of the capital asset. The methods for measuring impairment are:

   a. Restoration cost approach. Under this approach, the amount of impairment is derived from the estimated costs to restore the utility of the capital asset. The estimated restoration cost can be converted to historical cost either by restating the estimated restoration cost using an appropriate cost index or by applying a ratio of estimated restoration cost over estimated replacement cost to the carrying value of the capital asset.

   b. Service units approach. This approach isolates the historical cost of the service utility of the capital asset that cannot be used due to the impairment event or change in circumstances. The amount of impairment is determined by evaluating the service provided by the capital asset—

either maximum estimated service units or total estimated service units throughout the life of the capital asset—before and after the event or change in circumstance.

c. Deflated depreciated replacement cost approach. This approach replicates the historical cost of the service produced. A current cost for a capital asset to replace the current level of service is estimated. This estimated current cost is depreciated to reflect the fact that the capital asset is not new, and then is deflated to convert it to historical cost dollars.

13. Impairments resulting from physical damage generally should be measured using a restoration cost approach.

14. Impairments resulting from enactment or approval of laws or regulations or other changes in environmental factors or from technological development or obsolescence generally should be measured using a service units approach.

15. Impairments identified from a change in manner or duration of use generally should be measured using deflated depreciated replacement cost or using a service units approach.

CAPITAL ASSETS THAT WILL NO LONGER BE USED BY THE GOVERNMENT AND CONSTRUCTION STOPPAGE

16. Impaired capital assets that will no longer be used by the government should be reported at the lower of carrying value or fair value. Capital assets impaired from construction stoppage also should be reported at the lower of carrying value or fair value.

5.13 REPORTING IMPAIRMENT LOSSES

17. Unless the impairment is considered temporary as described in paragraph 18, the loss from impairment should be reported in the statement of activities and statement of revenues, expenses, and changes in fund net position, if appropriate, as a program or operating expense, special item, or extraordinary item in accordance with the guidance in paragraphs 41 through 46, 55, 56, 101, and 102 of Statement No. 34 and paragraphs 19 through 24 of Accounting Principles Board Opinion No. 30, Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions. Impairment losses appropriately reported as program expense generally should be reported as a direct expense of the program that uses or used the impaired capital asset. Impairment loss should be reported as indicated regardless of whether the capital asset is being depreciated individually or as part of a composite group. If not otherwise apparent from the face of the financial statements, a general description, the amount, and the financial statement classification (for example, public works or instruction) of

the impairment loss should be disclosed in the notes to the financial statements.

5.14 PERMANENT AND TEMPORARY IMPAIRMENTS

18. Generally, an impairment should be considered permanent. In certain circumstances involving capital assets impaired through enactment or approval of laws or regulations or other changes in environmental factors, change in technology or obsolescence, change in manner or duration of use, or construction stoppage, however, evidence may be available to demonstrate that the impairment will be temporary. In such circumstances, the capital asset should not be written down. Impairment losses recognized in accordance with this Statement should not be reversed in future years, even if the events or circumstances causing the impairment have changed.

5.15 INSURANCE RECOVERIES

21. In governmental fund financial statements, restoration or replacement of an impaired capital asset should be reported as a separate transaction from the associated insurance recovery, which is reported as an other financing source or extraordinary item, as appropriate. In governmental and business-type activities in government-wide financial statements and in proprietary fund financial statements, restoration or replacement of an impaired capital asset should be reported as a separate transaction from the impairment loss and associated insurance recovery. The impairment loss should be reported net of the associated insurance recovery when the recovery and loss occur in the same year. Insurance recoveries reported in subsequent years should be reported as a program revenue, nonoperating revenue, or extraordinary item, as appropriate. Insurance recoveries should be recognized only when realized or realizable. For example, if an insurer has admitted or acknowledged coverage, an insurance recovery would be realizable. If the insurer has denied coverage, the insurance recovery generally would not be realizable. If not otherwise apparent in the financial statements, the amount and financial statement classification of insurance recoveries should be disclosed.
22. Insurance recoveries other than those related to impairment of capital assets, such as for theft or embezzlement of cash or other monetary assets, should be accounted for as described in paragraph 21.

STATEMENT NO. 49 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶22

5.16 CAPITALIZATION OF POLLUTION REMEDIATION OUTLAYS

22. Except as provided below, pollution remediation outlays, including outlays for property, plant, and equipment, should be reported as an expense when a liability is recognized as discussed in paragraphs 12–21. For example, a pump-and-treat system to be installed for pollution remediation generally would be reported as an expense at the time a liability is recognized. Some projects (for example, land improvements, remodeling, and periodic dredging of a waterway for shipping), for which the primary objective is other than pollution remediation, may include pollution remediation activities. Except as provided below, incremental outlays attributable to pollution remediation activities (outlays that would not be incurred absent pollution) should be reported as an expense when a pollution remediation liability is recognized. Pollution remediation outlays should be capitalized in the government-wide and proprietary fund statements when goods and services are acquired if acquired for any of the following circumstances:

a. To prepare property in anticipation of a sale. In this circumstance, governments should capitalize only amounts that would result in the carrying amount of the property not exceeding its estimated fair value upon completion of the remediation.

b. To prepare property for use when the property was acquired with known or suspected pollution that was expected to be remediated. In this circumstance, governments should capitalize only those pollution remediation outlays expected to be necessary to place the asset into its intended location and condition for use, as discussed in paragraph 18 of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as amended.

c. To perform pollution remediation that restores a pollution-caused decline in service utility that was recognized as an asset impairment. In this circumstance, governments should capitalize only those pollution remediation outlays expected to be necessary to place the asset into its intended location and condition for use, as discussed in paragraph 18 of Statement 34, as amended.

d. To acquire property, plant, and equipment that has a future alternative use. In this circumstance, outlays should be capitalized only to the extent of the estimated service utility that will exist after pollution remediation activities uses have ceased.

For outlays under criteria a and b, capitalization is appropriate only if the outlays take place within a reasonable period prior to the expected sale or following acquisition of the property, respectively, or are delayed, but the delay is beyond the government's control.

STATEMENT NO. 51 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD; ¶2-3, ¶5-18 AND ¶21-22

5.17 DEFINITION OF AN INTANGIBLE ASSET

2. An intangible asset is an asset that possesses all of the following characteristics:

   a. *Lack of physical substance.* An asset may be contained in or on an item with physical substance, for example, a compact disc in the case of computer software. An asset also may be closely associated with another item that has physical substance, for example, the underlying land in the case of a right-of-way easement. These modes of containment and associated items should not be considered when determining whether or not an asset lacks physical substance.

   b. *Nonfinancial nature.* In the context of this Statement, an asset with a nonfinancial nature is one that is not in a monetary form similar to cash and investment securities, and it represents neither a claim or right to assets in a monetary form similar to receivables, nor a prepayment for goods or services.

   c. *Initial useful life extending beyond a single reporting period.*

3. The provisions of this Statement apply to all intangible assets except for the following:

   a. Assets that meet the description in the preceding paragraph if the assets are acquired or created primarily for the purpose of directly obtaining income or profit. The accounting and financial reporting for these assets generally should follow authoritative guidance for investments.

   b. Assets resulting from capital lease transactions reported by lessees, which are addressed in National Council on Governmental Accounting (NCGA) Statement 5, *Accounting and Financial Reporting Principles for Lease Agreements of State and Local Governments,* as amended.

   c. Goodwill created through the combination of a government and another entity.

5.18 CLASSIFICATION OF INTANGIBLE ASSETS

5. All intangible assets subject to the provisions of this Statement should be classified as capital assets. Accordingly, existing authoritative guidance related to the accounting and financial reporting for capital assets, including the areas of recognition, measurement, depreciation (termed *amortization* for intangible assets), impairment, presentation, and disclosures should be applied to intangible assets, as applicable. The provisions in the remainder of this Statement should be applied to intangible assets in addition to the existing authoritative guidance for capital assets.

5.19 RECOGNITION

6. An intangible asset should be recognized in the statement of net position only if it is identifiable. An intangible asset is considered identifiable when either of the following conditions is met:
   a. The asset is separable, that is, the asset is *capable* of being separated or divided from the government and sold, transferred, licensed, rented, or exchanged, either individually or together with a related contract, asset, or liability.
   b. The asset arises from contractual or other legal rights, regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

5.20 INTERNALLY GENERATED INTANGIBLE ASSETS

7. Intangible assets are considered internally generated if they are created or produced by the government or an entity contracted by the government, or if they are acquired from a third party but require more than minimal incremental effort on the part of the government to begin to achieve their expected level of service capacity.
8. Outlays incurred related to the development of an internally generated intangible asset that is identifiable should be capitalized only upon the occurrence of all of the following:
   a. Determination of the specific objective of the project and the nature of the service capacity that is expected to be provided by the intangible asset upon the completion of the project
   b. Demonstration of the technical or technological feasibility for completing the project so that the intangible asset will provide its expected service capacity
   c. Demonstration of the current intention, ability, and presence of effort to complete or, in the case of a multiyear project, continue development of the intangible asset.

Only outlays incurred subsequent to meeting the above criteria should be capitalized.

Outlays incurred prior to meeting those criteria should be expensed as incurred.

5.21 INTERNALLY GENERATED COMPUTER SOFTWARE

9. Computer software is a common type of intangible asset that is often internally generated. Computer software should be considered internally generated if it is developed in-house by the government's personnel or by a third-party contractor on behalf of the government. Commercially available software that is purchased or licensed by the government and modified using

more than minimal incremental effort before being put into operation also should be considered internally generated for purposes of this Statement. For example, licensed financial accounting software that the government modifies to add special reporting capabilities would be considered internally generated.

10. The activities involved in developing and installing internally generated computer software can be grouped into the following stages:

    a. *Preliminary Project Stage*. Activities in this stage include the conceptual formulation and evaluation of alternatives, the determination of the existence of needed technology, and the final selection of alternatives for the development of the software.

    b. *Application Development Stage*. Activities in this stage include the design of the chosen path, including software configuration and software interfaces, coding, installation to hardware, and testing, including the parallel processing phase.

    c. *Post-Implementation/Operation Stage*. Activities in this stage include application training and software maintenance.

    Data conversion should be considered an activity of the application development stage only to the extent it is determined to be necessary to make the computer software operational, that is, in condition for use. Otherwise, data conversion should be considered an activity of the post-implementation/operation stage.

11. For internally generated computer software, the criteria in paragraph 8 should be considered to be met only when both of the following occur:

    a. The activities noted in the preliminary project stage are completed.

    b. Management implicitly or explicitly authorizes and commits to funding, at least currently in the case of a multiyear project, the software project.

    Accordingly, outlays associated with activities in the preliminary project stage should be expensed as incurred. For commercially available software that will be modified to the point that it is considered internally generated, (a) and (b) above generally could be considered to have occurred upon the government's commitment to purchase or license the computer software.

10. Once the criteria in paragraph 8 have been met, as described in the preceding paragraph, outlays related to activities in the application development stage should be capitalized. Capitalization of such outlays should cease no later than the point at which the computer software is substantially complete and operational.

13. Outlays associated with activities in the post-implementation/operation stage should be expensed as incurred.

14. The activities within the stages of development described in paragraph 10 may occur in a sequence different from that shown in that paragraph. The

recognition guidance for outlays associated with the development of internally generated computer software set forth above should be applied based on the nature of the activity, not the timing of its occurrence. For example, outlays associated with application training activities that occur during the application development stage should be expensed as incurred.

15. Outlays associated with an internally generated modification of computer software that is already in operation should be capitalized in accordance with paragraphs 11 and 12 if the modification results in any of the following:

    a. An increase in the functionality of the computer software, that is, the computer software is able to perform tasks that it was previously incapable of performing.
    b. An increase in the efficiency of the computer software, that is, an increase in the level of service provided by the computer software without the ability to perform additional tasks.
    c. An extension of the estimated useful life of the software.

    If the modification does not result in any of the above outcomes, the modification should be considered maintenance, and the associated outlays should be expensed as incurred.

5.22 SPECIFIC AMORTIZATION ISSUES

16. The useful life of an intangible asset that arises from contractual or other legal rights should not exceed the period to which the service capacity of the asset is limited by contractual or legal provisions. Renewal periods related to such rights may be considered in determining the useful life of the intangible asset if there is evidence that the government will seek and be able to achieve renewal and that any anticipated outlays to be incurred as part of achieving the renewal are nominal in relation to the level of service capacity expected to be obtained through the renewal. Such evidence should consider the required consent of a third party and the satisfaction of conditions required to achieve renewal, as applicable.

17. An intangible asset should be considered to have an indefinite useful life if there are no legal, contractual, regulatory, technological, or other factors that limit the useful life of the asset. A permanent right-of-way easement is an example of an intangible asset that should be considered to have an indefinite useful life. Intangible assets with indefinite useful lives should *not* be amortized. If changes in factors and conditions result in the useful life of an intangible asset no longer being indefinite, the asset should be tested for impairment because a change in the expected duration of use of the asset has occurred. The carrying value of the intangible asset, if any, following the recognition of any impairment loss should be amortized in subsequent

reporting periods over the remaining estimated useful life of the asset. This change should be accounted for as a change in accounting estimate.

5.23 IMPAIRMENT INDICATORS

18. In addition to the indicators included in paragraph 9 of Statement 42, a common indicator of impairment for internally generated intangible assets is development stoppage, such as stoppage of development of computer software due to a change in the priorities of management. Internally generated intangible assets impaired from development stoppage should be reported at the lower of carrying value or fair value.

5.24 RETROACTIVE REPORTING

20. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2009. Earlier application is encouraged. Except as noted in paragraphs 21–23, accounting changes adopted to conform to the provisions of this Statement should be applied retroactively by restating financial statements, if practical, for all prior periods presented. If restatement is not practical, the cumulative effect of applying this Statement, if any, should be reported as a restatement of beginning net position, fund balances, or fund net position as appropriate, for the earliest period restated. In the period this Statement is first applied, the financial statements should disclose the nature of any restatement and its effect. Also, the reason for not restating prior periods presented should be explained.
21. For governments that were classified as phase 1 or phase 2 governments for the purpose of implementing Statement 34, retroactive reporting is required for intangible assets except for those considered to have indefinite useful lives as of the effective date of this Statement and those that would be considered internally generated. If determining the actual historical cost of these intangible assets is not practical due to the lack of sufficient records, these governments should report the estimated historical cost for these intangible assets that were acquired in fiscal years ending after June 30, 1980. For governments that were classified as phase 3 governments for the purpose of implementing Statement 34, retroactive reporting of these intangible assets is encouraged but not required. (phase 3 governments have total annual revenues of less than $10 million, phase 2 $10 million or more but less than $100 million, phase 1 governments $100 million or more).
22. Retroactive reporting of intangible assets considered to have indefinite useful lives as of the effective date of this Statement is not required but is permitted. Retroactive reporting of internally generated intangible assets (including ones that are in development as of the effective date of this Statement) also is not required but is permitted to the extent that the approach in paragraph 8 can be

effectively applied to determine the appropriate historical cost of an internally generated intangible asset as of the effective date of the Statement.

23. The provisions related to intangible assets with indefinite useful lives should be applied retroactively only for intangible assets previously subjected to amortization that have indefinite useful lives as of the effective date of this Statement. Accumulated amortization related to these assets reported prior to the implementation of this Statement should be restated to reflect the fact that these assets are not to be amortized.

REVISION CONTROL

Document Title: CHAPTER 13 – CAPITAL ASSETS GUIDE

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	None.	

CHAPTER 14

GASB UPDATES AND OTHER INFORMATION

OVERVIEW

This section is made available for future updates, notes from workshops, further information and/or clarifications made to the GAAP conversion process.

To date, the following topics have been included in this section:

I. NEW ACCOUNTING PRONOUNCEMENTS

GASB STATEMENT NO. 72, FAIR VALUE MEASUREMENT AND APPLICATION, FEBRUARY 2015

EFFECTIVE DATE: For reporting periods beginning after June 15, 2015 (**for CSU, effective for fiscal year ending June 30, 2016**). Earlier application is encouraged.

SUMMARY

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

FAIR VALUE MEASUREMENT

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

To determine a fair value measurement, a government should consider the unit of account of the asset or liability. The unit of account refers to the level at which an asset or a liability is aggregated or disaggregated for measurement, recognition, or disclosure purposes as provided by the accounting standards. For example, the unit of account for investments held in a brokerage account is each individual security, whereas the unit of account for an investment in a mutual fund is each share in the mutual fund held by a government.

This Statement requires a government to use valuation techniques that are appropriate under the circumstances and for which sufficient data are available to measure fair value. The techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or a group of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount. Valuation techniques should be applied consistently, though a change may be appropriate in certain circumstances. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

A fair value measurement takes into account the highest and best use for a nonfinancial asset. A fair value measurement of a liability assumes that the liability would be transferred to a market participant and not settled with the counterparty. In the absence of a quoted price for the transfer of an identical or similar liability and if another party holds an identical item as an asset, a government should be able to use the fair value of that asset to measure the fair value of the liability.

This Statement requires additional analysis of fair value if the volume or level of activity for an asset or liability has significantly decreased. It also requires identification of transactions that are not orderly. Quoted prices provided by third parties are permitted, as long as a government determines that those quoted prices are developed in accordance with the provisions of this Statement.

FAIR VALUE APPLICATION

This Statement generally requires investments to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This Statement 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. These assets were previously required to be measured at fair value.

Fair Value Disclosures

This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

How the Changes in This Statement Will Improve Financial Reporting

The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

II. Access to Technical Accounting Literature and Resources

In preparing GAAP financial statements, it is *essential* that campus preparers have access to technical accounting literature and resources. Additionally, at a minimum, campus personnel should possess copies of GASB Statements Nos. 34, 35, 37, and 38. It is also strongly recommended to have copies or access to other GASB Statements.

Campus personnel should utilize these resources to provide guidance on accounting and reporting in accordance with GAAP. These resources can be found on the GASB website at http://www.gasb.org/pub/index.html.

REVISION CONTROL

Document Title: CHAPTER 14 – GASB UPDATES AND OTHER INFORMATION

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
General	**This chapter is revised annually. Refer to previous GAAP manuals for GASB updates from prior years.**	
New Accounting Pronouncements	On the new accounting pronouncements, the following is effective for CSU fiscal year ending 2016: GASB Statement No. 72, *Fair Value Measurement and Application*, February 2015	April 2015

CHAPTER 15

PREPARING FOR AN OMB CIRCULAR A-133 AUDIT

TABLE OF CONTENTS

Overview

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). Office of Management and Budget (OMB) Circular A-133 states that nonfederal entities that expend $500,000 or more of federal awards in a fiscal year should have a single audit.

This section of the manual is designed to provide the user with an understanding of how to prepare for a successful A-133 audit and, in addition, describes the roles of the independent auditor and campus personnel in the audit process.

Auditee Responsibilities

OMB Circular A-133 establishes the following responsibilities for the campus/auditee:

- Identifying in its accounts all federal awards received and expended and the federal programs under which they were received, including, as applicable, the CFDA title and number, the award number and year, the name of the federal agency, and the name of the pass-through entity.
- Establishing and maintaining effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its federal programs.
- Complying with laws, regulations, and the provisions of contracts or grant agreements related to each of its federal programs.
- Following up and taking corrective action on audit findings (including the preparation of the previously discussed summary schedule of prior audit findings and a corrective action plan); A-133 recommends that corrective action should be initiated within six months after the receipt of the audit report and proceed as rapidly as possible.

Auditor Consideration of Internal Controls Over Compliance for Federal Programs

OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* (Circular A-133), establishes requirements for additional audit procedures and reporting relative to the auditor's consideration of internal control over compliance for major programs. Those requirements are beyond those of a financial statement audit conducted in accordance with generally accepted auditing standards (GAAS) and Government Auditing Standards. Circular A-133, states that the auditor should:

- Perform procedures to obtain an understanding of internal control over compliance for federal programs that is sufficient to plan the audit to support a low assessed level of control risk for major programs.

- Plan the testing of internal control over compliance for major programs to support a low assessed level of control risk for the assertions relevant to the compliance requirements for each major program.
- Perform testing of internal control over compliance as planned.
- Report on internal control over compliance describing the scope of the testing of internal control and the results of the tests and, where applicable, referring to the separate schedule of findings and questioned costs. This schedule includes, where applicable, a statement that significant deficiencies in internal control over compliance for major programs were identified in the audit and whether any such deficiencies were material weaknesses.

AUDITOR RESPONSIBILITIES FOR PERFORMING A COMPLIANCE AUDIT

In a Circular A-133 compliance audit, the auditor performs the following:

a) Identify the auditee's major programs to be tested and reported on for compliance
b) Identify the applicable compliance requirements for each major program
c) Determine which of the applicable compliance requirements identified in step b could have a direct and material effect on each major program
d) Plan the engagement
e) Consider relevant portions of the auditee's internal control over compliance for each direct and material compliance requirement for each major programs
f) Obtain sufficient appropriate audit evidence, which involves testing internal control and compliance with direct and material compliance requirements for each major program
g) Consider indications of abuse
h) Consider subsequent events
i) Form an opinion about whether the auditee complied with the direct and material compliance requirements
j) Perform follow-up procedures on previously identified findings

KEY DEADLINES

- Campus to submit preliminary schedule of expenditures of federal awards (SEFA) via YES (TM1) **– July 28, 2015**
- Office of the Chancellor team reviews campus submissions of SEFA – **July 28-August 7, 2015**
- KPMG to be provided with preliminary SEFA **– August 7, 2015**
- Fieldwork for Higher Scope Student Financial Aid (SFA) Campuses – **August – September, 2015**
- Fieldwork for non-SFA Higher Scope procedures – **TBD (based on selection of programs and amounts included in the SEFA submissions)**

- Higher Scope campuses to have completed PBCs ready ***prior*** to the start of final fieldwork and arrival of their KPMG audit team – see PBC listing for specific dates associated with all requests
- Other campuses to have completed General A-133 PBCs ready ***prior*** to the start of final fieldwork – see PBC listing for specific dates associated with all requests
- KPMG campus teams have an exit meeting with campus president and submit FINAL A-133 findings to KPMG Systemwide team (single audit summary of deficiencies document) – **Varies by campus**
- Issue A-133 report – **October 15, 2015**

FINDINGS RELATED TO FEDERAL AWARDS

Circular A-133 states that the auditor should report as audit findings in the federal awards section of the schedule of findings and questioned costs:

a) Significant deficiencies in the internal control over major programs. The auditor's determination of whether a deficiency in internal control is a significant deficiency for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or to an audit objective identified in the Compliance Supplement. The auditor should identify significant deficiencies that are individually or cumulatively material weaknesses. (See Chapter 9 *Preparing for the Financial Statements Audit* for definitions of significant deficiencies and material weaknesses in accordance with SAS 115).

b) Material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program. The auditor's determination of whether noncompliance with the provisions of laws, regulations, contracts, or grant agreements is material for the purpose of reporting an audit finding is in relation to a type of compliance requirement for a major program or an audit objective identified in the Compliance Supplement.

c) Known questioned costs that are greater than $10,000 for a type of compliance requirement for a major program. Known questioned costs are those specifically identified by the auditor. In evaluating the effect of questioned costs on the opinion on compliance, the auditor should consider the best estimate of the total costs questioned (likely questioned costs), not just the questioned costs specifically identified (known questioned costs). The auditor also should report (in the schedule of findings and questioned costs) known questioned costs when likely questioned costs are greater than $10,000 for a type of compliance requirement for a major program. For example, if the auditor specifically identifies $7,000 in questioned costs but, based on his or her evaluation of the effect of questioned costs on the opinion on compliance, estimates that the total questioned costs are in the $50,000 to $60,000 range, the auditor would report a finding that identifies the known questioned costs of $7,000. Although the auditor is not required to report his or her estimate of the total questioned costs, the auditor would include information to provide proper perspective for judging the prevalence and consequences of the questioned costs.

d) Known questioned costs that are greater than $10,000 for programs that are not audited as major. Because (except for audit follow-up) the auditor is not required to perform audit procedures for federal programs that are not major, the auditor normally will not find questioned costs. However, if the auditor does become aware of questioned costs for a federal program that is not audited as a major program (for example, as part of audit follow-up or other audit procedures) and the known questioned costs are greater than $10,000, then the auditor should report this as an audit finding.
e) The circumstances concerning why the auditor's report on compliance for major programs is other than an unqualified opinion, unless such circumstances are otherwise reported as audit findings in the schedule of findings and questioned costs for federal awards (for example, a scope limitation that is not otherwise reported as a finding).
f) Known fraud affecting a federal award, unless such fraud is otherwise reported as an audit finding in the schedule of findings and questioned costs for federal awards. Circular A-133 does not require the auditor to make an additional reporting when the auditor confirms that the fraud was reported outside of the auditor's reports under the direct reporting requirements of Government Auditing Standards.
g) Instances where the results of audit follow-up procedures disclosed that the summary schedule of prior audit findings prepared by the auditee in accordance with Section 315(b) of Circular A-133 materially misrepresents the status of any prior audit finding.
h) Government Auditing Standards states that auditors should report, as applicable to the objectives of the audit, abuse that is either quantitatively or qualitatively material. For abuse involving federal awards that is material to the financial statement amounts, the auditor typically would present the finding in the financial statement section of the schedule of findings and questioned costs and refer to it from the Government Auditing Standards report. For abuse involving federal awards that is material to a major program, the auditor typically would present the finding in the federal awards section of the schedule of findings and questioned costs and refer to it from the Circular A-133 report.

WHEN FINDINGS ARE REPORTED

All questioned costs that exceed or are expected to exceed $10,000 are required to be reported as findings in the **Independent Auditors' Report on Compliance for Each Major Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133,** ***Audits of States, Local Governments, and Non-Profit Organizations*** (Compliance and Control Report). In addition, such compliance findings will generally be accompanied by a control deficiency in the Compliance and Control Report, if it is determined that ineffective controls caused the errors noted. However, it is uncommon to have a compliance finding that is not associated with a reported control deficiency.

Similarly, it is possible to have a control deficiency that is not associated with noncompliance. An example of this would be a situation where no identified controls over a compliance requirement were in place, yet the auditors' sample did not yield any exceptions. Since the auditor is required to report on both compliance and controls over compliance, such a situation could result in a reported control deficiency.

For findings not associated with a question cost, the determination as to whether it will be reported in the Compliance and Control Report will generally be based on the following criteria:

a) Noncompliance at any one particular campus that constitutes an error rate greater than 10-20% of the sample size depending on the particular compliance requirement
b) Combined noncompliance at more than one campus that constitutes an error rate greater than 5% of the sample size for any particular compliance requirement (for the system as a whole).

Sometimes a campus, on a stand alone basis, may have some noted exceptions that alone would not warrant inclusion in the Compliance and Control Report. However, if there are exceptions in a particular compliance requirement that cross several or more campuses, it may be considered a systemic issue and may therefore be reported in the Compliance and Control Report. The auditor generally can't conclude on which findings will be included in the Compliance and Control Report until all potential findings at all campuses are resolved.

AUDIT FINDING FOLLOW-UP

The campus is responsible for follow-up and corrective action on all audit findings. As part of this responsibility, the campus shall prepare a summary schedule of prior audit findings. The campus shall also prepare a corrective action plan for current year audit findings. The summary schedule of prior audit findings and the corrective action plan shall include the reference numbers the auditor assigns to audit findings. Since the summary schedule may include audit findings from multiple years, it shall include the fiscal year in which the finding initially occurred.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The summary schedule of prior audit findings shall report the status of all audit findings included in the prior audit (e.g., FY2014) relative to Federal awards. The summary schedule shall also include audit findings reported in a prior audit (e.g., FY2013 and prior) where corrective action was not fully implemented in the prior year.

(1) When audit findings were fully corrected, the summary schedule need only list the audit findings and state that corrective action was taken.
(2) When audit findings were not corrected or were only partially corrected, the summary schedule shall describe the planned corrective action as well as any partial corrective action taken.
(3) When corrective action taken is significantly different from corrective action previously reported in a corrective action plan or in the federal agency's or pass-through entity's management decision, the summary schedule shall provide an explanation.

Corrective Action Plan

At the completion of the audit, the campus shall prepare a corrective action plan to address each audit finding included in the current year auditor's reports. The corrective action plan shall provide the name(s) and contact information of the contact person(s) responsible for corrective action, the corrective action planned, and the anticipated completion date. If the campus does not agree with the audit findings or believes corrective action is not required, then the corrective action plan shall include an explanation and specific reasons.

Schedule of Expenditure of Federal Awards (SEFA)

Identification of Federal Awards

The campus should identify in its accounts all federal awards received and expended, as well as the federal programs under which they were received. Federal program and award identification includes, as applicable, the CFDA title and number, the award number and year, the name of the federal granting agency, and the name of the pass-through entity. Using this information, the campus should be able to reconcile amounts presented in the financial statements to related amounts in the SEFA.

Basis for Determining When the Federal Award is Expended

Federal Awards	Basis for Determining When Expended
Grants, cost reimbursement contracts, cooperative agreements, and direct appropriations	When the expenditure or expense transactions occur
Amounts passed through to subrecipients	When the disbursement is made to the subrecipient
Loan and loan guarantees	When the loan proceeds are used
Donated property, including donated surplus property	When the property is received
Food commodities	When the food commodities are distributed or consumed
Interest subsidies	When amounts are disbursed entitling the entity to the subsidy
Endowments	When federally restricted amounts are held
Program income	When received or used

CFDA Number Not Available

The campus may be unable to obtain the CFDA number, which is sometimes the case for new federal programs and R&D programs. In addition, cost-type contracts normally will not have a CFDA number. When the CFDA number is not available, the campus could indicate that the CFDA number is not available and include, if available, another identifying number, such as a contract or grant number. Specifically, if the program has a contract or grant number, the number shown as the CFDA number could be the awarding agency's 2-digit prefix listed for the agency (i.e., Department of Education 84, Health and Human Services 93, etc.) from the www.CFDA.gov website (or 99 if the agency is not listed) followed by the contract or grant number. If the program does not have a contract or grant number, the number shown as the CFDA number could be the awarding agency's 2-digit prefix (or 99) followed by "UNKNOWN."

Treatment of Pass-Through Awards

Circular A-133 defines a subrecipient as an entity that expends federal awards that are received from a pass-through entity to carry out a federal program. Characteristics of a subrecipient include:

1. Determines who is eligible to receive federal financial assistance;
2. Has its performance measured against whether the objects of the federal program are met;
3. Has responsibility for programmatic decision making;
4. Has responsibility for adherence to applicable federal program compliance; and
5. Uses the federal funds to carry out a program of the organization as compared to providing goods or services for a program or pass-through entity (which describes a vendor relationship).

State or local government redistributions of federal awards to subrecipients, known as "pass-through awards," should be treated by the subrecipient as though they were received directly from the federal government. Circular A-133 states that the schedule should include the name of the pass-through entity and the identifying number assigned by the pass-through entity for federal awards received as a subrecipient.

Support for Federal Awards Reported as Expended on the Reporting Package

The auditors will need to test the accuracy of the amounts of federal awards reported as expended on the campus reporting package page that is used to compile the systemwide SEFA for the fiscal year 2014-15. These amounts reported are typically supported using SAM 07 reports that contain all disbursements made between July 1, 2014 and June 30, 2015. The SAM 07 reports should be provided to the auditors for each type of grant award expended.

Support for Amounts Reported as Expended on the FISAP

The auditors will also need to test the accuracy of financial aid reported as expended on the FISAP for the award year. Be prepared to provide the auditors with supporting documents for amounts reported using such items as COD report queries, Direct Loan School Account Statements, PeopleSoft queries, etc.

Reconciliation Schedule of Reporting Package SEFA to FISAP and General Ledger

Another procedure the auditors will perform is to test that the amounts reported on the SEFA are reconcilable with other financial reports submitted for those same grant programs to federal funding agencies. The most common example of this type of reconciliation would be to compare the student financial aid amounts reported as expended on the reporting package to the amounts reported as expended on the FISAP.

The amounts included in SEFA per the reporting package are to be based on amounts disbursed during the campus fiscal year (July 1, 2014 and June 30, 2015). Conversely, the amounts reported in the FISAP are based on amounts disbursed for a specified award year (all disbursements made for 2014-15 awards granted). Thus, a reconciliation schedule is needed to bridge the gap. See Exhibit 23 for an example of the reconciliation.

<u>Given the difference in measurement periods stated above, the amounts presented in the SEFA per the reporting package will not agree to amounts included in the FISAP.</u>

The campus would need to provide supporting documentation for the various reconciling items. For campuses that establish a unique general ledger reference code in PeopleSoft, a query generated PeopleSoft that supports these timing differences in disbursements and award years would provide adequate support.

CSU Funds for Federally Funded Programs Covered by the A-133 Audit

State / CSU Fund	0948
Student Financial Aid	401, 403, 406, 407, 408, 409, 410, 411, 412, 413, 434, 436, 485
Non Financial Aid	465

Planning

Items on the PBC list **<u>must</u>** be centrally accumulated to be provided to the audit team on the first day of fieldwork or sooner. **All schedules <u>must</u> be clearly labeled and cross-referenced to the PBC list**. When posted in SharePoint for electronic delivery, please ensure that the campus name as well as the PBC reference number is included in the title of the file. Additionally, please ensure that any Personally Identifiable Information (PII) is removed from the files.

Although the PBC items will be prepared by Financial Aid, the respective campus GAAP Coordinator should also be prepared to act as the point of delivery and liaison with the audit team.

Audit Terminology

The terminology used by independent auditors may not be understood by the individuals responsible for preparing audit schedules and thus they may be unable to provide the information requested. Following are some key terms with their definitions used by independent auditors:

Cognizant Agency – A Federal agency designed to carry out the federal responsibilities with regard to a single audit. For recipients expending more than $50 million a year in federal awards, the cognizant agency for audit will be the federal awarding agency that provides the predominant amount of direct funding to the recipient unless the OMB makes a specific cognizant agency for audit assignment.

Federal award. Federal financial assistance and federal cost-reimbursement contracts that nonfederal entities receive directly from federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under grants or contracts, used to buy goods or services from vendors.

Nonfederal entity A state, local government, or non-profit organization (NPO).

Recipient. A nonfederal entity that expends federal awards received directly from a federal awarding agency to carry out a federal program.

Pass-through entity. A nonfederal entity that provides a federal award to a subrecipient to carry out a federal program.

Subrecipient. A nonfederal entity that expends federal awards received from a pass-through entity to carry out a federal program but does not include an individual who is a beneficiary of such a program. A subrecipient may also be a recipient of other federal awards directly from a federal awarding agency.

Vendor. A dealer, distributor, merchant, or other seller providing goods or services that is required for the conduct of a federal program. These goods or services may be for an organization's own use or for the use of beneficiaries of the federal program.

LIST OF CSU REPORTS COMMONLY USED DURING THE AUDIT

SAM 07 – Pre-closing or post-closing trial balance used to prepare legal basis balance sheet accounts that support the GAAP conversion template. Commonly referred to as the general ledger for the audit process.

OTHER REPORTS THAT HAVE PROVED VALUABLE FOR THE AUDIT PROCESS:

- The June 30th report from ECSI, third party loan service provider, regarding Perkins and Nursing student loans receivable balances. This report can be used to determine entries needed for accrued interest income and allowances for doubtful accounts. This report should also be used to verify that the year-end GAAP balances for Perkins and Nursing loans receivable have been accurately recorded.

CHANGES TO FEDERAL GRANT POLICIES AND SINGLE AUDITS

In December 2013, the OMB, issued ***Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards Final Rule*** (Uniform Guidance). The effective date of the new Uniform Guidance is for years **beginning** after December 26, 2014. Accordingly, the CSU will be subject to the Uniform Guidance for the fiscal year ending June 30, 2016. However, the Uniform Guidance will apply to funding or funding increments received after December 2014. Accordingly, it is possible that the audit of the June 30, 2015, Federal Awards would be subject to audit both under the old rules and the new Uniform Guidance. A summary of the changes is as follows:

ADMINISTRATIVE REQUIREMENTS

1. Procurement – Will provide five prescriptive procurement methods
2. Pass through entities – Clarifies Federal expectations, including subrecipient monitoring
3. Internal Control – Clarifies Federal expectations about establishing and maintaining effective internal control over compliance. Entities should comply with COSO

COST PRINCIPLES

1. Consolidates cost principles for higher education institutions, state and local governments and other not-for-profits
2. Includes significant differences in time and effort documentation requirements
   a. Emphasis on internal controls
   b. Less prescriptive guidance on documentation
   c. Changes related to indirect costs

CHANGES TO THE SINGLE AUDIT

1. Increases threshold from $500,000 to $750,000
2. Changes risk assessments for major program determination
3. Changes questioned costs threshold from $10,000 to $25,000
4. Decreases percentage of coverage to:
   a. 40% for no low-risk auditees (currently 50%)
   b. 20% for low-risk auditees (currently 25%)
   c. Changes single audit reporting and requires a senior level representative certification upon submission and makes single audit reports publically available
5. Other changes expected when new Compliance Supplement is released

A-133 Contacts

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Certification of Data

Beginning with fiscal year ended June 30, 2015, the certification previously required in connection with the submission of the SCO GAAP templates has been superseded by a more all-encompassing form now located in Chapter 11.03 of this manual and which is fully described in Chapter 11.02. The new form is intended to include confirmation by each campus of the quality and completeness of the data submitted on all templates required by this chapter. It remains important that the campus management thoroughly review the schedules prepared by staff to ensure accuracy. The CO has a very short period in which to consolidate the campus data and to prepare other required schedules. It cannot perform in-depth reviews of the submissions and comparisons with other available data. In the event the CO identifies an unacceptable level of errors, the submission will be rejected and returned to the campus with those errors noted. Re-submissions, when necessary, need to be given high priority by the campus so the CSU's filing obligations with the SCO can be met.

Revision Control

Document Title: Chapter 15 – Preparing for an OMB Circular A-133 Audit

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
Changes to Federal Grant Policies and Single Audits	Added discussion on the "upcoming changes to the Federal Grant Policies and Single Audits" change in questioned costs threshold under the Uniform Guidance	April 2015
Exhibit 24	Updated the Single Audit Risk Assessment Questionnaire	April 2015

OMB Circular A-133 Audit Scope

Student Financial Assistance Cluster
History of Audits and FY2015 Plan
June 30, 2015

Campus	6/30/2015	6/30/2014	6/30/2013	6/30/2012	6/30/2011
Bakersfield	Limited	**Higher**	Limited	Limited	**Higher**
Channel Islands	Limited	Limited	**Higher**	Limited	**Higher**
Chico	Limited	Limited	**Higher**	Limited	Limited
Dominguez Hills	**Higher**	Limited	Limited	**Higher**	Limited
East Bay	**Higher**	Limited	Limited	**Higher**	Limited
Fresno	Limited	**Higher**	Limited	Limited	**Higher**
Fullerton	Limited	**Higher**	Limited	Limited	**Higher**
Humboldt	Limited	**Higher**	Limited	Limited	**Higher**
Long Beach	Limited	Limited	**Higher**	Limited	Limited
Los Angeles	**Higher**	Limited	Limited	**Higher**	Limited
Maritime Academy	**Higher**	Limited	Limited	**Higher**	Limited
Monterey Bay	**Higher**	Limited	Limited	**Higher**	Limited
Northridge	Limited	Limited	**Higher**	Limited	Limited
Pomona	Limited	**Higher**	Limited	Limited	**Higher**
Sacramento	Limited	**Higher**	Limited	Limited	**Higher**
San Bernardino	Limited	Limited	**Higher**	Limited	Limited
San Diego	Limited	**Higher**	**Higher**	Limited	Limited
San Francisco	Limited	Limited	**Higher**	Limited	Limited
San Jose	**Higher**	Limited	Limited	**Higher**	Limited
San Luis Obispo	**Higher**	Limited	Limited	**Higher**	Limited
San Marcos	**Higher**	Limited	Limited	**Higher**	Limited
Sonoma	Limited	Limited	**Higher**	Limited	Limited
Stanislaus	Limited	**Higher**	Limited	Limited	**Higher**
Higher	**8**	**8**	**8**	**8**	**8**
Limited	15	15	15	15	15

California State University
A-133 Single Audit PBC List -- for campuses subject to Higher Scope Student Financial Aid procedures
June 30, 2015

Note: This is a preliminary PBC list. Additional items may be requested as the audit progresses. Whenever possible, please provide all PBC items in electronic form posted on SharePoint. Name the electronic file using the PBC item #, Campus Name, and brief description. If not provided electronically, **copies** (**NOT originals**) of the items on the PBC list must be centrally accumulated in a separate set of binders to be provided to the audit team on the first day of fieldwork unless otherwise noted. When originals are provided (such as journal entries, cash reconciliations, etc), ensure it is clearly marked ORIGINAL, DO NOT REMOVE. There should be a divider tab labeling each PBC item, including those in electronic form (indicate on tab to refer to flash drive). All schedules in the binders should be clearly labeled (filename) and cross-referenced to the PBC list (for example: "General #1").
Although items have stated due dates, KPMG would appreciate receipt of items prior to fieldwork, which will help to expedite our selection and overall testwork timing. All sample selections will be made by KPMG during the first day or two of fieldwork. Campuses may also request that their audit team make selections earlier and should contact the senior/manager directly to coordinate.

Audit fieldwork for Higher Scope A-133 procedures over Student Financial Aid will occur at various dates for each campus. "Day 1 of A-133 fieldwork" may be as early as July 27, 2015. Consult KPMG A-133 audit team for specific campus start dates.

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
General - Reporting							
G01		General		Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2015. (Preliminary) [submitted in YES, Reporting Package, A-133 Input Sheet]	7/28/15		
G02		General		Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2015. Include SAM 07 reports to support the amounts reported for each line item. (Final only).	8/25/15		
G03		General		Completed Single Audit Risk Assessment Questionnaire for each grant program listed on the SEFA (totaled by CFDA number, not by project), excluding programs in the Student Financial Aid Cluster, with total expenditures greater than $300,000 for the year. [See Exhibit 24 for template]		7/28/15	
G04		General		Fluctuation analysis for amounts presented in the SEFA. The threshold for explanation is a change of 5% <u>and</u> $500K as compared to prior year amounts.		7/28/15	
G05		General		Copy of final FISAP report.		10/1/15	
G06		General		For <u>student financial aid expenditures</u>, a reconciliation of expenditures per the SEFA to the FISAP (final submitted version - use draft version until submitted version is available on 10/1/15) including support for reconciling items. [See Exhibit 23 for template.]		8/25/2015 & 10/1/15	

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
G07		General		Support listings for all reconciling items identified in the reconciliation at G6. Specifically, (1) detail of disbursements from 7/1/14 to 9/30/14, (2) detail of disbursements from 7/1/15 to 9/30/15, and (3) detail of activity presented as "Other Adjustments".		8/25/2015 & 10/1/15	
G08		General		For non-student financial aid program expenditures, a reconciliation of expenditures per the SEFA to the general ledger (PeopleSoft).		8/25/15	
G09		General		Common Origination & Disbursement (COD) School Funding Information (aka Final Statement of Account) for all financial aid programs available: Pell, SMART, ACG, etc.		8/25/15	
G10		General		Department of Education School Account Statement (SAS) for William Ford direct loan expenditures from the Common Origination and Disbursement (COD) System.		8/25/15	
G11		General		Current status report with regard to prior year findings.		8/25/15	
G12		General		Copies of any reports issued by federal granting agencies related to audits/reviews of grant programs issued or conducted in the past two years.		8/25/15	
G-13		General		Update internal control documentation for the KPMG selected major programs' compliance areas, as applicable: (Cash Management, Eligibility, Special Tests and Provisions, etc). KPMG will provide documentation from historical workpapers 2 weeks prior to the due date as a point of reference.		Day 1 of A-133 Fieldwork	
Student Financial Aid Program - Higher Scope Campus Only							
FA1		Various		Listing of all students receiving Federal student financial aid during the 2014/15 year. This listing should include the student's name and the award amount received for each type of aid, including parent loans. Note 1: The total at the end of this report should agree or be reconciled to the SEFA. Note 2: This listing will be utilized by KPMG to make sample selections. Specifically, this will typically be the basis of selection for any PBC's listed below that begin "For a sample of students (selections to be provided by KPMG)..." Note 3: Please ensure that PII is removed from the report. Rather than student ID# or SSN, please make a student identifiable by another form of numbering (e.g. 1, 2, 3, ...)		7/28/15	
FA2		General		Access to student financial system with documented instructions of which screens provide what information		Day 1 of A-133 fieldwork	
FA3		General		Campus Program participation agreement		Day 1 of A-133 fieldwork	

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
FA4		General		URL or access to hard copy of Academic Calendar or Student Catalog that contains the beginning, ending dates for Summer 2014, Fall 2014, Spring 2015 and Summer 2015 semesters.		Day 1 of A-133 fieldwork	
FA5		General		List of all locations in which the University offers courses		Day 1 of A-133 fieldwork	
FA6		General		Accreditation letter		Day 1 of A-133 fieldwork	
FA7		Various		Update internal control documentation for the following compliance areas: Cash Management, Eligibility, Reporting, Verification, Disbursements, Return of Title IV Funds, Student Changes, Borrower Data Transmission. KPMG will provide documentation from historical workpapers prior to fieldwork as a point of reference.		Day 1 of A-133 fieldwork	
FA8		Cash Management		Clarification/documentation of the campus' method of payment used – advance reimbursement, or cash monitoring.		Day 1 of A-133 fieldwork	
FA9		Cash Management		For organizations placed on the reimbursement method, provide a detail of reimbursement requests for FY'15. KPMG will select a sample of reimbursement requests and trace to supporting documentation to test whether the funds were disbursed to the students prior to the request.		Day 1 of A-133 fieldwork	
FA10		Cash Management		For organizations placed on the cash monitoring method, provide a detail of reimbursement requests for FY'15. KPMG will select a sample of requests for funds and determine whether the institution disbursed funds to students before requesting funds from ED.		Day 1 of A-133 fieldwork	
FA11		Eligibility, Verification		For a sample of students (selections to be provided by KPMG), KPMG will obtain financial aid file, transcript, student account history, and other relevant information for each student selected and test whether the specific student eligibility requirements were met for those students in the sample selected. Additionally, we will determine whether the required eligibility determinations and redeterminations (including obtaining any required documentation/verifications) were performed and the student was determined to be eligible.		Day 2 of A-133 fieldwork	
FA12		Eligibility		Cost of attendance 2014/15 - student budget		Day 1 of A-133 fieldwork	
FA13		Eligibility		Definition of campus enrollment status (i.e. how many units are full-time, 3/4 time, 1/2 time and less than 1/2 time status) for undergraduate, credential, and graduate students		Day 1 of A-133 fieldwork	
FA14		Eligibility		Definition of campus academic year (how many standard terms there are - for example, fall, winter, spring)		Day 1 of A-133 fieldwork	

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
FA15		Eligibility		Satisfactory academic progress policy for undergraduate, credential, and graduate students		Day 1 of A-133 fieldwork	
FA16		Eligibility		List of majors offered and the required units needed for each major to graduate (used for satisfactory academic progress)		Day 1 of A-133 fieldwork	
FA17		Eligibility		Admissions policy		Day 1 of A-133 fieldwork	
FA18		Reporting -- Pell Payment Data		For a sample of students (selections to be provided by KPMG), Common Origination & Disbursement (COD) *Award Disbursements Information* for the period 7/1/14 to 6/30/15. (Person Detail > Pell Awards > Award Detail)		Day 2 of A-133 fieldwork	
FA19		Reporting -- Pell Payment Data		For a sample of students (selections to be provided by KPMG), Pell origination disbursement detail from PeopleSoft for the period 7/1/14 to 6/30/15.		Day 2 of A-133 fieldwork	
FA20		Verification		Campus written verification policies and procedures		Day 1 of A-133 fieldwork	
FA21		Verification		Provide a listing of applications that were selected for verification by the central processor. [Note: Once obtained, KPMG will then select a sample, and review student aid files to ascertain whether the institution obtained acceptable documentation to verify the information required, matched information on the documentation to the student aid application, and, if necessary, submitted data corrections to the central processor and recalculated awards.]		Day 1 of A-133 fieldwork	
FA22		Borrower Data Transmission and Reconciliation		William Ford direct loans only: Institutions must report all loan disbursements and submit required records to the Direct Loan Servicing System (DLSS) via the Common Origination and Disbursement (COD) within 30 days of disbursement (OMB No. 1845-0021). Each month, the COD provides institutions with a School Account Statement (SAS) data file which consists of a Cash Summary, Cash Detail, and (optional at the request of the school) Loan Detail records. The school is required to reconcile these files to the institution's financial records. Please provide reconciliations of SAS data files to campus records for the months of November 2014 and June 2015.		Day 1 of A-133 fieldwork	
FA23		Borrower Data Transmission and Reconciliation		William Ford direct loans only: For a sample of students (selections to be provided by KPMG), provide support to determine whether disbursement dates and amounts in the DLSS are supported by the institution's records.		Day 2 of A-133 fieldwork	
FA24		Return of Title IV Funds		Complete listing of students that dropped out for the period July 1, 2014 to June 30, 2015. The listing should include the amounts and types of aid awarded for these students.		Day 1 of A-133 fieldwork	

Item #		**Compliance Requirement**		**Item (Description/Details)**	**Date Due to CO:**	**Date Due to KPMG:**	**Date Provided or N/A**
FA25		Return of Title IV Funds		Complete listing of students that enrolled but never attended where their funding was received by the campus for the period July 1, 2014 to June 30, 2015. The listing should include the amounts and type of aid awarded for these students.		Day 1 of A-133 fieldwork	
FA26		Enrollment Reporting		For Direct Loans only: Complete listing of students that graduated during the period July 1, 2014 to June 30, 2015 that had Direct Loans.		Day 1 of A-133 fieldwork	
FA27		Enrollment Reporting		For Direct Loans only: Campus written policies and procedures regarding updating of student status for Direct Loan recipients with the NSLDS.		Day 1 of A-133 fieldwork	
FA28		Enrollment Reporting		For Direct Loans only: Enrollment Reporting Schedule from NSLDS that shows the frequency and dates the Campus has elected to receive its batch reporting updates.		Day 1 of A-133 fieldwork	
FA29		Enrollment Reporting		For Direct Loans only: NSLDS Enrollment Reporting Summary Report (SCHER1) for the period July 1, 2014 to June 30, 2015.		Day 1 of A-133 fieldwork	
FA30		Enrollment Reporting		For Direct Loans only: For a sample of students (selections to be provided by KPMG), NSLDS Enrollment Detail that shows all *active and inactive records* sorted by certification date.		Day 2 of A-133 fieldwork	
FA31		Reporting -- FISAP		For the following key line items (as identified in the Supplement as containing critical information), provide reconciliation by agreeing to audited financial statements, general ledger, student records, or other supporting documentation, as applicable. Part I, Identifying Information Part II, Application - Information on enrollment - Assessments and expenditures - Information on eligible aid applicants Part III, Federal Perkins Loan Program - Fiscal Report (Trace material line items) - Fund Activity (Annual) During the XXXX-XX Award Year - Cumulative Repayment Information - Cohort Default Rate Part IV, Federal Supplemental Educational Opportunity Grant Program - All sections Part V, Federal Work-Study (FWS) Program - All sections Part VI, Program Summary for Award Year - Distribution of Program Recipients and Expenditures by Type of Student (Trace a sample of line items – may incorporate with allowability/ eligibility sample and expand as necessary)		10/1/15	

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
FA32		Reporting -- FISAP		Final submitted 2014/15 FISAP (must indicate "submitted version" on bottom left corner).		10/1/15	

California State University
A-133 Single Audit PBC List -- for campuses subject to Lower Scope Student Financial Aid procedures
June 30, 2015

Note: This is a preliminary PBC list. Additional items may be requested as the audit progresses. Whenever possible, please provide all PBC items in electronic form posted on SharePoint. Name the electronic file using the PBC item #, Campus Name, and brief description.

Item #		Compliance Requirement		Item (Description/Details)	Date Due to CO:	Date Due to KPMG:	Date Provided or N/A
General - Reporting							
G01		General		Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2015. **(Preliminary)** [submitted in YES, Reporting Package, A-133 Input Sheet]	7/28/15		
G02		General		Schedule of Expenditures of Federal Awards (SEFA) for the year ended June 30, 2015. Include SAM 07 reports to support the amounts reported for each line item. (Final only).	8/25/15		
G03		General		Completed Single Audit Risk Assessment Questionnaire for each grant program listed on the SEFA (totaled by CFDA number, not by project), excluding programs in the Student Financial Aid Cluster, with total expenditures greater than $300,000 for the year. [See Exhibit 24 for template]		7/28/15	
G04		General		Fluctuation analysis for amounts presented in the SEFA. The threshold for explanation is a change of 5% <u>and</u> $500K as compared to prior year amounts.		7/28/15	
G05		General		Copy of final FISAP report.		10/1/15	
G06		General		For <u>student financial aid expenditures</u>, a reconciliation of expenditures per the SEFA to the FISAP (final submitted version - use draft version until submitted version is available on 10/1/15) including support for reconciling items. [See Exhibit 23 for template.]		8/25/2015 & 10/1/15	
G07		General		Support listings for all reconciling items identified in the reconciliation at G6. Specifically, (1) detail of disbursements from 7/1/14 to 9/30/14, (2) detail of disbursements from 7/1/15 to 9/30/15, and (3) detail of activity presented as "Other Adjustments".		8/25/2015 & 10/1/15	
G08		General		For <u>non-student financial aid program expenditures</u>, a reconciliation of expenditures per the SEFA to the general ledger (PeopleSoft).		8/25/15	
G09		General		Common Origination & Disbursement (COD) School Funding Information (aka Final Statement of Account) for all financial aid programs available.		8/25/15	
G10		General		Department of Education School Account Statement (SAS) for William Ford direct loan expenditures from the Common Origination and Disbursement (COD) System.		8/25/15	
G12		General		Current status report with regard to prior year findings.		8/25/15	
G13		General		Copies of any reports issued by federal granting agencies related to audits/reviews of grant programs issued or conducted in the past two years.		8/25/15	

California State University - [Campus Name]
Reconciliation of Reporting Package SEFA to FISAP
June 30, 2015

		(A)	(B)	(C)	
	Amounts Reported in Reporting Package (SEFA) for 7/1/14 to 6/30/15	**SFA Award Year 2013-14 (disbursed after 7/1/14)**	**SFA Award Year 2014-15 (disbursed after 7/1/15)**	**Other Adjustments (i.e., ACA)**	**Amounts Reported in FISAP for Federal Award Year 2014-15**
PELL	10,000,000	(20,000)	25,000	5,000	10,010,000
FESOG					
TEACH					
FWS					
PERKINS					
DIRECT LOAN					
Unsubsidized					N/A
Subsidized					N/A

Note: Supporting documentation should be provided for all reconciliting amounts reported in columns (A), (B), and (C).

California State University, ____________
For the Year Ended June 30, 2015

OMB Circular A-133 Audit Risk Assessment Questionnaire

Instructions:

Please complete this questionnaire electronically for each federal program listed on the Schedule of Expenditures of Federal Awards (SEFA) with total expenditures over $300,000. The total expenditures should be accumulated by CFDA #, not by project. A questionnaire does not need to be prepared for programs in the Student Financial Assistance Cluster.

This questionnaire must be provided (hardcopy and electronic version) to the KPMG audit team on the first day of fieldwork. In addition, please attach the program grant agreement and any other relevant program information to the questionnaire.

Program Information per SEFA:
(Note: this information must agree exactly to information listed in the related line item of the SEFA)

Program Title:		
CFDA Number:		
Federal Grantor Agency:		
FY15 Total Federal Expenditures:	**$**	
FY15 Amount Provided to Subrecipients	**$**	

These questionnaires will be reviewed by the KPMG audit team as part of the single audit for the year ended June 30, 2015. The auditors will select certain questionnaires for further examination. The KPMG audit team may visit your department to verify the information provided for the specific federal program. In the event the questionnaire for this program is selected for verification, please indicate in the space provided below the name, location, and telephone number of the person who should be contacted to make arrangements for the required visit and verification procedures:

Contact Person: ________________
Location: ________________
Telephone No.: ________________

1. **Does the program contain any grant agreements/expenditures subject to the Uniform Guidance?**

2. **If the University's total federal program expenditures reported in the University's accounting system and on the SEFA (see program information above) do not agree with the total federal expenditures, please provide a reconciliation.**

3. **What procedures do you employ to ensure that subrecipients (if any) comply with applicable laws and regulations governing this program such as (1) allowable expenditures, (2) proper eligibility determination, (3) complete financial reporting, and (4) special program provisions?**

4. **What types of expenditures are allowable under this program? What procedures do you employ to ensure that federal funds are spent only for expenditures that are allowable under this program?**

5. **If payroll expenditures are allowable under this program, are the charges supported by a time and effort reporting system? If the answer is no, go on to question 8.**

6. **Are the time and effort reports reviewed to ensure their accuracy? If so, by whom, and is the review documented?**

7. **If time and effort reports are not available to support payroll charges, what procedures are used to demonstrate that payroll charges to a specific program are fair and reasonable? Are these procedures documented, and if so, how?**

8. **What procedures do you employ to ensure that applicable matching requirements for this program are met?**

9. **Who is responsible for determining recipient eligibility for this program?**

10. **What procedures do you employ to ensure that eligibility criteria for this program are met?**

11. **What procedures do you employ to ensure that income earned under this program, if any, is properly accounted for and reported on the federal financial reports and utilized in accordance with federal laws and regulations?**

12. **Has an audit or review of this program been performed within the last three years? If so, attach a copy of the report.**

13. **Are there any special reporting or compliance requirements? If so, what procedures are in place to ensure compliance with the requirements?**

CHAPTER 16

SYSTEMWIDE REVENUE BONDS (SRB) AUDIT REQUIREMENTS

TABLE OF CONTENTS

INTRODUCTION

REVENUE BOND ACT – AUDIT REQUIREMENTS

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, continuing education facilities and certain auxiliary organization facilities. 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. 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 mid-October to satisfy the many deadlines imposed by interested parties. Given the Bond indenture requirements, the SRB audit is run concurrently with the Systemwide audits.

SCOPE AND MATERIALITY

The SRB audit is a subset of the larger CSU Consolidated Audit. The activity that comprises the SRB projects (Housing, Parking, etc.) is captured within a defined set of CSU Funds. The SRB team begins with campus' specific legal-basis SRB project CSU Funds data from FIRMS, and then incorporates them with appropriate campus' GAAP adjustments. See the SRB CSU Fund matrix in 16-11 of this chapter. The SRB work papers are then grouped into SRB project groups (Housing, Parking, etc.) for audit purposes. Generating work papers at the SRB project groups also results in significantly lower 'materiality threshold'.

To the extent possible, the SRB audit team tries to utilize campus lead sheets that were generated for the CSU Consolidated audit. In order for the leadsheets to be used for SRB, the PBC's (Prepared by Client) must have CSU Fund identifiers and subtotals to enable the SRB team to extract the subset needed. **It is important to note, that consolidated figures reported in campus reporting packages do not contain the level of detail required to be used by the SRB staff and audit teams.**

KEY DATES/DEADLINES

AUGUST 3, 2015

- The ***CO SRB team*** will provide fluctuation analysis questions to each campus. (Note: this step compares 6/30 legal-basis data, prior year versus current year).

AUGUST 25, 2015

- Reporting packages via SharePoint to SFSR by noon. The SRB team will access campus files saved to SharePoint therefore a separate is no longer required.

AUGUST 25, 2015

- The ***Campuses*** are to submit:
  - □ SRB Specific Lead sheets- PBC #54, 55, 81, 103, 126, 133, 145, and 152 via SharePoint. The SRB team will access campus files saved to SharePoint therefore a separate submission or email is no longer required.
  - □ **Unaudited** GAAP entries for **all funds** (query dump) San Diego Only. The SRB team will access campus files saved to SharePoint therefore a separate submission or email is no longer required.
- Legal-basis fluctuation analysis via TM1
- The ***CO SRB team*** will run campuses GAAP Query via CFS. No campus action is required.

SEPTEMBER 8, 2015

- The ***Campuses*** are to submit their final Audited GAAP Entries (San Diego only) and audited SRB required lead sheets, via SharePoint to CO. Campuses are to notify the CO SRB team of any final GAAP adjustments affecting SRB CSU funds (refer to matrix in 16-11).
- The ***CO SRB team*** will run the final campuses GAAP Query via CFS. No campus action is required.

OCTOBER 1, 2015

- The ***CO SRB team*** will submit the draft SRB Financial Statements to KPMG.

OCTOBER 15, 2015

- SRB Financial Statements issued

SRB FLUCTUATION (FLUX) ANALYSIS (Q&A)

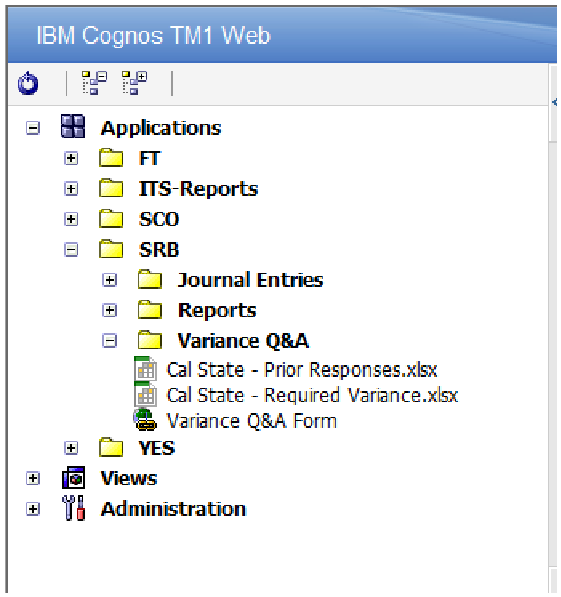
Each year, KPMG assigns a materiality threshold for the SRB Programs (i.e. Housing, Parking, etc.) per SRB line item. Campuses are required to provide explanations via TM1. The SRB team may require additional explanations upon review of the campus legal data submitted. Thus the materiality threshold established by KPMG for a given year may differ from the threshold used by the SRB team. The additional explanations which result from a lower threshold enable the SRB team to better evaluate data presented in the SRB financial statements. The additional information gathered has also resulted in fewer inquiries by KPMG to the campuses.

TM1 Variance Q & A Form

The ***CO SRB team*** will continue the use of TM1 for the legal basis fluctuation analysis.

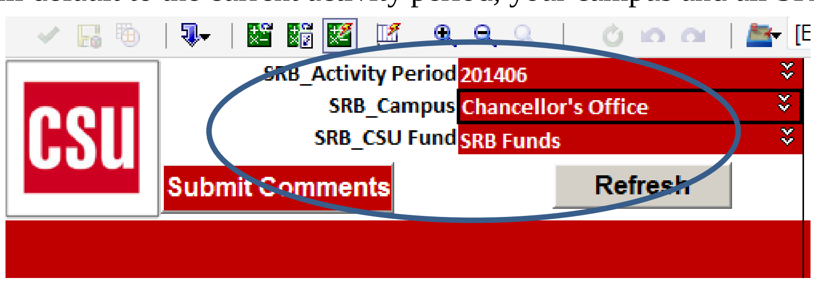
In April 2014, a new form was developed in TM1 to enable campuses to download a variance worksheet into Excel. This new worksheet can be filtered and sorted by program, and forwarded to campus contacts to be completed. Responses from the completed excel forms can be copied and pasted into the original variance worksheet within TM1.

The SRB menu options within TM1 have the new worksheet options:



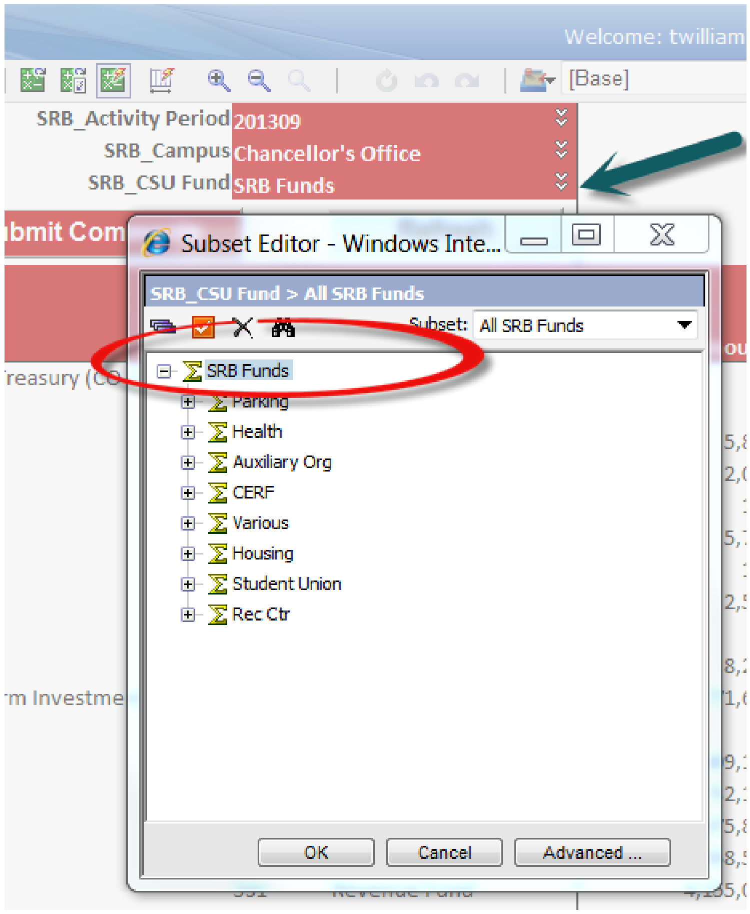
1. Once the new variance worksheet is selected:

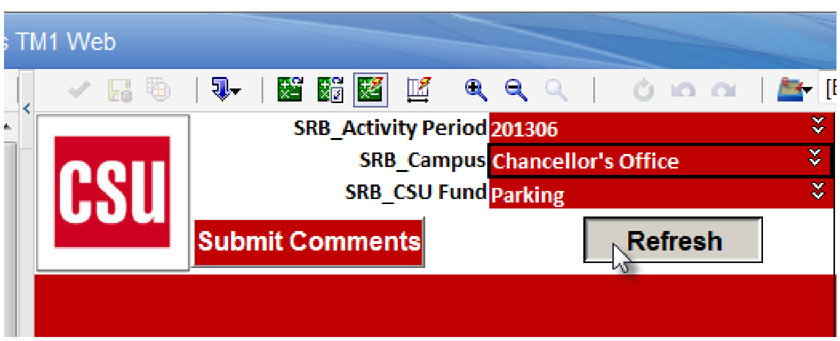
2. The report will default to the current activity period, your campus and all SRB CSU funds.



3. You will have the ability to snapshot to excel to get all programs and all CSU funds.

4. You can also filter for a specific program.





5. Once you have selected your criteria, you will export to Excel.

SRB_Activity Period 201309
SRB_Campus Chancellor's Office
SRB_CSU Fund Parking

Submit Comments | Refresh

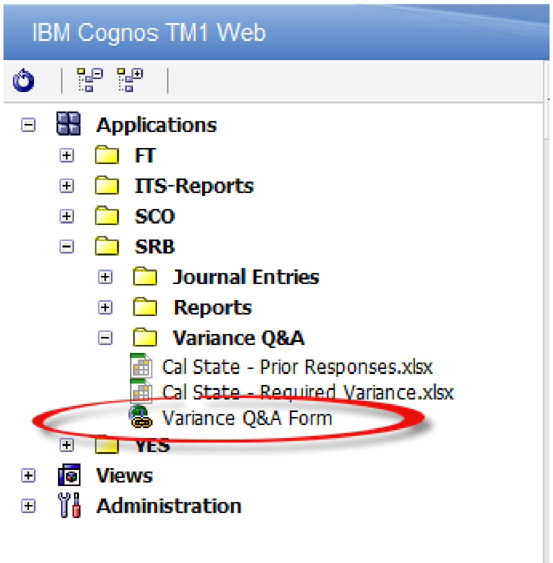
Account	Fund	Net Asset Category	Ledger Amount	Prior Year Ledger Amount	Prior Year QA Variance	Prior Year QA Variance Pct	Is Response Required
101004 - Cash in State Treasury (CO use only	202	Repair and Replacement	-	965.54	(965.54)	-100.00%	no
101004 - Cash in State Treasury (CO use only	222	Construction Fund	2,075.68	7,308.67	(5,232.99)	-71.60%	no
101100 - Cash-Short Term Investments (SWIFT)	472	Revenue Fund	2,875,824.69	2,821,518.18	54,306.51	1.92%	no
101100 - Cash-Short Term Investments (SWIFT)	474	Repair and Replacement	858,525.23	10,227.05	848,298.18	8294.65%	yes
102001 - Deposits in Surplus Money Investment	202	Repair and Replacement	-	844,000.00	(844,000.00)	-100.00%	yes
102001 - Deposits in Surplus Money Investment	222	Construction Fund	335,000.00	7,479,000.00	(7,144,000.00)	-95.52%	yes
105030 - Due from Surplus Money Investment	202	Repair and Replacement	-	760.45	(760.45)	-100.00%	no
190012 - Amount to be Provided for Other Long-	472	Revenue Fund	326,328,017.00	336,100,681.00	(9,772,664.00)	-2.91%	no
201001 - Accounts Payable	222	Construction Fund	(4.98)	-	(4.98)	100.00%	no
201001 - Accounts Payable	472	Revenue Fund	(40.00)	(21,604.97)	21,564.97	-99.81%	no
262003 - Bonds Payable	472	Revenue Fund	(326,328,017.00)	(336,100,681.00)	9,772,664.00	-2.91%	no
305002 - Fund Balance-Continuing Appropriations	472	Revenue Fund	(2,815,068.16)	(2,811,845.31)	(3,222.85)	0.11%	no
305002 - Fund Balance-Continuing Appropriations	474	Repair and Replacement	(857,465.27)	(6,754.44)	(850,710.83)	12594.84%	yes
305020 - Fund Balance-Unappropriated	222	Construction Fund	(17,767,186.00)	(242,004,429.97)	224,237,243.97	-92.66%	yes
305021 - Retained Earnings	202	Repair and Replacement	-	(850,286.43)	850,286.43	-100.00%	yes
305022 - Fund Balance-Clearing Account	222	Construction Fund	17,430,357.03	119,459,593.89	(102,029,236.86)	-85.41%	yes
504003 - Parking Permits	472	Revenue Fund	(18,894.00)	(91,445.92)	72,551.92	-79.34%	no
506026 - Transfers In from Other Apprns/Sub-	222	Construction Fund	(5,615.85)	(31,962,380.30)	31,956,764.45	-99.98%	yes
507001 - Interest from SMIF	202	Repair and Replacement	-	279.23	(279.23)	-100.00%	no
507001 - Interest from SMIF	222	Construction Fund	(373.60)	(48,670.83)	48,297.23	-99.23%	no
507001 - Interest from SMIF	474	Repair and Replacement	-	(3,419.69)	3,419.69	-100.00%	no
508001 - Income from External Investments	472	Revenue Fund	(4,518.88)	(20,042.00)	15,523.12	-77.45%	no
508001 - Income from External Investments	474	Repair and Replacement	(1,059.96)	(52.92)	(1,007.04)	1902.95%	no
570000 - Tr In within the same CSU Fund in 0948	472	Revenue Fund	(238,693.31)	(80,035.45)	(158,657.86)	198.23%	no
580090 - Other Operating Revenues	472	Revenue Fund	(180.00)	(203.80)	23.80	-11.68%	no
590001 - Prior Year Revenue Adjustment	222	Construction Fund	67.29	286,051,478.72	(286,051,411.43)	-100.00%	yes

A training video and transcript is available with instructions for completing the new variance worksheet.

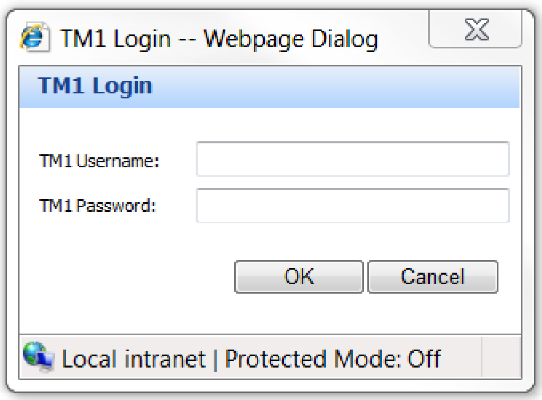
[Link to video]

The new variance worksheet can only be used for initial variance responses. Once a campus has ***submitted*** a response for a specific line item, the field is locked and additional comments or follow up comments must be entered in the Variance Q & A form.

Instructions for the Variance Q&A form have not changed and are included in this chapter.

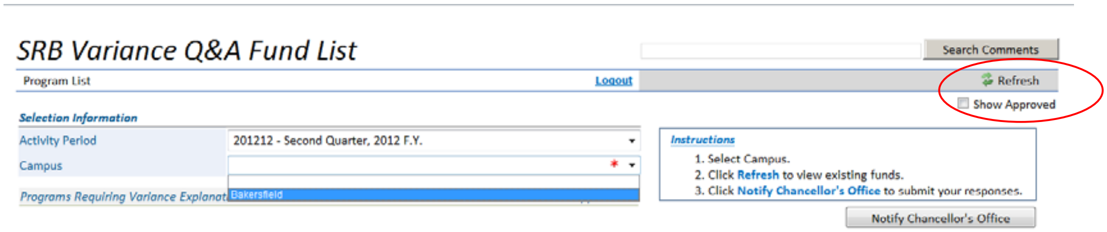


1. Once you select the Variance Q & A Form you will be directed to a separate Web based form that requires an additional login.



ACCESSING ACCOUNTS REQUIRING FLUX EXPLANATIONS

2. Once logged in, select your campus and click **Refresh.**



3. Your campus' SRB ***Programs Requiring Variance Explanations*** will be displayed.

4. Select a program's hyperlink to be taken to the list of ***Funds*** and FIRMS object code requiring explanation.

Variance QA.xsn

Fund List

Back to Program List -> Account List Logout

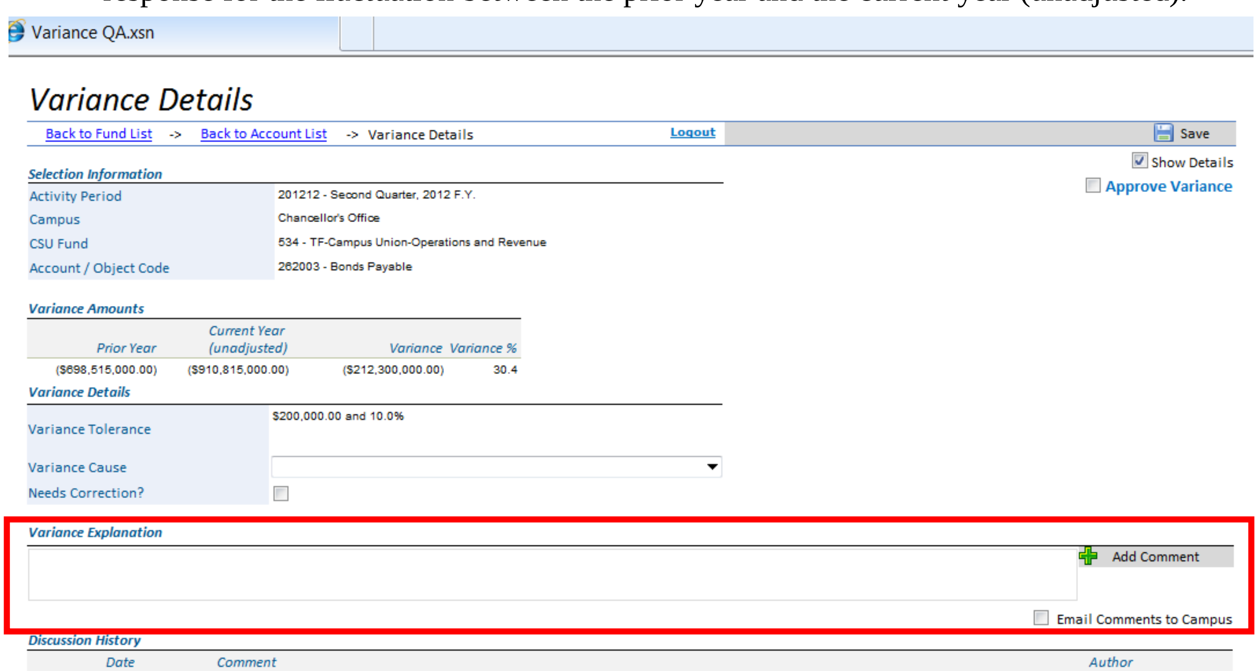
Selection Information

Activity Period	201212 - Second Quarter, 2012 F.Y.
Campus	Chancellor's Office

CSU Fund	Account	Prior Year	Current Year	Variance	Var %
534 - TF-Campus Union-Operations and Revenue	190012 - Amount to be Provided for Other Long-Te	$698,515,000.00	$910,815,000.00	$212,300,000.00	0
534 - TF-Campus Union-Operations and Revenue	262003 - Bonds Payable	($698,515,000.00)	($910,815,000.00)	($212,300,000.00)	0
534 - TF-Campus Union-Operations and Revenue	503112 - Other Federal nonoperating grants (ARRA	$0.00	$385,817.08	$385,817.08	0

VARIANCE EXPLANATION INSTRUCTIONS

5. For each FIRMS Object Code listed, you must complete a ***Variance Explanation*** response for the fluctuation between the prior year and the current year (unadjusted).



Variance QA.xsn

Variance Details

Back to Fund List -> Back to Account List -> Variance Details Logout Save

Show Details
Approve Variance

Selection Information

Activity Period	201212 - Second Quarter, 2012 F.Y.
Campus	Chancellor's Office
CSU Fund	534 - TF-Campus Union-Operations and Revenue
Account / Object Code	262003 - Bonds Payable

Variance Amounts

Prior Year	Current Year (unadjusted)	Variance	Variance %
($698,515,000.00)	($910,815,000.00)	($212,300,000.00)	30.4

Variance Details

Variance Tolerance	$200,000.00 and 10.0%
Variance Cause	
Needs Correction?	

Variance Explanation

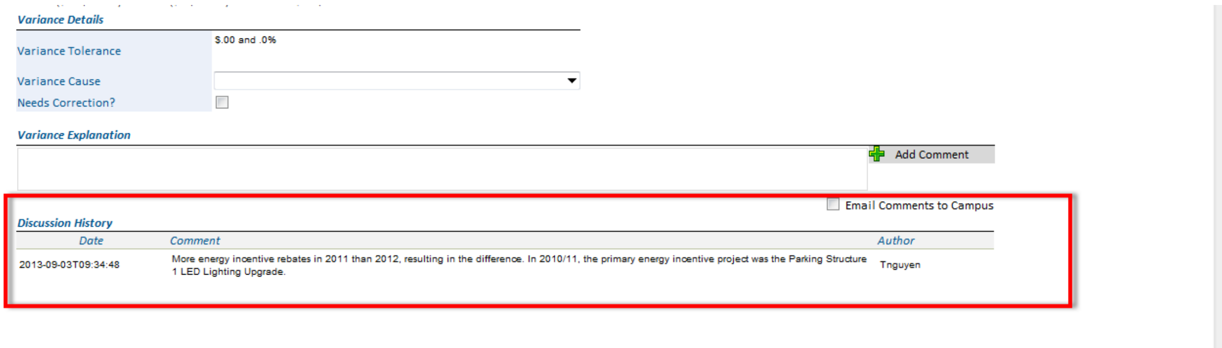
Add Comment

Email Comments to Campus

Discussion History

Date	Comment	Author

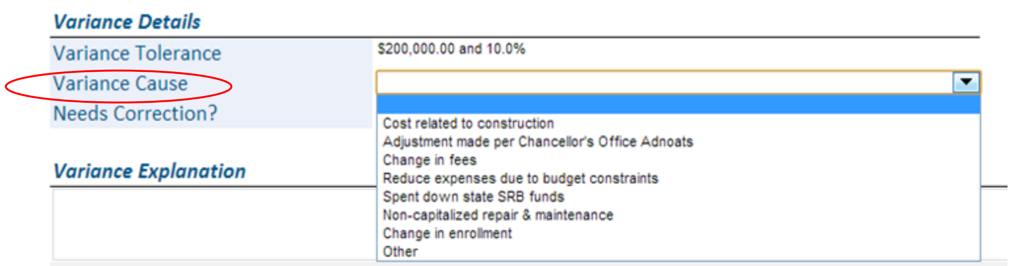
If the new variance worksheet has been completed. Your initial responses will be shown in the discussion history section.



Note:

If your initial responses were entered in the new variance worksheet, items #6-8 will be completed in that worksheet. The instructions below are if the Variance Q & A form are being used for initial reponses

6. Please select a Variance Cause from the drop down menu. However, since further justification is generally need, please also provide a short explanation in the Variance explanation section. Explanations should include: the name of the project impacted, quantified variances, and explanations for changes in an accounting process. If you are referring to a CO directive please provide directive name, ADNOAT number, Legal Manual chapter, etc.

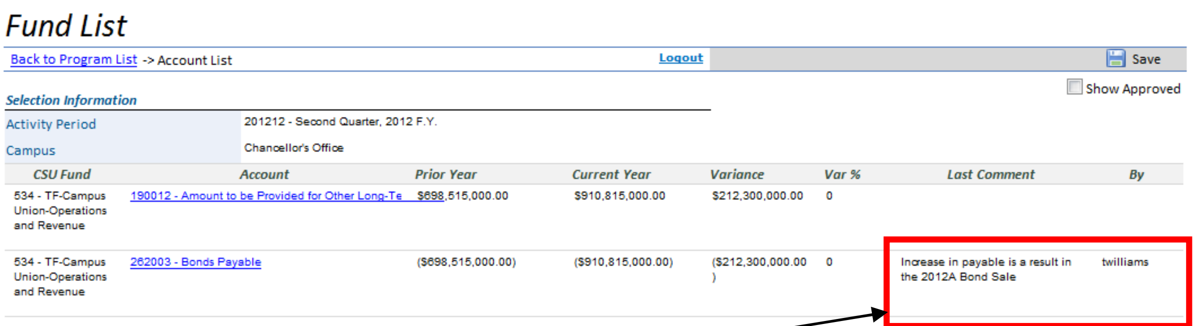


7. In the Variance Details section, Please check the box if the fluctuation is a result of an error and needs to be corrected. Also, use the check box to indicate if it has been posted and the amount. Lastly, please provide a variance explanation for the correction.

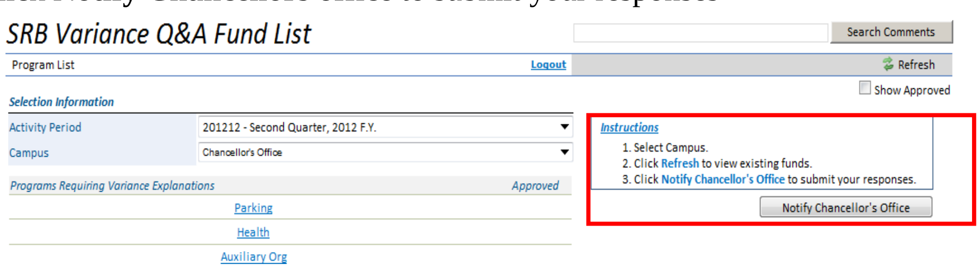
8. Lastly, please provide a variance explanation for the correction. If you have posted a correcting entry in the XXGAP business unit, please provide the GAAP AJE number in your Variance Explanation box. If you intend to pass on the adjustment and not record it in the XXGAP business unit due to immateriality, please provide qualify with a non-GAAP policy explanation statement including the dollar amount.

9. Once your explanation has been completed, click the green plus sign to "**Add Comment**".

10. Your explanation should then appear in the discussion history.
11. Click Save



12. Your explanation should then appear in the last comment section on the Fund List page.
13. Once you have completed all responses, for all programs you will save.
14. Once saved you should return to the Program List Screen.
15. Then click **Notify Chancellors office** to submit your responses



16. Once your responses have been reviewed by the ***CO SRB team*** you will receive an email notifying you that your responses have been received. It will also indicate if there are additional questions you need to respond to via TM1.

REQUIRED SRB LEAD SHEETS

The following PBCs were developed to assist the CO SRB and KPMG SRB Audit team in capturing all activity pertaining to the various SRB projects. Given that SRB activity is reported in a defined set of CSU funds, these lead-sheets enable the SRB team to capture campus' year-end GAAP adjustments and record the activity within the required SRB project work-papers for the purposes of developing consolidated financial statements for the SRB audit. Additionally, the information provided by CSU fund, assist both the CO SRB team and the KPMG SRB Audit team in extracting SRB project activity from reported campus totals.

PBC #54- Investment Income Lead Sheet (Exhibit 18)

PBC #55 – Legal to GAAP Roll Forward of CSU Pool Investments (Exhibit 32)

PBC #81 – Capital asset additions

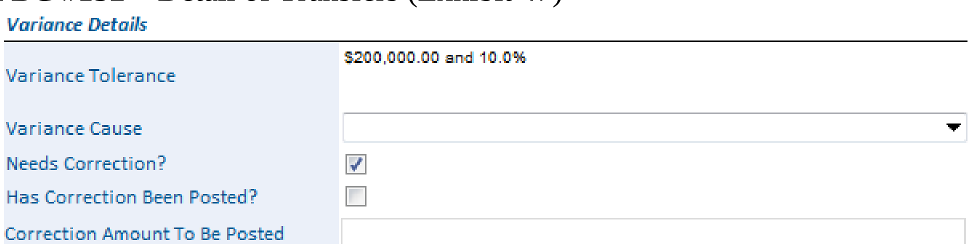
PBC #103 - Unearned revenue reasonableness test (Exhibit 12)

PBC #126 - Tuition and fees lead sheet (Exhibit 33)

PBC #133 -Sales and services of auxiliary enterprise revenues (Exhibit 16)

PBC #145- Liability lead sheet (Exhibit 45)

PBC #152 – Detail of Transfers (Exhibit 47)



Variance Details

Variance Tolerance	$200,000.00 and 10.0%
Variance Cause	
Needs Correction?	☑
Has Correction Been Posted?	☐
Correction Amount To Be Posted	

ALL SRB EXHIBITS CAN BE FOUND IN CHAPTER 9

PBC #144 - CAMPUS GAAP ENTRIES

CO SRB team will run a query via CFS to obtain all GAAP entries for the campuses. However, the San Diego campus must continue to provide a Query dump of their GAAP entries. The format required will be provided to the campus.

GENERAL NOTES FOR ALL PBCS

- SRB PBCs are required format schedules and may not be modified.
- CSU funds should be provided for all information.
- On sample lead-sheet, if CSU fund is not listed please add when necessary.
- Legal balances MUST equal balances reported in FIRMS in total and by CSU fund.

- Please include each GAAP entry in a separate column with appropriate reference and Adjusting Journal Entry (AJE) number.
  - The AJE number provided should match exactly the Journal ID in your XXGAP ledger.
  - Please provide a brief description of the GAAP entry.
  - GAAP entries that do not impact SRB funds may be aggregated in one column.

TRANSFER DETAIL PBC & PROCESS

- SRB will run SW Campus Actual Transactions in DW at a specific date prior to Interim audit. For FY 14-15 the DW report will be run April 20, 2015, and again at year end.
- Campuses with identified transfers will receive a workbook from the SRB team which will contain a summary of transfers on the first tab and the "Detail of Transfers" PBC on the second tab. For FY14-15 the Transfer Detail PBC is due May 11, 2015 and also August 25, 2015.
- The San Diego campus will receive a request for a detailed transfer summary and then specific instructions as to which transfers require an explanation on the PBC.

SAMPLE OF PBC #152 (EXHIBIT 47)

California State University, XXXXXX
Detail of Transfers
6/30/20CY

Instructions: If your campus is receiving this schedule, the CO SRB team and/or KPMG have identified transfers that need further detail.
In campus and systemwide consolidation, campuses eliminate transfers. However, in the SRB program any transfer in or out of a SRB Fund will survive on the SRB Financials. SRB requires detail of the transfer in order to accurately identify the proper treatment.

NOTE: SRB WILL RUN SW CAMPUS ACTUAL TRANSFER TRANSACTIONS IN DATAWAREHOUSE TO IDENTIFY TRANSFERS REQUIRING EXPLANATIONS.

For illustration purposes, see examples below.

CSU Fund	SRB: Y/N	FIRMS Object Code and Description	Transfer OUT	Transfer IN
Example: SRB has identified FIRMS Object Code 670491 in CSU Fund 441 in the amount of $13,204,100 as a transfer out of the SRB Continuing Education program needing more detail.				
441	Y	670491 - Tr Out to CSU 491 -TF Spl Pjt Fd-Special Project	13,204,100	
491	N			(13,204,100)
		Campus wide information technology infrastructure upgrade.		

CSU Fund	SRB: Y/N	FIRMS Object Code and Description	Transfer OUT	Transfer IN
XXX			—	—
XXX			—	—

Detail of Transfers

SAMPLE OF DATA WAREHOUSE TRANSFER SUMMARY REPORT

	A	B	C	D	E
3	Bus Unit	CSU Fund	FIRMS Obj Cd Fdescr	Jrnl ID	Total
28	Campus A Total				2,333,403.00
29	Campus 1	532	570485 - Tr in from CSU 485 -TF CSU Operating Fund	385460	(300,000.00)
30	Campus 1	532	570543 - Tr In from CSU 543 -TF Camp Svcs-Internal Services	385460	(1,546,164.00)
31	Campus 1	532	570544 - Tr In from CSU 544 -TF Campus Services-Enterprise	385460	(800,000.00)
32	Campus 1	532 Total			(2,646,164.00)
33	Campus 1 Total				(2,646,164.00)
60	Campus 2	441	670496 - Tr Out to CSU 496 -TF Miscellaneous Trust	450577	1,083,000.00
61	Campus 2	441 Total			1,083,000.00
64	Campus 2	534	670491 - Tr Out to CSU 491 -TF Spl Pjt Fd-Special Project	456005	4,463,852.50
65	Campus 2	534 Total			4,792,014.50
66	Campus 2 Total				5,875,014.50
75					
76	**Summary of Transfers within different SRB Programs**				
77	Bus Unit	CSU Fund	FIRMS Obj Cd Fdescr	Jrnl ID	Total
78	Campus 5	452	670534 - Tr Out to CSU 534 -TF Camp Union.Oprtns and Rev.	JAN140064A	86,010.00
79	Campus 5	452	670534 - Tr Out to CSU 534 -TF Camp Union.Oprtns and Rev.	SEP130069B	9,300.00
80	Campus 5	452 Total			95,310.00
81	Campus 5	534	570452 - Tr In from CSU 452 -TF Fac Rev Fd-Health Fac.Fees	JAN140064A	(86,010.00)
82	Campus 5	534	570452 - Tr In from CSU 452 -TF Fac Rev Fd-Health Fac.Fees	SEP130069B	(9,300.00)
83	Campus 5	534 Total			(95,310.00)
84	Campus 5 Total				0.00
85	Campus 6	472	670531 - Tr Out to CSU 531 -TF Housing Oprtns and Revenue	404558	150,000.00
86	Campus 6	472	670531 - Tr Out to CSU 531 -TF Housing Oprtns and Revenue	453824	150,000.00
87	Campus 6	472	670531 - Tr Out to CSU 531 -TF Housing Oprtns and Revenue	489962	150,000.00
88	Campus 6	472 Total			450,000.00
89	Campus 6	531	570472 - Tr In from CSU 472 -TF Pkg Rev Fd-Parking Fees	404558	(150,000.00)
90	Campus 6	531	570472 - Tr In from CSU 472 -TF Pkg Rev Fd-Parking Fees	453824	(150,000.00)
91	Campus 6	531	570472 - Tr In from CSU 472 -TF Pkg Rev Fd-Parking Fees	489962	(150,000.00)

PROPER LEGAL REPORTING IS IMPORTANT

STUDENT UNION PROGRAM

The bond indenture recognizes mandatory Student Body Center Fees as gross revenues and the offset of related Operating Expenditures paid by those fees. Furthermore these operating revenues and expenditures are used to calculate a campuses debt service coverage ratio (DSCR). Thus distinct firms object codes should be used to record this activity. Firms object code **504008** should be used within CSU fund **534** to record Student Body Center Fees. For operating expenditures campuses should use **660045** (*Return of Surplus*) within CSU fund **534**.

Although the term *Return of Surplus* may appear outdated the category it represents is not. Student Unions are generally operated by auxiliary organizations. Through a budget process campuses release student union fees to the auxiliaries to pay for the unions operating expenditures. This expense is recorded to object code **660045**. Subsequently campuses are required to submit 100% supporting documentation to support these amounts. The submission date for required support is August 25, 2015.

Student Union Operating Expenditure Documentation includes:

- Copies of Operating Expenditure Checks
- Budgets
- Check Requests
- Memorandums

In recent years a few campuses have changed the process in which they record the Student Union Operating Expenditures. It is important to note that the Operating Expenditures paid by the Student Body Center Fees **must still be clearly identified.** Identification of these expenditures as well as support should be submitted to the CO SRB team at the same time as the flux analysis. Submission must be **prior to the GAAP close**. This is **critical** because in GAAP the expenditures would map to natural class 722004, and no longer be visible to the SRB team.

Beginning in FY 13-14 the SRB team has developed a template that will be sent to those campuses that operate their Unions or who use accounts that differ from 660045.

SAMPLE OF TEMPLATE DEVELOPED FOR RETURN OF SURPLUS DETAIL:

Systemwide Revenue Bonds
Operating Expenditure Detail
Annual Return of Surplus
Fiscal Year 2013/2014

In the event that the campus operates the Student Union and/or Recreation Center, please provide the following detail of all Operating Expenditures in CSU Fund 534.
Note: Transfers are not included

Campus:	Sonoma			
CSU Fund:	534		Total Operating Expenditures:	1,657,762.98

***Input areas are shaded grey**

		FIRMS Object Code	FIRMS Object Code Description	FIRMS Legal Balance at 6/30/14
		601201	Management and Supervisory	555.00
		601300	Support Staff Salaries	156,264.00
		601301	Overtime	111.00
		601303	Student Assistant	2,135.00
		602001	Work Study-On Campus	28,542.68
		603001	OASDI	1,234.00
		603003	Dental Insurance	2,773.47
		603004	Health and Welfare	4,551.00
		603005	Retirement	115.00
		603011	Life Insurance	48,781.00

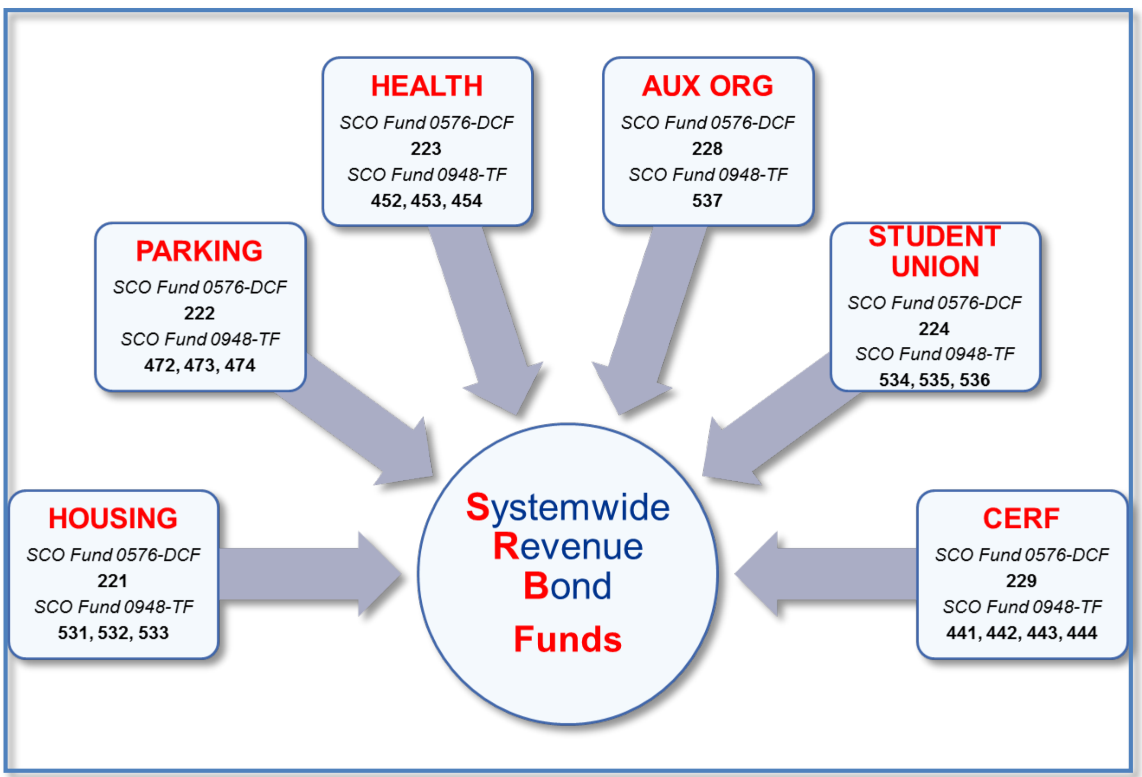
AUXILIARY ORGANIZATIONS

In the legal manual, (*Chapter 10, Sec 3.2 & 3.3)* specific instructions for recording Capital Leases and Loans activity is located. It is important that the proper FNAT keys and Object codes are used for recording Capital Leases and Loans for Auxiliary Organizations.

Prior to the campus GAAP close, please ensure the correct coding for SRB related activity:

- CSU Fund 537
- SRB Related Activity
  - FNAT #128893
  - Project Code SRB000
- Recording Capital Lease Activity
  - Principal Payments Firms Object Code 580098
  - Interest Payments Firms Object Code 508092
- Recording Capital Loan Activity
  - Loan Payments from Aux (*Prin. & Int.*) Firms Object Code 250002

CSU Funds in SRB



SRB Contacts

- Office of the Chancellor
  - Kelly Cox, Associate Director, Financial Services – Accounting
    - (562)-951-4611; kcox@calstate.edu
  - Terri Williams, Manager System-wide Revenue Bonds and Capital Projects.
    - (562) 951-4386; tmwilliams@calstate.edu
  - Angie Renaud, Accountant II
    - (562) 951-4613; arenaud@calstate.edu
  - Dagoberto Escobedo, Accountant I
    - (562) 951-4561; descobedo@calstate.edu
  - Alyssa Kanzaki, Accountant I
    - (562) 951-4599; akanzaki@calstate.edu

REVISION CONTROL

Document Title: CHAPTER 16 – SYSTEMWIDE REVENUE BONDS (SRB) AUDIT

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
16-5	New Variance Worksheet added for initial input of fluctuation responses.	April 2014
16-6	New Transfer Leadsheet	April 2014
Pg. 16.00-3	Updated the key dates/deliverables	April 2015
Pg. 16.00-6	Added link to instructional video	April 2015
Pg. 16.00-11	Added PBC 81 as required PBC	April 2015
Pg. 16.00-17	Updated the SRB contact list	April 2015

SRB RELATED PBC LIST

Note: This is a **preliminary** PBC list. Additional items may be requested as the audit progresses.

Best practice: Campus should consider maintaining their own set of PBC items for their files, including any additional items provided during the audit.

PLEASE NOTE THAT DUE DATES AND EXHIBITS ARE FOUND IN CHAPTER 9 PBC LIST CAMPUS AND CO.

Item #	Cross Reference	Relevant Assertion	Item (Description/Details)	Date Due	Final Submission
54	Exhibit 18	CEA	Detail leadsheet (by CSU fund and investment type) of investment income and accrued interest receivable as of and for the year ended 6/30/15 that agrees to the SRECNP and SNP, respectively. Detail should include income and unrealized/realized gains and losses that tie to investment third-party statements (**to be provided by the CO**). Note this is a workbook which contains tabs that summarize the monthly/quarterly investment income in order to derive the YTD amount per the lead sheet. Also, provide third party statements that support the amounts listed in the schedule.	8/25/15	9/8/15
55	Exhibit 32	CEAP	CSU Consolidated Pool Investment Legal to GAAP Rollforward.	8/25/15	9/8/15
81		CEA	Capital Asset Additions	8/25/15	9/8/15
103	Exhibit 12	CEAO	Reasonableness test calculation of unearned tuition and fees revenue as of 6/30/15 related to summer and fall 2015 advanced enrollment (include total number of students advanced enrolled, fees and tuition charged for the term, and any other applicable information with supporting source documentation for each input).	8/25/15	9/8/15
126	Exhibit 33	CEAP	Tuition and fees leadsheet.	8/25/15	9/8/15
133	Exhibit 16	CEAP	Sales and services of auxiliary enterprise revenues leadsheet and reasonableness test broken out by types of housing and types of parking.	8/25/15	9/8/15
144		CEAP	**SD ONLY** - Query of all GAAP adjusting entries recorded during the current year.	8/25/15	9/8/15
145	Exhibit 45	CEAP	Detailed leadsheet for year end payroll and combensated absence accruals and unrecorded liabilities (includes journal entries and adjusted gaap balances). Liabilities to include salaries & benefits, compensated absences and unrecorded liabilities which affect accounts payable.	8/25/15	9/8/15
152	Exhibit 47	CEAP	Detailed leadsheet for Transfers.	5/11/15	N/A
152	Exhibit 47	CEAP	Detailed leadsheet for Transfers.	8/25/15	N/A

Assertions Legend:

C - Completeness of account balance.
E - Existence of account balance.
A - Accuracy of account balance.
V - Valuation of account balance.
O - Ownership and/or Obligation of account balance.
P - Presentation of account balance, including footnote disclosure.

CHAPTER 17

INFORMATION TECHNOLOGY (IT) AUDIT

OVERVIEW

As part of the California State University (CSU) financial audit, KPMG performs general and application controls testing over the Common Financial System (CFS) and Finance Data Warehouse (DW). The Common Financial System was implemented to consolidate the individual PeopleSoft® finance application instances that support individual campuses and the 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.

The purpose of the IT audit is to gain assurance over the internal controls in place in connection with the above-mentioned IT systems and to confirm their adequacy in limiting the risk of material misstatement to the financial statements. Reliance on IT system controls over computerized output reduces the substantive procedures required for financial statement audits.

IT GENERAL CONTROLS

IT general controls are policies and procedures that relate to one or more IT applications and support the effective functioning of application controls by helping to ensure the continued proper operation of information systems. Four components of IT general controls are tested: (1) access to programs and data, (2) program changes, (3) program development, if applicable and (4) computer operations. The following lists the review areas for each component:

1. Access to program and data controls:
   - IT security policies
   - Passwords
   - Privileged access (including administrator, superuser, and DBA level access)
   - Granting / modifying access
   - Terminating access
   - Physical access (UNISYS)
   - Annual user access and segregation of duties (SOD) reviews
   - Relevant access monitoring controls
2. Program change controls:
   - Change management policies and procedures
   - Change management request and approval

- Change management testing
- Access to migrate changes

3. Program development controls:
   - System development lifecycle
   - System and acceptance testing
   - Data validation
   - Production cutover checklist
4. Computer operations controls:
   - Job processing
   - Backup procedures
   - Restoration testing
   - Access to backup tapes
   - Incident management
   - Unisys SOC1 report review

IT APPLICATION CONTROLS

IT application controls apply to the processing of transactions by individual IT applications. These controls help ensure that transactions occurred, are authorized, and/or are completely and accurately recorded and processed. IT application controls are manual or automated procedures that typically operate at a business process level and apply to the processing of transactions by individual IT applications. IT application controls may be automated controls or manual controls with an automated component. The objective of the automated control is to prevent, detect and/or correct a misstatement of financial data. Types of IT application controls include:

- System configuration/account mapping;
- Generation and review of exception/edit reports;
- Interface controls;
- System access, including enforcement of segregation of duties policies.

Relevant IT application controls are linked to specific IT applications at the process level. Additionally, each relevant IT application is identified with the relevant IT general control environment(s) and related IT general control elements. As such, if the IT environment is found to be operating effectively as a result of the IT general controls test procedures, KPMG IT will conduct testing over select IT application controls as determined by the KPMG financial audit team.

The auditors review and test the automated IT general and IT application controls by performing walkthroughs (i.e. performing interviews and observations of the processes with IT and business process owners), system tests (e.g. observing and reviewing configurations established within the IT application), and selecting one representative sample (e.g. observing a sample transaction flowing through the entire process). For relevant manual controls, the auditors will obtain an understanding of the process and select appropriate samples based on the frequency of occurrence of the control (e.g. daily frequency equates to a minimum of 15 samples, based on the risk of failure of the control).

ROLL-FORWARD PROCEDURES

Roll-forward procedures may include performing corroborative inquiry of appropriate CSU personnel regarding any IT environment and control changes that may have occurred since testing, obtaining additional samples for review, and obtaining 4th quarter reports prepared after the June 30 year end. These procedures are performed to determine whether there have been significant changes or modifications to the existing IT control environment, IT processes, control descriptions and activities, and process owners since the original testing of the controls (i.e. during interim testing) through June 30. During the roll-forward period, the auditors will consider the following matters that might affect the conclusions reached during interim testing for control operating effectiveness:

- Individuals responsible for the oversight and operation of the controls and ensuring the same people are not assigned to both.
- The sufficiency of the evidence of effectiveness obtained at the interim date.
- New or significant modifications to client IT systems.
- Significant modifications to existing processes, including process reengineering.
- Significant new positions or changes in job roles or responsibilities, including employee turnover.
- Indicators of fraudulent activity or errors.
- Changes in the client's regulatory environment.

TIMING

Fieldwork generally occurs in the months of April through June. Roll-forward procedures are conducted after June 30, generally in July.

REVISION CONTROL

Document Title: CHAPTER 17 – IT AUDIT

REVISION AND APPROVAL HISTORY

Section(s) Revised	Summary of Revisions	Revision Date
	None.	

IT AUDIT FY2015 TIMELINE

TASK	DAY	DATE
IT Planning Meeting	Friday	April 10th, 2015
KPMG to provide PBC Request Lists to CSU	Friday	April 10th, 2015
GAAP Training Presentation – IT Only	Tuesday	April 14th, 2015
CMS and Campus to provide PBC items to KPMG	Monday	April 27th, 2015
On-site fieldwork begins	Monday	April 27th, 2015
Weekly Status Meetings	Every Tuesday	Beginning week of May 12th, 2015
Final Date of on-site fieldwork (includes Rollfoward testing)	Friday	July 31st, 2015
Campus and KPMG teams to clear review comments	TBD	
IT Audit Closing Meeting	TBD	

Client	CSU	W/P Ref:	CFS IT General Controls PBC
Prepared By	Amy Vuong	Date	4/10/2015

NOTES:
1. For controls that we will be selecting samples from, if there are no samples within the 4th quarter to select, we will have to pull the list again at a later date to obtain a sample from the 4th quarter.

2. For all controls with the comment **"Campus Selection Required"**, the following campuses have been selected:
1. Chancellor's Office
2. Fullerton
3. Long Beach
4. Northridge
5. Sacramento
6. San Francisco
7. San Jose
8. San Luis Obispo

3. To ensure the completeness of the system-generated listings, KPMG will need to observe (via Net Meeting, WebEx, in person, or screenshots) the parameters/criteria used during the generation process. For all controls with the comment **"Observation Required"**, you can setup a time with KPMG to observe the generation real-time or take screenshots of the process (e.g. parameters selected, etc.) while you generate the lists.

General Requests

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
CFS-101	CMS IT Org Chart	Please provide a CMS Technical Organization Chart.	Mick/Nicole/Barbara	4/10/2015	4/27/2015		
CFS-102	Application	Please provide the following information about CFS (Common Financial System) and the supporting network and infrastructure: 1. Location where Application is Hosted 2. Operating System 3. Backend Database	George/Chad	4/10/2015	4/27/2015		

Access to Programs and Data

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
CFS-201.1	IT Policies	1. Please provide access to the Information Security Policy and the policies included (i.e. 8000.0 - 8095.0). 2. Please provide information on how often the information security policy and information security standards will be reviewed.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-201.2	IT Policies	Please provide evidence of the Information Security Policy Review/Approval History.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-201.3	IT Policies	Please provide a screenshot of the Information Security Policy on the CSU intranet as evidence showing Policies and Procedures are available to CSU Campuses for review.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-202.1	Passwords	Please provide the "Access Control Standards" document.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-202.2	Passwords	Please provide the password policy document for each campus.	Ed/Leslie	4/10/2015	4/27/2015		Campus Selection
CFS-202.3	Passwords	Please provide screenshots of Single Sign-On (SSO) configuration between CFS/DW and the CSU Portal for the Chancellor's Office (screenshots of the steps taken by a user to log in through the Portal to access CFS and DW).	Ed/Leslie	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-202.4	Passwords	Please provide current screenshots of the CSU Portal password configurations for each campus.	Ed/Leslie	4/10/2015	4/27/2015		Campus Selection

CFS-203.1	CFS Privileged Access	Please provide a system generated data extract of the following PeopleSoft Tables from the CFS PS Financials database. If possible, we would like the tables in an Excel spreadsheet or Access database. Tables that have more than the 65,000 row limit enforced by Excel can be split into multiple worksheets. The spreadsheets need to come directly from the production database server and not from PS Query (PS Query formats the data incorrectly and changes column names). The first row must be the column header, the rest just data. • PSAUTHITEM • PSROLEDEFN • PSCLASSDEFN • PSMENUDEFN • PSMENUITEM • PSROLEUSER • PSROLECLASS • PSOPRDEFN Please include the script used to extract the tables.	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-203.2	CFS Privileged Access	Upon receipt of user access listings, we will need CSU to confirm appropriateness of users with privileged access to CFS.	Ed/Leslie	TBD	TBD		
CFS-203.3	CFS Privileged Access	A database trigger has been put in place on the Maintain_Security/Administer_Security permission lists, such that, it cannot be changed. 1. Please provide trigger configuration screenshots (setup, etc.). 2. Please provide information/details over the setup of the trigger (procedures in place if trigger is activated, individuals responsible for review, etc.). 3. Attempt to change permission lists (with user with Maintain_Security/Administer_Security), obtain screenshot with error generated, indicating changes are not allowed.	Ed/Leslie	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-204.1	CFS DBA Access	Please provide a system generated listing of users with access to the backend Oracle database for CFS (DBA role). Please include the following information: 1. User Name 2. Role 3. Account Status 4. 'ADM' Flag Please also provide the script used to generate the listing.	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-204.2	CFS DBA Access	Upon receipt of user access listing, we will need CSU to confirm appropriateness of users with DBA access to CFS.	George/Chad	TBD	TBD		
CFS-204.3	CFS DBA Access	Please provide the following 3 month's review over the FCFSPRD DDL audit logs. Please include the ServiceNow ticket and attached log. 1. Sept 2014 2. Jan 2015 3. April 2015	George/Chad	4/10/2015	4/27/2015		
CFS-205.1	User Provisioning/ Deprovisioning	Please provide a system generated listing of all CFS Active Users with the following fields: 1. Employee Name 2. Employee # 3. Job Title Please also provide the SQL script used to generate the listing.	Nicole/Michelle	4/10/2015	4/27/2015		Campus Selection Required Observation Required A sample run will be observed during walkthrough meeting
CFS-205.2	User Provisioning/ Deprovisioning	Please provide the 'CFS Security Guide'.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-205.3	User Provisioning/ Deprovisioning	Please provide the new user access/transfers/terminations policy and procedures document for each campus.	Nicole/Michelle	4/10/2015	4/27/2015		Campus Selection
CFS-205.4	New Hires	**New Hires Definition: Users may be noted as a new hire when a new role/responsibility is assigned to the user.** Please provide a system generated listing of new Hire Personnel (Faculty & Staff) for the review period (07/01/14 - Current). Please ensure the following fields are included: 1. Full Name 2. Job Title 3. Department 4. Hire Date 5. Employee ID # Please also provide the SQL script used to generate the listing.	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		Campus Selection Required Observation Required A sample run will be observed during walkthrough meeting
CFS-205.5	New Hires	**[Sample Selection to be provided at a later date to the Campus]** Please provide the New Hire Access Request approval forms for the requested New Hire selection for CFS Access.	Nicole/Barbara/Michelle	TBD	TBD		Campus Selection

CFS-205.6	Transfers	**Transfers Definition: Transfers are noted when a user changes department or job responsibilities. (Can we eliminate any "transfer" transactions that do not affect a user's job responsibilities?** Please provide a system generated listing of Transferred Personnel (Faculty & Staff) for the review period (07/01/14 - Current). Please ensure the following fields are included: 1. Full Name 2. Old Job Title 3. New Job Title 4. Old Department 5. New Department 6. Transfer Date 7. Employee ID # 8. Reason for Transfer (Promotion, Department Change, etc) Please also provide the SQL script used to generate the listing.	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		Campus Selection Required Observation Required A sample run will be observed during walkthrough meeting
CFS-205.7	Transfers	**[Sample Selection to be provided at a later date to the Campus]** Please provide the Transfer Access Request approval forms for the requested Transfer selection for CFS Access.	Nicole/Barbara/Michelle	TBD	TBD		Campus Selection Required
CFS-206.1	Terminations	**Terminations Definition: Users are noted as a termination when a role/responsibility is removed from the user.** Please provide a system generated listing of Terminated Personnel (Faculty & Staff) for the review period (07/01/14 - Current). Please ensure the following fields are included: 1. Full Name 2. Job Title 3. Department 4. Terminated Date 5. Employee ID # Please also provide the SQL script used to generate the listing.	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		Campus Selection Required Observation Required A sample run will be observed during walkthrough meeting
CFS-206.2	Terminations	Please provide an explanation for all users who appear on both the active user and terminations listings.	Nicole/Barbara/Michelle	TBD	TBD		Campus Selection Required
CFS-206.3	Terminations	**[Sample Selection to be provided at a later date to the Campus]** Please provide the evidence of timely removal of access for the requested termination selections for CFS access.	Nicole/Barbara/Michelle	TBD	TBD		Campus Selection Required
CFS-208.1	User Access Reviews	Please provide the "CSU Access Control and Segregation of Duties Procedures" document.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-208.2	User Access Reviews	Please provide evidence of annual management review over user access reviews for the CFS application. Please include evidence of supporting documentation and criteria used for evaluating appropriateness of access. (Note - electronic signature as an approval, such as an email, is sufficient).	Ed/Leslie	4/10/2015	4/27/2015		Campus Selection Required
CFS-208.3	User Access Reviews	Please provide scripts CSUSEC04 and CSUSEC10 which are used to generate the reports reviewed in the annual user access reviews.	Ed/Leslie	4/10/2015	4/27/2015		
CFS-208.4	User Access Reviews	Please provide screenshots of the process to generate the lists reviewed in the annual user access reviews.	Ed/Leslie	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-209.1	SOD Reviews	Please provide the following 2 month's SOD review over the test scripts, which covers access for users across all campuses. 1. Dec 2014 2. May 2015	Ed/Leslie	4/10/2015	5/18/2015		
CFS-209.2	SOD Reviews	Please provide evidence of the annual Segregation of Duties review over user access within the CFS application ("Certification of Annual Review" form). Please include evidence of supporting documentation and criteria used for evaluating appropriateness of access. (Note - electronic signature as an approval, such as an email, is sufficient).	Ed/Leslie	4/10/2015	4/27/2015		
CFS-210.1	Windows Access	Please request from Unisys a screenshot of the users who are members of the following Windows user groups: Administrators, Domain Admin, and Enterprise Admin. Please include the members of any sub user groups. In addition to screenshots of the groups, please provide a list of the users and include the following information: 1. Name 2. User Name 3. Description (i.e., Unisys/CSU employee) 4. Is access appropriate? Please ensure that screenshots are provided.	George/Chad	4/10/2015	4/27/2015		Observation/Screenshots Required
CFS-210.2	Windows Access	Upon receipt of user access listing, we will need CSU to confirm appropriateness of users with Windows administrative access.	George/Chad	TBD	TBD		

CFS-211.1	OS Access	Please request from Unisys a screenshot of the users with administrator access to the underlying operating system for CFS & the Data Warehouse (i.e. Unix - knowledge of root password, SU access). In addition to screenshots, please provide a list of the users and include the following information: 1. Name 2. User Name 3. Role/Privilege 4. Description (i.e. Unisys/CSU employee) 5. Is access appropriate? Please ensure that screenshots are provided.	George/Chad	4/10/2015	4/27/2015		Observation/Screenshots Required
CFS-211.2	OS Access	Upon receipt of user access listing, we will need CSU to confirm appropriateness of users with UNIX administrative access.	George/Chad	TBD	TBD		

Program Changes

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
CFS-301.1	Program Change	Please provide the "CMS Governance and Organization" and "Modification Approval and Design Request" documents.	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		
CFS-301.2	Program Change	Please provide a system generated listing of Program Changes to the CFS system for all Campuses, including emergency and configuration changes from 07/01/14 - Current (ie. list of Maintenance Packs Released). Please also provide screenshots of the criteria used to generate the listing. **Can you please confirm a list of changes cannot be generated directly from the application?**	Nicole/Barbara/Michelle	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-301.3	Program Change	Please provide a screenshot of the FCFSPRD database history table (CMS/remedy_templates>info fcfsprd db_history).	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-302.1	Campus Program Change	Please provide the "CFS Query Development Guide" and "Campus Object Migration Request (COMR) Process Guide".	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		
CFS-302.2	Campus Program Change	Please provide an example "COMR Migration Request Form".	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		
CFS-302.3	Campus Program Change	Please provide a system generated list from the HelpDesk application of object changes to CFS from 07/01/14 - Current (i.e. list of campus query and security changes). Please also provide screenshots of the criteria used to generate the listing. **Can you please confirm a list of changes cannot be generated directly from the application?**	Nicole/Barbara/Michelle	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-303.1	Program Change	**[Sample Selection to be provided at a later date]** From the program change listing, we will make further selections and request additional documentation (i.e. "CFS Summary of Release Changes" document, "Summary of Release Changes" form, Modification Log, Help Desk tickets).	George/Chad Nicole/Barbara/Michelle	TBD	TBD		Campus Selection Required
CFS-304.1	Program Migration Access	Please provide a screenshot of the list of CMSETS Oracle triggers implemented on FCFSPRD and the trigger template.	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-304.2	Program Migration Access	Please provide a screenshot of the list of CMSETS trigger alert files stored to determine if any program changes were developed and migrated using the CMSETS account. Please make sure that the screenshot shows the FY2014 period (07/01/14 - Current).	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-304.3	Program Migration Access	Please provide evidence of the last time the CMSETS password was changed.	George/Chad	4/10/2015	4/27/2015		
CFS-304.4	Program Migration Access	Please provide list of users with knowledge of the password to the CMSETS account. Please include users' full name, job title, and appropriateness of access.	George/Chad	4/10/2015	4/27/2015		
CFS-304.5	Program Migration Access	Please provide a screenshot of the list of users with access to the SYSADM account password.	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-304.6	Program Migration Access	We will need CSU to confirm appropriateness of users with access to migrate changes within CFS.	George/Chad	TBD	TBD		

Program Development

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
CFS-401.1	Development	Have there been any program developments in the FY2014 - 2015?	Mick/Nicole/Barbara	4/10/2015	TBD		

Computer Operations

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
CFS-500.1	Unisys SSAE16	Please provide the most recent Unisys SSAE16 report.	Ed/Leslie	4/10/2015	4/27/2015		

CFS-500.2	Unisys SSAE16	Unisys management confirmation that no changes have been made that would affect the SSAE16 (bi-annually, usually October - December coverage).	Ed/Leslie	4/10/2015	4/27/2015		
CFS-500.3	Unisys SSAE17	Unisys management confirmation that no changes have been made that would affect the SSAE16 (January - June coverage).	Ed/Leslie	4/10/2015	7/10/2015		
CFS-501.1	Batch Jobs	Please provide a system generated list of CFS batch jobs and their schedules ('CFS Job Scheduling Guide' document).	George/Chad	4/10/2015	4/27/2015		
CFS-501.2	Batch Jobs	Please provide a screenshot of monitoring system and automatic generation of ServiceNow tickets.	George/Chad	4/10/2015	4/27/2015		
CFS-502.1	Backups Schedule	Please provide the "CSU-Unisys Joint Backup and Restore Procedures".	George/Chad	4/10/2015	4/27/2015		
CFS-503.1	Backup Restoration	Please provide the SLA trend report for April 2015.	George/Chad	4/10/2015	4/27/2015		
CFS-503.2	Backup Restoration	Please provide the full SLA reports for the months of September 2014 and April 2015.	George/Chad	4/10/2015	4/27/2015		
CFS-504.1	Backup Media Access	Please confirm in writing if there have been any backup tape recalls that have occurred during the period under review.	George/Chad	4/10/2015	4/27/2015		
CFS-505.1	Incident Management Procedures	Please provide the "CFS Incident Management Procedures" and "ITSC Incident Management Procedures".	Sterling	4/10/2015	4/27/2015		
CFS-505.2	Incident Management Procedures	Please provide a system generated list of CFS and Data Warehouse related HelpDesk tickets that were created between 07/1/14 - Current Date with the following fields: 1. Ticket # 2. Description 3. Opened Date 4. Resolved Date 5. Priority 6. Incident State 7. Category 8. Subcategory 9. Type 10. Location Please also provide screenshots of the criteria used to generate the listing.	Sterling	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
CFS-505.3	Incident Management Procedures	**[Sample Selection to be provided at a later date]** From the incident management listing, we will make further selections and request additional documentation (i.e. help desk ticket).	Sterling	TBD	TBD		

Client	CSU	W/P Ref:	DW IT General Controls PBC
Prepared By	Amy Vuong	Date	4/10/2015

NOTES:
1. For controls that we will be selecting samples from, if there are no samples within the 4th quarter to select, we will have to pull the list again at a later date to obtain a sample from the 4th quarter.

2. For all controls with the comment **"Campus Selection Required"**, the following campuses have been selected:
1. Chancellor's Office
2. Fullerton
3. Long Beach
4. Northridge
5. Sacramento
6. San Francisco
7. San Jose
8. San Luis Obispo

3. To ensure the completeness of the system-generated listings, KPMG will need to observe (via Net Meeting, WebEx, in person, or screenshots) the parameters/criteria used during the generation process. For all controls with the comment **"Observation Required"**, you can setup a time with KPMG to observe the generation real-time or take screenshots of the process (e.g. parameters selected, etc.) while you generate the lists.

General Requests

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-101	Application	Please provide the following information about the Finance Data Warehouse and the supporting network and infrastructure: 1. Location where the Data Warehouse is Hosted 2. Operating System 3. Backend Database	Linda/Cheryl K.	4/10/2015	4/27/2015		

Access to Programs and Data

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-201	Access List	Please provide a system generated list of all users with access to the Finance Data Warehouse. Please include the following fields, if possible: - User Name - Name - Title - Level of access	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-202	Privileged Access	Please provide a system generated report or screenshot of users with administrator access (ability to add/modify/delete user access) to Data Warehouse Back End (ETL).	Linda/Cheryl K.	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
FDW-203	Privileged Access	Please provide a system generated report or screenshot of users with administrator access ("Administrators" group/ability to add/modify/delete user access) to Data Warehouse Front End (OBIEE).	Linda/Cheryl K.	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
FDW-204	Privileged Access	Upon receipt of user listing, we will need CSU to confirm appropriateness of users with administrator access to Data Warehouse Front End.	Linda/Cheryl K.	TBD	TBD		

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-207	DBA Access	Please provide a system generated listing of users with access to the backend Oracle database for DW (DBA role). Please include the following information: 1. User Name 2. Role 3. Account Status 4. 'ADM' Flag Please also provide the script used to generate the listing	George/Chad	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
FDW-208	DBA Access	Upon receipt of user access listing, we will need CSU to confirm appropriateness of users with DBA access to DW.	George/Chad	TBD	TBD		

Program Changes

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-301	Program Change Policy	Please provide policies and procedures on how changes to the Data Warehouse are controlled, requested, reviewed, approved, and implemented (i.e. "Data Warehouse Change Management Process" document).	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-302	Configuration Change Policy	Please provide policies and procedures on how changes to configuration changes to the Data Warehouse are controlled, requested, reviewed, approved, and implemented. For example: Control procedures over changes made to data warehouse tree(s) definition.	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-303	Program Change	Please provide a system generated listing of Program Changes to the Data Warehouse, including emergency and configuration changes for the period 7/1/14 - Current (i.e. listing from the help desk application, "List of Changes to OBIEE" document and "ETL Bug Fixes" spreadsheet). Please also provide screenshots of the criteria used to generate the listing. **Can you please confirm a list of changes cannot be generated directly from the application?**	Linda/Cheryl K.	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
FDW-304	Program Change	**[Sample Selection to be provided at a later date]** From the program change listing, we will make further selections and request additional documentation (i.e. "Data Warehouse Services Development Detail" document).	Linda/Cheryl K.	TBD	TBD		
FDW-305	Program Development Access	Please provide system generated list of users with access to develop changes.	Linda/Cheryl K.	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting
FDW-306	Segregation of Duties	Please provide system generated report or screenshots of how access to develop changes is segregated from access to migrate changes from test to prod.	Linda/Cheryl K.	4/10/2015	4/27/2015		

Program Development

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-401.1	Development	Have there been any program developments in the FY2014 - 2015?	Linda/Cheryl K.	4/10/2015	TBD		

Computer Operations

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-501	Batch Jobs	Please provide the "CFS Reporting Strategy" document.	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-502	Batch Jobs	1. Please provide a system generated list of Data Warehouse batch jobs and their schedules. 2. Please provide a screenshot of the properties/setup screen of the batch job where it shows that it is scheduled to be run daily.	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-503	Batch Jobs	1. Please provide the available batch job logs for FY15. 2. Please provide a screenshot of how the file was generated.	Linda/Cheryl K.	4/10/2015	4/27/2015		
FDW-504	Batch Jobs	Please provide a system generated report of the Data Warehouse related batch jobs failures between 07/1/14 - Current Date. Please also provide screenshots of the criteria used to generate the listing.	Linda/Cheryl K.	4/10/2015	TBD		Observation Required Will be observed and obtained during walkthrough meeting

PBC Item #	Item Name	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
FDW-505	Batch Jobs	**[Sample Selection to be provided at a later date]** From the batch job failures listing, we will make further selections and request additional documentation (i.e. help desk tickets).	Linda/Cheryl K.	TBD	TBD		

Client	CSU	W/P Ref:	IT Application Controls PBC
Prepared By	Amy Vuong	Date	4/10/2015

NOTES:
1. For all controls with the comment **"Campus Selection Required"**, the following campuses have been selected:
1. Chancellor's Office
2. Fullerton
3. Long Beach
4. Northridge
5. Sacramento
6. San Francisco
7. San Jose
8. San Luis Obispo

2. To ensure the completeness of the system-generated listings, KPMG will need to observe (via Net Meeting, WebEx, in person, or screenshots) the parameters/criteria used during the generation process. For all controls with the comment **"Observation Required"**, you can setup a time with KPMG to observe the generation real-time or take screenshots of the process (e.g. parameters selected, etc.) while you generate the lists.

IT Application Controls

PBC Item #	Item Name	Application	Item Description	Contact	Requested Date	Date Due to KPMG	Status	Comments
APP-101	Journal Entries	CFS	System report of **ALL journal entries recorded in FY 2014-15 (testing completeness):** 1. All manual entries in XXCMP business unit 2. All manual entries in XXCSU business unit 3. All entries (system and manual) in XXGAP business unit (**Note:** for PeopleSoft campuses, the report query name is "CSU_GL_JRNL_ENTRY_AUDIT_REPORT" to run the manual entries for XXCMP and XXCSU and "CSU_GL_JRNL_ENTRY_AUDIT_xxGAP" to run system and manual entries for XXGAP.) Query includes Date and Time stamp.	Lily	4/10/2015	TBD - 8/2015		Observation Required Will be observed and obtained during our meeting Note: KPMG Financial Audit team will be including this same item in the FSA PBC list as well (testing accuracy). Please reference the FSA PBC #21.
APP-102.1	GAAP Derivation	CFS	Please provide the "CSU GAAP Reporting Manual". Please confirm that there have been no changes in the process since last year's testing.	Lily	4/10/2015	4/27/2015		
APP-102.2	GAAP Derivation	CFS	1. Obtain and inspect the 6/30 derivation result for a sample campus and review that the derivation executed through the CMP, CSU and GAAP business units are conducted appropriately. 2. Perform a system query of the application in order to verify that the derivation was conducted appropriately.	Lily	4/10/2015	TBD		Observation Required Will be observed and obtained during our meeting
APP-103	GAAP Override	CFS	Please provide a system generated list of users with access to the GAAP Override feature for both Funds and Accounts in PeopleSoft. Please include the following information: 1. Name 2. User Name 3. Role 4. Is access appropriate? Please also provide the script used to generate the listing.	Nicole/Barbara/Michelle	4/10/2015	4/27/2015		Campus Selection Required Observation Required A sample run will be observed during walkthrough meeting

IT AUDIT KPMG CONTACT LIST

NAME	TITLE	PHONE	E-MAIL	ADDRESS
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Amy Vuong	Senior Manager	O: 213 630 8096 C: 626 625 3201	avuong@kpmg.com	550 South Hope Street Suite 1500, Los Angeles, CA 90071
Donna Xiao	Associate	O: 213 630 2267 C: 832 366 5260	donnaxiao@kpmg.com	550 South Hope Street Suite 1500, Los Angeles, CA 90071
Karim Moti	Associate	O: 213 955 1577 C: 818 269 2782	kmoti@kpmg.com	550 South Hope Street Suite 1500, Los Angeles, CA 90071

Finding #	Finding Type	Control Ref	Description of finding	Related Application	Remedied by management	Exists at period-end	Compensating Controls/ Additional Testwork	Management Response	Root Cause for the Finding
APD.1	ITGC - Access to Programs and Data	IT-202	Password Policy: KPMG noted that the CFS "Access Control" standards document requires all campuses to identify and implement password criteria including criteria for minimum password length, complexity, failed attempts, and aging schedule. The San Marcos campus did not have a formal password policy documented. Password Configuration: The password policy configurations set at the campus level did not adhere to their campus password policies. More specifically, we noted the following observations: 1) Chancellor's Office - Maximum failed password attempts (policy denoted 3 maximum attempts, configuration set at 5 maximum attempts) 2) Channel Islands - Password aging schedule (policy denoted 180 days, configuration set to 200 days) 3) Dominguez Hills - Maximum failed password attempts (policy denoted 5 maximum attempts, configuration set at 10 maximum attempts) 4) San Francisco - Minimum password length (policy denoted 8 characters, configuration set at 0)	CFS	Y	N	For San Francisco, we performed additional procedures due to the password length configuration setting of 0. KPMG noted that the web portal enforces a minimum password length of 8 characters, as well as more specific complexity requirements, and users are forced to change their passwords via this route.	N/A	Non-adherence to policies and procedures
APD.2	ITGC - Access to Programs and Data	IT-210	Windows Administration: KPMG noted 11 CSU employees with domain administrator privileges on the Windows network. Although these access rights were once appropriate and necessary for the installation of network applications, these users no longer require these privileges, and domain administrator access rights should be restricted to Unsiys personnel.	CFS	N	Y	KPMG noted that these users are part of the CMS Technical Services team located at the Chancellor's Office, and 8 of these users have been noted as appropriate to have Local Administrator privileges on the application web servers. We noted that these users were granted Domain Administrator privileges to perform application installations when the Windows servers were initially set up, but they no longer require this access, as UNISYS is now responsible for administering and maintaining the Windows domain.	Windows domain access has been removed for CSU personnel. This was reviewed and validated by CO Information Security.	Lack of user access review
APD.3	ITGC - Access to Programs and Data	IT-205	Granting/Modifying Access: KPMG noted that the Dominguez Hills campus was not able to provide user access request forms for 3 sampled users. We noted that they experienced a change in the personnel responsible for overseeing the CFS access provisioning and de-provisioning process beginning January 2014. In addition, they were in the process of transitioning their recordkeeping of user access forms from hardcopies to softcopies. As a result, they were unable to locate evidence of access approvals for 3 of our sampled users.	CFS	N	Y	KPMG inspected the access levels of all 3 users. Per inspection, we noted the following: - Two users' access are limited to the CSU portal homepage, with no functional CFS access - One user's access is limited to view-only and report generation access rights	The Chancellor's Office will disseminate a memo directing campuses to implement appropriate business practices to track and retain CMS user access records.	Non-adherence to policies and procedures
APD.4	ITGC - Access to Programs and Data	IT-206	Terminating Access: KPMG noted that campuses did not remove terminated users' access rights in a timely manner. More specifically, we noted the following observations: 1) Dominguez Hills - Access for 4 users was not removed until 11, 26, 41, and 46 days after they were terminated 2) San Francisco - Access for 1 user was not removed until 16 days after they were terminated 3) San Luis Obispo - Access for 3 users was not removed until 10, 11, and 18 days after they were terminated 4) San Jose - Access for 4 users was not removed until 11, 12, 21, and 23 days after they were terminated 5) San Marcos - Access for 4 users was not removed until 19 days, 34 days, 4 months, 6 months, and 8 months after they were terminated	CFS	N	Y	KPMG inspected the last login dates of all indentified users and noted that no users accessed CFS after their termination date.	The Chancellor's Office will disseminate a memo directing the campus to terminate CMS user access rights within 10 days of an employee's last active day of employment.	Non-adherence to policies and procedures

CHAPTER 18
SCO GAAP SUBMISSION

OVERVIEW

The CSU provides information to the State Controller's Office (SCO) annually to aid in the preparation of the state's Comprehensive Annual Financial Report, also known as the CAFR. The CAFR is presented on the GAAP basis of accounting. The information CSU provides allows the SCO to convert data campuses submit in July of each year on the legal basis of accounting (defined in Chapter 1 of the *Legal Accounting and Reporting Manual*) to the GAAP basis.

To meet its obligation to the SCO, the Chancellor's Office (CO) uses, to the extent possible, financial data submitted by the campuses through mechanisms such as the GAAP Reporting Package (TM1) and GAAP FIRMS. However, supplemental data that only the campuses possess are also necessary for a complete submission. The purpose of this chapter is to detail the SCO's GAAP submission requirements and to describe the supplemental information required from campuses each year.

Please note that the GAAP FIRMS data is used not only to prepare the GAAP adjustments for the SCO, but also to provide the breakdown of unrestricted net position for the Management's Discussion and Analysis (MD&A) in the CSU's system-wide financial statements, and for the management analysis prepared for the Board of Trustees. Therefore, GAAP FIRMS data <u>must</u> tie to the GAAP Reporting Package and report accurate amounts in each state fund and in each CSU fund within state fund 0948.

Data Submitted to the SCO

A. <u>System-wide financial statements</u>

The CO provides a copy of the financial statements to the SCO. The CSU employs the business-type activities (BTA) reporting model in presenting financial results as indicated in Chapter 1, Part III, of this manual. The State of California, on the other hand, uses a different reporting model requiring the presentation of fund financial statements. The SCO, therefore, asks the CSU to provide a breakdown of its financial statements by state fund. The CO accomplishes this by extracting the GAAP-basis data submitted by campuses to FIRMS and reconciling that data to the financial statements. As long as each campus's GAAP FIRMS submission is in agreement with its reporting package, the CO is able to successfully provide the fund breakdown to the SCO without further input from the campuses.

B. Breakdown of the consolidated cash flow statement between governmental and enterprise funds

This is generated through entries made by campuses in the TM1 software (**go to the SCO folder in TM1**) and will produce the consolidated report needed by the SCO. A copy of the TM1 template is provided in this chapter as an example only. It is not to be used for actual preparation and submission.

C. Reconciliation of transfers and due from/to other funds accounts

The SCO requires a demonstration that these transactions zero for the CSU as a whole because the SCO needs to eliminate them within the enterprise (non-governmental) fund group. The CO provides templates to campuses on which will be entered, by state fund, the amounts due from or to another state fund and transfer information.

D. Detail of capital assets, accumulated depreciation and depreciation expense

The SCO requires for each funding source (the state funds that provided the funding for the acquisition or construction of fixed assets) the beginning balance, additions, deletions, transfers, and the ending balance for both capital assets and the related accumulated depreciation. For fiscal year ended June 30, 2015, this data will be retrieved by the Chancellor's Office from Asset Management, the PeopleSoft module which creates the capital asset sub-ledger. Campuses will be required to update directly in Asset Management asset and accumulated depreciation data entered through June 30 for transactions pertaining to the reporting year, but not posted in the system prior to closure of the legal-basis financial records. The module will provide the Chancellor's Office with a consolidated report in the format required by the SCO. Campuses will be required to separately submit a depreciation expense schedule in Excel format.

E. Legal to GAAP reconciliation of governmental funds

The SCO requires a reconciliation of data presented on the legal basis of accounting to data presented on the GAAP basis for the General Fund, all governmental capital outlay funds and the Special Deposit Fund. The CO provides campuses with a template to facilitate completion of these reconciliations. Campuses must fully describe each adjustment needed to convert from the legal to the GAAP basis. Adjustment descriptions must be clear, concise and understandable to a person not familiar with campus operations.

The reconciliation template lists the standard entries typically entered for the conversion. Campuses are encouraged to use these standard entries to the extent possible as it facilitates data consolidation by the CO.

F. Net Investment in Capital Assets

The SCO requires a calculation of Net Investment in Capital Assets by funding source (i.e. the state fund that provided funding for the acquisition or construction of the fixed assets), though all fixed assets are in state fund 0997 (CSU fund 501). The calculation begins with Capital Assets, Net of Accumulated Depreciation/Amortization, and backs out capitalized lease and long-term obligations, adjusted for the unspent portion of these liabilities, by funding source. Entries to create this schedule are made by campuses in the TM1 software (**go to the SCO folder in TM1**), which produces the consolidated report needed by the SCO. A copy of the TM1 template is provided in this chapter as an example only. It is not to be used for actual preparation and submission.

G. Detail of other liabilities

The detail of other liabilities as presented in the system-wide financial statements is provided by campuses through completion of a schedule in TM1 (**go to the YES folder in TM1**). A copy of the TM1 template is provided in this chapter as an example only. It is not to be used for actual preparation and submission.

H. Detail of pollution remediation obligations

This schedule is a sub-set of the detail of other liabilities (i.e., pollution remediation obligations is a component of other liabilities (see item G above). The required detail will be provided by campuses through completion of an Excel worksheet for each state fund recording such liability.

Templates

Listed below are the templates that must be completed by campuses so the CSU can fulfill its GAAP reporting obligation to the state. Each template includes an Instructions tab that provides the purpose of the schedule and provides step-by-step completion guidance. The due date for submission of these templates is established annually by the CO to meet the SCO's requirements. Campuses need to consult the Master Timeline at the SFSR website, to determine each year's submission deadline.

Campuses are required to submit the below listed templates via the State Reporting SharePoint site at https://csyou.calstate.edu/groups/StateReporting/SitePages/Home.aspx.

- Reconciliation of Due To/From Accounts
- Reconciliation of Transfers To/From Other Funds
- Depreciation Expense Schedule
- Legal to GAAP Reconciliation (for governmental funds)
- Pollution Remediation Obligations Detail

The following templates must be completed in TM1:

- Breakdown of Statement of Cash Flows
- Calculation of Net Investment in Capital Assets
- Other Liabilities Detail

Capital assets and accumulated depreciation data residing in the Asset Management module will be updated by campuses for transactions pertaining to the fiscal year ended June 30, but which were not posted in the system prior to that date. A sample of the Asset Management form used by campuses for this update, and the associated instructions, are included in this chapter. The sample schedule is not to be used for actual preparation and submission. Campuses will need to complete their updates by the date specified in the Master Timeline for submission of all SCO GAAP templates. The Asset Management module will provide to the Chancellor's Office a consolidated asset and accumulated depreciation schedule in the format required by the SCO.

The templates completed by campuses are a part of this chapter and follow this page.

The following should be noted when completing the templates:

- **Numbers entered on all templates MUST be rounded to the nearest dollar.**
- **Schedules MUST tie to each other and rounding issues MUST be resolved.**
- **Schedules MUST tie to FIRMS GAAP and TM1 entries as specified in the instructions for each schedule.**
- **ALL abnormal balances need to be explained via footnote on the schedule reflecting the abnormal balance.**

All standards that the completed templates must meet have been summarized in a list at Section 18.09. **Campus management should use the document as a checklist when reviewing the templates before giving them their approval and submitting them to the Chancellor's Office.**

Certification of Data

Campuses are required to certify the quality and completeness of all data submitted on the GAAP basis, including the data reported on all templates required by this chapter. The certification form is located in Chapter 11.03 of this manual and is fully described in Chapter 11.02.

It remains important that the campus management thoroughly review the schedules described in this chapter to ensure the accuracy of what is being submitted by their staff. The CO has a very short period in which to consolidate the campus data and to prepare other required schedules. It cannot perform in-depth reviews of the submissions and comparisons with other available data. In the event the CO identifies an unacceptable level of errors, the submission will be rejected and returned to the campus with those errors noted. Re-submissions, when necessary, need to be given high priority by the campus so the CSU's filing obligations with the SCO can be met.

Revision Control

Document Title: Chapter 18 – SCO GAAP Submission

Revision and Approval History

Section(s) Revised	Summary of Revisions	Revision Date
18.0-2	Item D of the section "Data Submitted to SCO", relating to the templates for capital asset, accumulated depreciation and depreciation expense detail, has been updated due to a change in what information campuses will provide to the Chancellor's Office and the vehicle for doing so.	April 2014
18.0-3	Item H has been added to the section "Data Submitted to SCO" to describe a new reporting requirement: provision of detail of pollution remediation obligations.	April 2014
Template A	A new requirement has been added to the Instructions tab of the template for Reconciliation of Due To/From: confirmation that each due to or from recorded in a given fund matches the entry in the corresponding fund.	April 2014
Template B	A new requirement has been added to the Instructions tab of the template for Reconciliation of Transfers: confirmation that each transfer in or transfer out recorded in a given fund matches the entry in the corresponding fund.	April 2014
Template C	A new template has been developed to capture the required capital assets and accumulated depreciation detail needed. It leverages the data available in Asset Management. The Excel workbook in the GAAP Manual includes a new set of instructions and a sample of the template that will be provided for completion by the Chancellor's Office to the campuses.	April 2014
Template H	A new template has been added: Pollution Remediation Obligations Detail. This is in response to a new SCO requirement. Instructions are at the first tab of the Excel workbook.	April 2014
Data Submitted to the SCO (in text)	Item D updated for change in manner of campus submission of capital asset and accumulated depreciation data.	April 2015
Templates (in the text)	Deleted bullet for the capital asset and accumulated depreciation template from the section pertaining to Excel templates submitted via the State Reporting SharePoint site and added paragraph at the end of the section concerning the preparation of updated capital asset and accumulated depreciation data in the Asset Management module.	April 2015

Templates (in the text)	New requirements added; see 4 bullets at end of section.	April 2015
18.03(a)	Added sample of Asset Management form used to provide updated information as of June 30 for capital assets and accumulated depreciation.	June 2015

INSTRUCTIONS FOR COMPLETING TEMPLATE: RECONCILIATION OF DUE TO/FROM - GAAP BASIS

For GAAP reporting purposes, the SCO requires detail of the amount reported on a systemwide basis in Due From Other Funds (711104) and Due To Other Funds (712102). The form at the Template tab is designed to capture this data.

1) Enter your campus's name and the fiscal year end (e.g. 6/30/14) in the upper left-hand corner.
2) For each state fund, enter due to/from balances by the fund it is due to or the fund it is due from. For example, if 0948 has $1,000 due from 0576, a debit of $1,000 would be recorded in the 0948 column and the Due From 0576 line; a credit of $1,000 would be recorded in the 0576 column on the due to 0948 line.
3) If a state fund in which you recorded due to and/or due from activity is not on the template, insert it. Be sure your insertions follow the numerical sequence of the state funds. (For example, if a column for state fund 6041 was missing, it would be inserted between 6028 and 6048).
4) **Confirm the total due from and due to balances by state fund agree to what your campus reported in GAAP FIRMS and in TM1. (Lines subtotaling due to and due from are included in the template.)**
5) **Confirm the due from and due to balances net to zero on a consolidated basis (i.e. the intersection of the Total column and the Total line should be $0).**
6) **Confirm that each due to or from recorded in a given fund matches the entry in the corresponding fund. For example, if a $1,000 due from 0948 is recorded in 0576, make sure that 0948 has recorded a $1,000 due to 0576.**

NOTE: ROUND AMOUNTS TO THE NEAREST DOLLAR.

RECONCILIATION OF DUE TO/FROM - GAAP BASIS
CAMPUS:
FISCAL YEAR:

STATE FUND NUMBER	0001	0498	0574	0575	0576	0578	0580	0581	0583	0660	0785	0839	0942	0947	0948	0996	0997	6028	6041	6048	TOTAL
Due from 0001																					0
Due from 0498																					0
Due from 0574																					0
Due from 0575																					0
Due from 0576																					0
Due from 0578																					0
Due from 0580																					0
Due from 0581																					0
Due from 0583																					0
Due from 0660																					0
Due from 0785																					0
Due from 0839																					0
Due from 0942																					0
Due from 0947																					0
Due from 0948																					0
Due from 0996																					0
Due from 0997																					0
Due from 6028																					0
Due from 6041																					0
Due from 6048																					0
Subtotal of due from (711104)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Due to 0001																					0
Due to 0498																					0
Due to 0574																					0
Due to 0575																					0
Due to 0576																					0
Due to 0578																					0
Due to 0580																					0
Due to 0581																					0
Due to 0583																					0
Due to 0660																					0
Due to 0785																					0
Due to 0839																					0
Due to 0942																					0
Due to 0947																					0
Due to 0948																					0
Due to 0996																					0
Due to 0997																					0
Due to 6028																					0
Due to 6041																					0
Due to 6048																					0
Subtotal of due to (712102)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

INSTRUCTIONS FOR COMPLETING TEMPLATE: RECONCILIATION OF TRANSFERS TO/FROM - GAAP BASIS

For GAAP reporting purposes, the SCO requires detail of the amount reported on a system-wide basis in Transfers To/From Other Funds, Campuses (724004). The form on the Template tab is designed to capture this data.

1) Enter your campus's name and the fiscal year end (e.g. 6/30/14) in the upper left-hand corner.
2) For each state fund, enter transfer balances by the fund to which the monies were sent or from which they were received. For example, if 0948 transferred $1,000 to 0576, a debit of $1,000 would be recorded in the 0948 column and the Transfer to 0576 line; a credit of $1,000 would be recorded in the 0576 column on the Transfer from 0948 line.
3) If a state fund in which you recorded transfer activity is not on the template, insert it. Be sure your insertions follow the numerical sequence of the state funds. (For example, if a column for state fund 6041 was missing, it would be inserted between 6028 and 6048).
4) **Confirm the net transfers (the TOTAL line on the template) by state fund agree to what your campus reported in GAAP FIRMS and in TM1 for object code 724004.**
5) **Confirm the transfers net to zero on a consolidated basis (i.e. the intersection of the Total column and the Total line should be $0).**
6) **Confirm that each transfer in or transfer out recorded in a given fund matches the entry in the corresponding fund. For example, if a $1,000 transfer in from 0948 is recorded in 0576, make sure that 0948 has recorded a $1,000 transfer out to 0576.**

NOTE: ROUND AMOUNTS TO THE NEAREST PENNY.

RECONCILIATION OF TRANSFERS TO/FROM - GAAP BASIS
CAMPUS:
FISCAL YEAR:

STATE FUND NUMBER	0001	0498	0574	0575	0576	0578	0580	0581	0583	0660	0785	0839	0942	0947	0948	0996	0997	6028	6041	6048	TOTAL
Transfer from 0001																					0
Transfer from 0498																					0
Transfer from 0574																					0
Transfer from 0575																					0
Transfer from 0576																					0
Transfer from 0578																					0
Transfer from 0580																					0
Transfer from 0581																					0
Transfer from 0583																					0
Transfer from 0660																					0
Transfer from 0785																					0
Transfer from 0839																					0
Transfer from 0942																					0
Transfer from 0947																					0
Transfer from 0948																					0
Transfer from 0996																					0
Transfer from 0997																					0
Transfer from 6028																					0
Transfer from 6041																					0
Transfer from 6048																					0
Subtotal of transfers in	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Transfer to 0001																					0
Transfer to 0498																					0
Transfer to 0574																					0
Transfer to 0575																					0
Transfer to 0576																					0
Transfer to 0578																					0
Transfer to 0580																					0
Transfer to 0581																					0
Transfer to 0583																					0
Transfer to 0660																					0
Transfer to 0785																					0
Transfer to 0839																					0
Transfer to 0942																					0
Transfer to 0947																					0
Transfer to 0948																					0
Transfer to 0996																					0
Transfer to 0997																					0
Transfer to 6028																					0
Transfer to 6041																					0
Transfer to 6048																					0
Subtotal of transfers out	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
TOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

INSTRUCTIONS FOR COMPLETING CAPITAL ASSETS/ACCUMULATED DEPRECIATION DATA IN AM

The SCO requires the CSU to provide certain detail for fixed asset costs and the related accumulated depreciation, specifically beginning balances, additions, deletions, transfers and the ending balances for each asset type, by state fund. Beginning in 2015, campuses will fulfill this requirement by completing certain screens in the Asset Management (AM) module. The "Template", "CWIP" and "PWIP" tabs of this workbook display the relevant AM screens. These are for information only. The Chancellor's Office will only accept the data as entered in AM.

Navigation to the screens:

From the Main Menu in CFS:

CSU State & SW Reporting

Capital Asset Reporting

Prior Period Adjustments (for entries pertaining to assets other than CWIP and PWIP); CWIP (for entries specific to this asset category);
PWIP (for entries specific to Internally Generated Assets in Progress)

At the next screen (whether for Prior Period Adjustments, CWIP or PWIP): enter (1) business unit; (2) SCO (state) fund; (3) the fiscal year.

Via this navigation, the CFS user will reveal screens identical to the samples at the "Template", "CWIP" and "PWIP" tabs.

To complete the form at the Prior Period Adjustments screen for each state fund in which fixed assets reside:

1) **For 2015 only**, enter amounts booked in AM after the FYE 6/30/14 legal close, but pertaining to FYE 6/30/14 transactions (i.e. last year's GAAP adjustments) in the Prior Period Adjustments columns. In susequent years, these fields will be populated by the program.
2) Enter the current fiscal year's GAAP adjustments in the GAAP Adj. - Additions and GAAP Adj. - Deductions columns.
3) Enter the current year's transfers recorded in AM additions/deductions columns in the Transfers In and Transfers Out columns. Entries in these columns will automatically adjust the Additions and Deductions columns on the form.
4) Enter the current fiscal year's GAAP adjustments to net transfers in the GAAP Adj. - Net Transfers column.

To complete the form at the CWIP screen:

1) **For 2015 only**, enter amounts booked in AM after the FYE 6/30/14 legal close, but pertaining to FYE 6/30/14 transactions (i.e. last year's GAAP adjustments) in the Prior Period Adjustments (PPA) column. In susequent years, these fields will be populated by the program.
2) For every entry in the PPA column, enter an equal adjustment in the Additions or Deductions column. If the net PPA is an addition, reduce the amount in the Additions column; if the net PPA is a deduction, then reduce the amount in the Deductions column.
3) Enter the current fiscal year's GAAP adjustments in the GAAP Adj. - Additions and GAAP Adj. - Deductions columns.
4) Enter the current year's transfers recorded in AM additions/deductions columns in the Transfers column. Adjust the Additions and Deductions columns in the same manner as instructed at Step (2) above.
5) Enter the current fiscal year's GAAP adjustments to net transfers in the GAAP Adj. - Net Transfers column.

To complete the form at the PWIP screen:

1) **For 2015 only**, enter amounts booked in AM after the FYE 6/30/14 legal close, but pertaining to FYE 6/30/14 transactions (i.e. last year's GAAP adjustments) in the Prior Period Adjustments (PPA) column. In susequent years, these fields will be populated by the program.
2) For every entry in the PPA column, enter an equal adjustment in the Additions or Deductions column. If the Net PPA is an addition, reduce the amount in the Additions

column; if the Net PPA is a deduction, then reduce the amount in the Deductions column.

3) Enter the current fiscal year's GAAP adjustments in the GAAP Adj. - Additions and GAAP Adj. - Deductions columns.
4) Enter the current year's transfers recorded in AM additions/deductions columns in the Transfers column. Adjust the Additions and Deductions columns in the same manner as instructed at Step (2) above.
5) Enter the current fiscal year's GAAP adjustments to net transfers in the GAAP Adj. - Net Transfers column.

NOTE: **FOR 2015 ONLY, Step 1 above must be completed no later than JUNE 23, 2015. The remaining steps are to be completed in accordance with the Master Timeline.**

Campuses are required to tie the numbers on the AM form as follows:

**** Adjusted Beg Balance fields to the ending balances reported on the campus' 2014 SCO GAAP Capital Assets/Accumulated Depreciation Worksheet.**

**** Adjusted GAAP End Bal to TM1 and the net capital assets in GAAP FIRMS.**

CAUTIONS

Deductions need to carry negative signs.

Entries on this form are for reporting purposes only and DO NOT update the AM database!!!!

Non-depreciable Capital Asses

Account Title	SCO Acct	Beginning Balance	Prior Period Adj Additions	Prior Period Adj Deductions	Adjusted Beg. Balance	Additions	GAAP Adj Additions	Deductions	GAAP Adj Deductions	Transfers In	Transfers Out	Net Transfers	GAAP Adj Net_Transfers	Ending Balance	Adjusted GAAP EndBal
Tangible-Land & land improvements	0446	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Art/Historical treasures (non-deprec)	0444	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Libraries & Coll. (non-deprec) DO NOT USE	0444	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Land use rights (non-amort)	0472	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Patents, cpyrghts & trdmrks (non-amort)	0473	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Other intangible assets (non-amort)	0474	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Depreciable Captial Assets

Account Title	SCO Acct	Beginning Balance	Prior Period Adj Additions	Prior Period Adj Deductions	Adjusted Beg. Balance	Additions	GAAP Adj Additions	Deductions	GAAP Adj Deductions	Transfers In	Transfers Out	Net Transfers	GAAP Adj Net_Transfers	Ending Balance	Adjusted GAAP EndBal
Tangible-Buildings & building Improvements	0448	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Improvements other than buildings	0449	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Art/Historical treasures DO NOT USE	0445	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Infrastructure	0451	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Libraries & Coll. (deprec)	0445	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Equipment	0450	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Computer software	0481	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Land use rights (amort)	0482	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Patents, cpyrghts & trdmrks (amort)	0483	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Other intangible assets (amort)	0484	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Accumulated Depreciation

Account Title	SCO Acct	Beginning Balance	Prior Period Adj Additions	Prior Period Adj Deductions	Adjusted Beg. Balance	Additions	GAAP Adj Additions	Deductions	GAAP Adj Deductions	Transfers In	Transfers Out	Net Transfers	GAAP Adj Net_Transfers	Ending Balance	Adjusted GAAP EndBal
Tangible-Buildings & building Improvements	0458	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Improvements other than buildings	0463	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Art/Historical treasures DO NOT USE	0459	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Infrastructure	0457	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Libraries & Coll. (deprec)	0459	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Tangible-Equipment	0462	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Computer software	0491	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Land use rights (amort)	0492	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Patents, cpyrghts & trdmrks (amort)	0493	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Intangible-Other intangible assets (amort)	0494	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Construction Work in Progress

SCO Fund	Fund description	Beginning Balance	Prior Period Adjustments	Additions	GAAP Adj Additions	Deductions	GAAP Adj Deductions	Transfers	GAAP Adj Net_Transfers	Ending Balance	Adjusted GAAP EndBal
0001	General Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0036	Special Account for Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0146	Capital Outlay for Public Higher Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0189	Energy and Resources Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0377	1987 Higher Educ Earthquake Acct, Disaster Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0498	Higher Education Fees and Income, CSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0505	Affordable Student Housing-Revolving Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0525	High Technology Educ Revenue Bond Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0573	State University Continuing Education Revenue Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0574	1998 Higher Education Capital Outlay Bond Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0575	State College From Bldg Maint and Equip Res Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0576	Calif State Univ Dorm Construction Fund (DCF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Projects Work in Progress

SCO Fund	Fund description	Beginning Balance	Prior Period Adjustments	Additions	GAAP Adj Additions	Deductions	GAAP Adj Deductions	Transfers	GAAP Adj Net_Transfers	Ending Balance	Adjusted GAAP EndBal
0001	General Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0036	Special Account for Capital Outlay	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0146	Capital Outlay for Public Higher Education	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0189	Energy and Resources Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0377	1987 Higher Educ Earthquake Acct, Disaster Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0498	Higher Education Fees and Income, CSU	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0505	Affordable Student Housing-Revolving Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0525	High Technology Educ Revenue Bond Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0573	State University Continuing Education Revenue Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0574	1998 Higher Education Capital Outlay Bond Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0575	State College From Bldg Maint and Equip Res Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
0576	Calif State Univ Dorm Construction Fund (DCF)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

<u>DEPRECIATION EXPENSE TEMPLATE INSTRUCTIONS</u>

1) Enter the campus name and fiscal year in the upper left-hand corner of the schedule.
2) Enter depreciation expense by state fund, rounding to the nearest dollar. Add state funds to the template as necessary.
3) The total depreciation expense will automatically calculate. **Total depreciation expense must tie to the amount reported in TM1.**

DEPRECIATION EXPENSE
AGENCY NUMBER & NAME:
FISCAL YEAR:

State Fund Number	0001	0036	0146	0189	0525	0574	0658	0660	0705	0736	0782	0785	0791	6028	6041	6048	TOTAL
Depreciation expense																	-

INSTRUCTIONS FOR COMPLETING TEMPLATE: LEGAL TO GAAP RECONCILIATION

The SCO requires reconciliations from the legal to the GAAP basis of accounting for the General Fund, all capital outlay funds (0036, 0146, 0574, 0658, 0705, 0736, 0782, 0785, 0791, 6028, 6041 and 6048) and the Special Deposit Fund (0942). The form at the Template tab is intended to facilitate and record those reconciliations. The reconciliations should be submitted in a single workbook, with each tab containing a single reconciliation. The tabs should be labeled with the state fund number. The tabs should be presented in numerical order (by state fund number).

Each GAAP adjustment entered on a reconciliation must be fully explained at the Description of GAAP Adjustments tab. Adjustments for all state funds are entered at this tab.

TEMPLATE TAB

1) Enter your campus' name and the fiscal year end (e.g. 6/30/14) in the upper left-hand corner, as well as the state fund number being reconciled.
2) Enter the legal basis balances in column C. Balances are to be provided by the GAAP account to which they map to facilitate reconciliation to the GAAP basis. **The balances entered in this column must agree to the balances reported to the SCO via the SAM 99. Only accounts most commonly used by the General Fund and capital outlay funds have been included on the template. If an account you used for any given fund is not listed, insert it in the correct numerical position. Please do not delete any account number already included on the template.**
3) Enter GAAP adjustments in column D. An explanation for each adjustment must be provided at the tab Description of GAAP Adjustments.
4) The GAAP balances in column E are calculated values, but **they must agree to the balances submitted to GAAP FIRMS and TM1 by the campus**.
5) The number provided in column G is a cross-reference between the GAAP adjustment entered on the template and the description of that adjustment provided at the tab Description of GAAP Adjustments.

NOTE: ROUND AMOUNTS TO NEAREST DOLLAR.

DESCRIPTION OF GAAP ADJUSTMENTS TAB

1) Enter your campus' name and the fiscal year end (e.g. 6/30/14) in the upper left-hand corner.
2) Adjustments are to be entered at this tab by state fund. Column A is reserved for identification of the state fund number. The most common GAAP entries for the General Fund and capital outlay funds are listed. To facilitate data consolidation, these standard entries should be used to the extent possible. If your campus has entries for any given fund that are not listed, please record them below the standard entries.
3) Enter the adjustment number in column C. These numbers should correlate to the reference numbers on the templates.
4) Enter the GAAP account number in column D.
5) Enter the account description in column E.
6) Enter debits in column F and credits in column G.
7) Fully describe the reason for the adjustment in column H. The description should be written in a manner so as to allow a person without knowledge of your campus' accounting system to fully understand the purpose of the adjustment. Do not use abbreviations or acronyms.

NOTE: DO NOT ENTER COMPOUND ENTRIES ON THIS SCHEDULE. PROVIDE EACH ENTRY REQUIRED TO CONVERT THE LEGAL-BASIS BALANCES TO GAAP.

LEGAL TO GAAP RECONCILIATION
FUND NUMBER:
CAMPUS:
FISCAL YEAR:

		Legal	GAAP Adjustments	GAAP	GAAP Adj. Ref. #
711103	Accounts receivable, net			0	
711104	Due from other funds (conversion template only)			0	
711107	Prepaid expenses and other assets			0	
711202	Accounts receivable, net			0	
712101	Accounts payable			0	
712102	Due to other funds (conversion template only)			0	
712109	Other liabilities, current			0	
713834	Restricted: expendable, capital projects			0	
713881	Unrestricted			0	
713899	Fund balance clearing (conversion template only)			0	
721007	Other operating revenues			0	
722004	Supplies and other services			0	
722006	Reimbursable activities (conversion template only)			0	
723001	State appropriations, noncapital			0	
723003	Investment income, net			0	
723005	Interest expenses			0	
723006	Other nonoperating revenues (expenses)			0	
723011	Other Federal nonoperating grants, non-capital			0	
724001	State appropriations, capital			0	
724002	Grants and gifts, capital			0	
724004	Transfers to/from other funds/campuses, net			0	
	TOTAL	0	0	0	

LEGAL TO GAAP RECONCILIATION - DESCRIPTION OF GAAP ADJUSTMENTS
CAMPUS:
FISCAL YEAR:

	Adjustment #	GAAP Account #	GAAP Account Description	Debit	Credit	Adjustment Description
STATE FUND #: 0001						
[To the right are listed the standard GAAP entries for this fund. Standard entries should be used to the extent possible.]	1	711103	Accounts receivable, net (current)			To record current year General Fund appropriation.
		723001	State appropriations, non-capital			
		723011	Other Federal non-operating grants			
	2	713899	Fund balance clearing			To reclassify Fund Balance Clearing to accounts receivable.
		711103	Accounts receivable, net (current)			
CAPITAL OUTLAY FUNDS						
[In this column, record the state fund number in this format: STATE FUND #: XXXX To the right are listed the standard GAAP entries for these funds. Standard entries should be used to the extent possible.]	1	711202	Accounts receivable, net (noncurrent)			To record unexpended balance of prior years' state capital appropriations.
		713834	Restricted: expendable, capital projects			
	2	711202	Accounts receivable, net (noncurrent)			To record current year's state capital appropriations.
		724001	State appropriations, capital			
	3	713899	Fund balance clearing			To reclass FBC.
		711202	Accounts receivable, net (noncurrent)			
	4	713834	Restricted: expendable, capital projects			To record prior year's expenditure accruals.
		712101	Accounts payable			
	5	712101	Accounts payable			To reverse the prior year accrual.
		724004	Transfers to/from other funds/campuses, net			
	6	724004	Transfers to/from other funds/campuses, net			To record current year accrual.
		712101	Accounts payable			
	7	724004	Transfers to/from other funds/campuses, net			To capitalize current year expenditures.
		722004	Supplies and other services			

INSTRUCTIONS FOR COMPLETING TEMPLATE: POLLUTION REMEDIATION OBLIGATIONS DETAIL

Beginning with FYE 6/30/14, the SCO is requiring detail of pollution remediation obligations. This template facilitates collection of the necessary information.

The schedule must be prepared for each **state** fund to which it applies.

TEMPLATE

The template is completed as follows:

1) Enter the fiscal year, agency name and number, fund number and fund name in the spaces provided at the top of the form.
2) In the first column, name/briefly describe each pollution remediation project recorded in the specified fund and for which a liability was recorded. For example, "Asbestos removal at Memorial Hall."
3) The SCO must disclose certain information about these projects in its financial statement. To assist them with this, insert in the second column the information set forth in footnote (1) at the bottom of the template. For example, "Asbestos was discovered in the course of renovating the building. The total cost of removal is estimated at $10,000. This estimate is based on quotes received from vendors. We do not believe this estimate will need to be adjusted because (1) project duration is short and (2) a contract has already been executed with X for the work. The cost will be fully funded by the university as this is not a loss
4) In the succeeding columns (marked as "A" through "F" on the template), enter the beginning liability balance for each project, the increases and deductions to the liability, and the ending balance. The additions column can include negative values representing a reestimation of the projected liability. In addition, the current and noncurrent portions of the liability must be stated.

NOTE: ROUND AMOUNTS TO THE NEAREST DOLLAR.

POLLUTION REMEDIATION OBLIGATIONS DETAIL
FISCAL YEAR:

AGENCY NUMBER & NAME: ______________________
FUND NUMBER: ______________________
FUND NAME: ______________________

Pollution Remediation Activity	Disclosure Information[1]	(A) Beginning Balance	(B) Additions[2]	(C) Deductions	(D) Ending Balance (A + B - C)	(E) Due Within 1 Year	(F) Noncurrent Liability (D - E)
		$ -	$ -	$ -	$ -	$ -	$ -

[1] The disclosure information required for the liabilities includes:
a) The nature and source of the obligation;
b) The amount of the estimated liability;
c) The methods and assumptions employed to estimate the liability;
d) The potential for changes in the estimate due to changes in prices, technology, laws and regulations, and other factors;
e) An estimate of the amount the agency expects to recover from insurance or other parties, thereby reducing its liability;
f) If the liability for a project, or portion thereof, cannot be reasonably estimated, indicate why.

[2] Includes negative additions (i.e., when the remeasurement/reestimation of the liabililty is less than what was previously estimated)

BREAKDOWN OF STATEMENT OF CASH FLOWS

The SCO requires the submission of the Statement of Cash Flows with a breakout of the cash flows for the General Fund and the capital outlay funds (as shown at the SCF tab).

This template is available and must be completed in TM1 (in the SCO folder). **The CO will not accept other forms of submission of this template.**

Only the consolidated Statement of Cash Flows (consolidation of the SCF tab) is actually provided to the SCO. The SNP and SRECNP tabs are provided to assist campuses in performing the calculations necessary to complete the SCF tab. **The Chancellor' Office requires campuses to complete these two tabs and to clear all error messages appearing on them.** Campuses make green-shaded cells. All other cells are automatically populated by the program.

IMPORTANT: In preparing this workbook, campuses should make sure of the following:

* The net position as reflected on the SNP and the SRECNP are the same.
* The depreciation expense reported on the SCF ties to the depreciation expense reported on the Depreciation Expense Schedule.
* The state fund data on the SCF bears a reasonable relationship to data provided on other SCO GAAP schedules.

Campuses should consult Ch. 6, Statement of Cash Flows, in the GAAP Manual to aid them in preparing this template. The worksheets provided in that chapter will need to be completed for each SCO fund listed at the SCF tab.

NOTE: ROUND AMOUNTS TO THE NEAREST DOLLAR.

REPORTING PACKAGE
All Campuses
Statement of Net Position
June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Current assets:												
Cash and cash equivalents												
Short-term investments												
Accounts receivable, net												
Leases receivable, current portion												
Notes receivable, current portion												
Pledges receivable, net												
Prepaid expenses and other assets												
Total current assets												
Noncurrent assets:												
Restricted cash and cash equivalents												
Accounts receivable, net												
Leases receivable, net of current portion												
Notes receivable, net of current portion												
Student loans receivable, net												
Pledges receivable, net												
Endowment investments												
Other long-term investments												
Capital assets, net												
Other assets												
Total noncurrent assets												
Total assets												
Deferred outflows of resources:												
Unamortized loss on debt refunding												
Net pension obligation												
Others												
Total deferred outflows of resources												
Current liabilities:												
Accounts payable												
Accrued salaries and benefits payable												
Accrued compensated absences - current portion												
Unearned revenue												
Capitalized lease obligations - current portion												
Long-term debt obligations - current portion												
Self-insurance claims liability - current portion												
Depository accounts - current portion												

REPORTING PACKAGE
All Campuses
Statement of Net Position
June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Other liabilities												
Total current liabilities												
Noncurrent liabilities:												
Accrued compensated absences, net of current portion												
Unearned revenue												
Grants refundable												
Capitalized lease obligations, net of current portion												
Long-term debt obligations, net of current portion												
Self-insurance claims liability, net of current portion												
Depository accounts												
Other postemployment benefits obligation												
Pension obligation												
Other liabilities												
Total noncurrent liabilities												
Total liabilities												
Deferred inflows of resources:												
Unamortized gain on debt refunding												
Non-exchange transactions												
Service concession arrangements												
Net pension obligation												
Others												
Total deferred inflows of resources												
Net position:												
Net investment in capital assets												
Restricted for:												
Nonexpendable - endowments												
Expendable:												
Scholarships and fellowships												
Research												
Loans												
Capital projects												
Debt service												
Other												
Unrestricted												
Total net position												
		BALANCE	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	**BALANCE**	

REPORTING PACKAGE
All Campuses
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Revenues:												
Operating revenues:												
Student tuition and fees, gross												
Scholarship allowances (enter as negative)												
Student tuition and fees (net of scholarship allowances of $ 0)												
Grants and contracts, noncapital:												
Federal												
State												
Local												
Nongovernmental												
Sales and services of educational activities												
Sales and services of auxiliary enterprises, gross												
Scholarship allowances - aux ent (enter as negative)												
Sales and services of auxiliary enterprises (net of scholarship allowances of $ 0)												
Other operating revenues												
Total operating revenues												
Expenses:												
Operating expenses:												
Instruction												
Research												
Public service												
Academic support												
Student services												
Institutional support												
Operation and maintenance of plant												
Student grants and scholarships												
Auxiliary enterprise expenses												
Depreciation and amortization												
Total operating expenses												
Operating income (loss)												
Nonoperating revenues (expenses):												
State appropriations, noncapital												
Federal financial aid grants, noncapital												
State financial aid grants, noncapital												
Local financial aid grants, noncapital												
Nongovernmental and other financial aid grants, noncapital												
Other federal nonoperating grants, noncapital												

REPORTING PACKAGE
All Campuses
Statement of Revenues, Expenses, and Changes in Net Position
June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Gifts, noncapital												
Investment income (loss), net												
Endowment income (loss), net												
Interest expense												
Other nonoperating revenues (expenses)												
Net nonoperating revenues (expenses)												
Income (loss) before other additions												
State appropriations, capital												
Grants and gifts, capital												
Additions (reductions) to permanent endowments												
Transfers from (to) other CSU campuses, net												
Increase (decrease) in net position												
Net position:												
Net position at beginning of year, as previously reported												
Restatements												
Net postion at beginning of year, as restated												
Net position at end of year												
		Agree with SNP	**Agree with SNA**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	**Agree with SNP**	

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Year ended June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Cash flows from operating activities:												
Tuition and fees												
Federal grants and contracts												
State grants and contracts												
Local grants and contracts												
Nongovernmental grants and contracts												
Payments to suppliers												
Payments to employees												
Payments to students												
Collections of student loans												
Sales and services of educational activities												
Sales and services of auxiliary enterprises												
Other receipts (payments)												
Net cash provided by (used in) operating activities												
Cash flows from noncapital financing activities:												
State appropriations												
Federal financial aid grants												
State financial aid grants												
Local financial aid grants												
Nongovernmental and other financial aid grants												
Other federal nonoperating grants												
Gifts and grants received for other than capital purposes												
Federal loan program receipts												
Federal loan program disbursements												
Monies received on behalf of others												
Monies disbursed on behalf of others												
Transfers to escrow agent												
Proceeds from long-term debt												
Principal paid on long-term debt												
Interest paid on long-term debt												
Issuance of notes receivable												
Issuance of capital leases receivable												
Principal collections on capital leases receivable												
Interest collections on capital leases receivable												
Principal collections on notes receivable												
Interest collections on notes receivable												
Other noncapital financing activities												
Net cash provided by (used in) noncapital financing activities												
Cash flows from capital and related financing activities:												
Proceeds from capital debt												
State appropriations												
State appropriations - SPWB Lease Revenue Bonds program												
Capital grants and gifts												

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Year ended June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Proceeds from sale of capital assets												
Acquisition of capital assets												
Issuance of notes receivable (CO use only)												
Transfers to escrow agent												
Principal paid on capital debt and leases												
Interest paid on capital debt and leases												
Principal collections on capital leases receivable												
Interest collections on capital leases receivable												
Net cash provided by (used in) capital and related financing activities												
Cash flows from investing activities:												
Proceeds from sales of investments												
Purchases of investments												
Investment income (loss) proceeds (payments)												
Net cash provided by (used in) investing activities												
Net increase (decrease) in cash and cash equivalents												
Cash and cash equivalents at beginning of year												
Cash and cash equivalents at end of year												
		Tie to SNP	**Tie to SNA**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	**Tie to SNP**	
Summary of cash and cash equivalents at end of year:												
Cash and cash equivalents												
Restricted cash and cash equivalents												
Total cash and cash equivalents at end of year		-	-	-	-	-	-	-	-	-	-	
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:												
Operating income (loss)												
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:												
Depreciation and amortization												
Change in assets and liabilities:												
Accounts receivable, net												
Student loans receivable, net												
Prepaid expenses and other assets												
Other assets												
Accounts payable												
Accrued salaries and benefits												
Accrued compensation absences												
Unearned revenue												
Self-insurance claims liability												
Depository accounts												
Other postemployment benefits obligation												
Pension obligation												

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Year ended June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Other liabilities												
Net cash provided by (used in) operating activities												
	Tie to above	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**	**Tie to above**

REPORTING PACKAGE
All Campuses
Statement of Cash Flows
Year ended June 30, 20XX

	University	0001	0498	0574	0658	0785	0942	6028	6041	6048	0660	Balance excluding SCO Fund 0001, 0574, 0658, 0785, 0942, 6028, 6041, 6048 & 0660
Supplemental schedule of noncash transactions:												
Contributed capital/donated assets												
Acquisition of capital asset through capital lease												
Acquisition of capital asset through long-term debt obligation (other than capital lease)												
Chancellor												
Capital asset transferred from the Office of the Chancellor												
end)												
Gifts in-kind												
Prepaid expenses paid through long-term debt obligation												
Amortization of bond (premium) / discount												
others												
Capital assets paid by the Office of the Chancellor												
Amortization of loss / (gain) on debt refundings												
Other assets paid through long-term debt obligation												
Pledges receivable during the year												
Proceeds to fund new SPWB capitalized leases held by State												
Interest roll-over to long-term debt												

INSTRUCTIONS FOR COMPLETING TEMPLATE: NET INVESTMENT IN CAPITAL ASSETS

Although, in accordance with CSU policy, capital assets and the associated debt obligations should be recorded in state fund 0997 (General Fixed Assets Account Group), the SCO requires the CSU to provide the Net Investment in Capital Assets by funding source (the state fund that provided funding for the acquisition or construction of capital assets). This template facilitates provision of that information and is laid out in the same manner as Note 18, Calculation of Net Position Per Statement of Net Position (SNP), in TM1.

This template is available and and must be completed in TM1 (in the SCO folder). The template at the next tab in this workbook is presented for information only. The CO will not accept other forms of submission of this template.

TEMPLATE

The TM1 template is completed as follows:

1) Select your campus' name and the fiscal year end from the drop-down menus.
2) Enter capital assets, net of accumulated depreciation/amortization, as a positive number in the state fund columns which are relevant for your campus.
3) Enter debt balances as negative numbers.
4) Enter the portion of debt that remained unspent at year end as a positive number.
5) Enter any other necessary adjustments to reconcile to Net Investment in Capital Assets and explain those adjustments in the space provided.
6) The schedule will automatically foot and cross-foot . **An error message will display if Capital Assets, Net of Accumulated Depreciation/Amortization, in the Total column does not agree to the June 30 balance as it appears in Note 5.1 of the TM1 input sheets. Likewise, if the debt and the Net Investment in Capital Assets balances in the Total column don't agree to the current fiscal year's Note 18.1 of the TM1 input sheets, error messages will be triggered.**

NOTE: ROUND AMOUNTS TO NEAREST DOLLAR.

NET INVESTMENT IN CAPITAL ASSETS
CAMPUS:
FISCAL YEAR:

Funding Sources (State Fund #)	0001	0036	0146	0189	0525	0573	0574	0575	0576	0580	0581	0583	0658	0660	0668	0705	0736	0782	0785	0791	0839	0890	0947	0948	6028	6041	6048	Total
Capital assets, net of accumulated deprec./amort*																												0
Capitalized lease obligations - current portion																												0
Capitalized lease obligations - net of current portion																												0
Long-term debt obligations - current portion																												0
Long-term debt obligations - net of current portion																												0
Portion of o/s debt unspent at year-end (**enter as positive number**)																												0
Other adjustments (list below)																												0
Net investment in capital assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

* The value entered on this line for each state fund must be in agreement with the net amount shown for that same fund at the "Proof" tab on the Capital Assets template.

INSTRUCTIONS FOR COMPLETING TEMPLATE: OTHER LIABILITIES DETAIL

The SCO requires detail of other liabilities. **This template is available and must be completed in TM1 (in the YES folder).**
The template at the next tab in this workbook is presented for information only. The CO will not accept other forms of submission of this template.

TEMPLATE

The TM1 template is completed as follows:

1) For each liability type displayed, enter the current and non-current balances (green cells).
2) The program automatically foots and cross-foots the schedule.

NOTE: ROUND AMOUNTS TO THE NEAREST DOLLAR.

OTHER LIABILITIES DETAIL
CAMPUS:
FISCAL YEAR:

Type of Liability	Current	Noncurrent	Total
Scholarships			-
Sales and use tax payable			-
Federal & state income tax withheld			-
Escheat			-
Meal plans			-
Deposits			-
CPDC admin fees			-
Agency			-
Interest & dividend payable			-
Uncleared collections			-
Pollution remediation			-
Loans payable			-
Other			-
Total	**-**	**-**	**-**

TESTING PROTOCOL FOR SCO GAAP TEMPLATES

Legal to GAAP Reconciliation (General Fund, capital outlay funds and Special Deposit Fund)

1) Legal balances tie to FIRMS.
2) Descriptions of GAAP adjustments are clear and adjustments are reasonable.
3) There are no compound entries.
4) GAAP balances tie to GAAP FIRMS and TM1.

Capital Assets

1) Beginning balances tie to prior year's ending balances per the SCO GAAP submission.
2) Totals for beginning balances, additions, deductions, transfers and ending balances per worksheet tie to same totals in Note 5.1 in TM1.
3) Classifications of activity are consistent between the capital assets schedule and Note 5.1 in TM1 (e.g. a transfer in TM1 is not classified as an addition or deduction on the capital assets schedule).
4) Net capital assets per the worksheet ties to net capital assets in CSU fund 501 in GAAP FIRMS.
5) Depreciation expense ties to amount reported in TM1.
6) There are no balances for state fund 0997.

Net Investment in Capital Assets

1) Capital Assets, Net of Accumulated Depreciation/Amortization, ties to Note 5.1 in TM1.
2) Debt and Net Investment in Capital Assets tie to Note 18.1 in TM1.

Cash Flow (Note: Program automatically populates the University column.)

1) All 3 tabs of the workbook (SNP, SRECNP, SCF) have been completed and all error messages have been cleared.
2) The net position as reflected on the SNP and the SRECNP are the same.
3) The depreciation expense reported on the SCF ties to the depreciation expense reported on the Depreciation Expense Schedule.
4) The state fund data on the SCF bears a reasonable relationship to data provided on other SCO GAAP schedules.

Other Liabilities Detail

Ties to balance in Other Liabilities.

Pollution Remediation

Ties to same amount in Other Liabilities Detail.

Due From/To

1) Balances by state fund tie to GAAP FIRMS and total due from and total due to tie to TM1.
2) Each balance in a fund matches entry in corresponding fund.
3) Balances net to zero on a consolidated basis.

Transfers

1) Balances by state fund tie to GAAP FIRMS and total transfers tie to TM1.
2) Each balance in a fund matches entry in corresponding fund.
3) Balances net to zero on a consolidated basis.

All Templates

1) Amounts are rounded to the nearest dollar.
2) Abnormal balances are explained in footnotes.
3) Schedules tie to each other and all rounding issues have been resolved.

Data Integrity

Signed by vice president, finance and administration.