



Accounting and Administrative Manual

Section 100: Accounting and Finance

Auxiliary Funds

No.: B-02

Date: 12/15/86

Page: 1 of 2

Board of Regents' Policy P05.15 stipulates that the housing and bookstore auxiliaries are to be self-supporting operations.

This procedure is to provide additional guidance and direction when revenues and expenditures may be appropriately recorded to the auxiliary funds and when a fund balance should appropriately be generated to carry forward to future years.

Revenues:

1. Rates and pricing standards are to be set at levels adequate to fund the cost of operations.
2. Revenue must be promptly recorded at the time of billing, or on receipt of funds, whichever occurs first.
3. Revenues must be recorded only to the auxiliary revenue account codes (97xx). Additional revenue account codes should be requested of the Statewide Controller's Office.

Expenditures:

1. Charges to the auxiliaries must include all direct costs of operations. Costs of operations may not be charged to the other (nonauxiliary) funds except when a deficit fund balance would otherwise occur for which it is not possible to recoup through subsequent fee charges. Approval to charge auxiliary costs to other funds must be requested by the responsible chancellor to the president.
2. Direct cost of operations include such items as cost of goods sold (bookstore inventory, food service, etc.), salaries and benefits of staff assigned to the auxiliary operation, travel, supplies, services and equipment directly assignable to the auxiliary.
3. Indirect charges such as utilities, repairs and maintenance, or administrative overhead must be determined by a method which is applied consistently from year-to-year. This method is to be documented in writing, approved by the cognizant administrative vice chancellor, and kept on file at the local campus.



Accounting and Administrative Manual

Section 100: Accounting and Finance

Auxiliary Funds

No.: B-02

Date: 12/15/86

Page: 2 of 2

-
4. All commitments and expenditures are to be processed through the university's financial accounting system at the time of the commitment/expenditures. Expenditures are to be charged to the fiscal year to which they relate.

Fund Balance:

1. By August 30 each year, each fund should be reviewed to determine that June 30 fund levels are adequate. Generally, adequate levels will provide for 1) funding of inventory and receivables net of any payables; and 2) funding of planned major repair and renovation or other periodic expenditures. The review of the adequacy of fund balance must be documented in writing, approved by the cognizant administrative vice chancellor, and a copy transmitted to the Statewide Chief Financial Officer.
2. Additional information must be provided in the event that an auxiliary fund balance appears to be in excess of working capital needs. Planned use of funds identifying nature, date, and cost of project should support the need for the balance. Alternatively, a specific plan to reduce the future revenues should be developed and implemented.
3. Deficit situations must be avoided in all auxiliaries. Should a deficit occur, the unit must present a detailed plan to fund the deficit through increased revenues or reduced expenditures. If the deficit is not reduced according to plan, a request to fund the deficit from other funds should be submitted by the chancellor for presidential approval.