

# Revenues

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## Purpose

The Associated Students, Incorporated derives income from a variety of sources, including mandatory student fees, sales of goods and services, contributions, donations, grants and contracts, and participant fees. The purpose of ASI's Policy on Revenue is to provide guidance on the estimation and administration of revenues that are subject to ASI control, and to ensure that the funds are held in proper accounts and are administered in accordance with applicable laws and regulations, including Executive Order 919.

## Policy Statement

Any program that is supported, either directly or indirectly, by the general funds of the Associated Students or the University Student Union shall be considered an ASI program. It is the policy of the

Associated Students, Incorporated that any revenue generated from the operation of an ASI program be:

- Estimated annually by an objective and analytical process that reflects reasonable expectations
- Recognized when earned (accrued), in accordance with generally accepted accounting principles promulgated by the Financial Accounting Standards Board (FASB).
- Collected and deposited as quickly as possible following the underlying event
- Accounted for and maintained by the ASI Business Office in the accounting and budgetary records of the Associated Students, Incorporated

## Who Should Know This Policy

- |  |  |  |
|--|--|--|
| <input checked="" type="checkbox"/> Budget Area Administrators | <input checked="" type="checkbox"/> Elected/Appointed Officers | <input checked="" type="checkbox"/> Grant Recipients |
| <input type="checkbox"/> Management Personnel                  | <input checked="" type="checkbox"/> Program Advisors           | <input type="checkbox"/> Staff                       |
| <input type="checkbox"/> Supervisors                           | <input type="checkbox"/> Volunteers                            |  |

## Definitions

For purposes of this policy, the terms used are defined as follows:

Term	Definition
Approved operating budget	The consolidated operating budget of ASI and formally adopted by the Senate and subsequently revised through approved board action.
Income from operations	Proceeds earned as a result of the operating activities of ASI programs and services.
Revenue	Gross proceeds received from fees, sales of products and services donations, grants, services in kind and other liquid assets.
Surplus income	Income received in excess of the amount originally anticipated as reflected in the approved operating budget

## Regulations

### 1.0 Revenue Diversification

ASI shall attempt to achieve an effective mix of revenues, and shall continually seek new sources of revenue to broaden its revenue base and manage its dependence on mandatory student fees. ASI shall continually search for new revenue, both financial and non-financial, as a way of diversifying its revenue base, of sheltering it from short-term fluctuations in any one revenue source, and of helping to ensure a balanced budget.

## 1.1 User Fees and Charges

As part of the annual budget preparation process, ASI budget area administrators will review each service they provide to determine if a user fee or service charge should be assessed for the service. The key element in this determination shall be whether the recipient of the service receives a direct benefit independent of the general student population.

Wherever possible, those receiving the direct benefit of an ASI service will pay for the full cost of what they receive, including allocable indirect costs. This includes ASI's own departments who are service "users". Services shall be subsidized only under the following conditions:

- There are significant secondary benefits to the student body resulting from the provision of the service, and/or
- The provision of the benefit is clearly consistent with the mission and purposes of ASI, but the cost of the benefit greatly exceeds the ability of the average student to pay

For each service associated with a user fee, a set percentage of costs will be recovered by fees. Fees and charges will be set to ensure that the specified level of coverage is met. The full costs of user-fee supported activities shall be recalculated each year to determine the impact of inflation and other cost increases. User fees and charges should be revised each year to adjust for cost. All proposed changes to user fees and charges must be submitted to the appropriate board for review and approval, using the Request to Change User Fee form. The Executive Director shall report to the Board of Control and Senate on all such increases under consideration.

## 2.0 Revenue Forecasting

Management will estimate ASI's annual revenues by an objective and analytical process. Revenue estimates will be based on reasonable expectations and be as conservative as possible. However, if fund balances become insufficient to absorb occasional shortfalls, more conservative estimates shall be used. Revenues will be projected for three consecutive years and updated annually during the budgeting process.

Each existing and potential revenue source will be re-examined annually with the respective budget area administrator to determine its accuracy.

### 2.1 Income from Mandatory Student Fees

ASI shall base fee income budget projections on verifiable enrollment figures from the previous year, adjusted for increases or decreases authorized by the University President.

### 2.2 Income from Operations

Revenue estimates based on income from operations shall be conservative, based on the prior year's performance, and not increased unless supported by an approved business plan.

### 2.3 Monitoring

Revenues will be monitored regularly and compared to budget to ensure collections are consistent with the forecast. The Board of Control shall require regular reports from income

producing departments comparing actual to budgeted revenues, explaining any variances, and describing the corrective actions necessary to ensure income attainment.

### 3.0 Revenue Collection and Deposit

ASI will follow an aggressive policy of collecting owed revenues.

#### 3.1 Income from Mandatory Student Fees

##### 3.1.1 Associated Student (AS) Fees

AS fees are collected by the university at the time of registration. Revenues collected shall be deposited to a university trust account and invested by the chief financial officer of the campus in accordance with Section 89301 of the California Education Code. These fees shall be remitted to the ASI Business Office upon submission of a request for reimbursement, signed by the ASI Controller and approved by the Associate Vice President for Financial Management. These funds will then be available for investment by the Associated Students until needed for expenditure.

###### 3.1.1.1 Surplus AS Fee Income

In the event that the actual amount of AS Fee income received exceeds the amount originally budgeted, the surplus income shall be recorded to the "Transfer to Reserves" account. By majority vote, the Board of Control may elect to record the surplus income to the Current Year Unallocated Fund instead.

##### 3.1.2 University Student Union (USU) Fees

USU fees are collected by the university at the time of registration. Revenues collected shall be deposited to a university trust account and invested by the chief financial officer of the campus in accordance with Section 89304 of the California Education Code. Funds not otherwise needed for the payment of interest and principal on outstanding bonds, the payment of CSU office overhead charges, and the maintenance of appropriate balances in the Revenue Fund, Interest and Redemption Fund, and Repair and Replacement Fund shall be remitted to the University Student Union to support current year operations. These funds will be deposited with the ASI Business Office and invested until needed for expenditures in support of USU operations.

#### 3.2 Income from Operations

If a department's budget provides for operating income, income so generated must be deposited to the appropriate revenue account(s) with the Business Office. Deposits must be made within two working days of receipt of the income. The deposit shall be verified by the Business Office and a cash receipt issued to the depositor. Once deposited, these funds shall be available for expenditure only in a manner consistent with the intent of the department's approved operating budget (refer to Policy on Budget).

##### 3.2.1 Surplus Operating Income

If a deposit of operating income will extend a department's total revenues beyond the budgeted amount approved by the Senate, a Department Budget Adjustment form must be submitted to the Board of Control or USUBOT, along with an itemization of how the additional funds are to be spent. When approved, the budget will be modified to reflect the expansion

and the new programs or operations to be supported. Otherwise, the funds will be unavailable for expenditure, unless otherwise allocated by the respective board.

### 3.2.2 Carry Over

Surplus income beyond what is required to cover operating expenses and repayment of all general fund support may be carried over into the next fiscal year upon approval of the Board of Control and Senate.

## 4.0 Nonrecurring Revenues

Nonrecurring revenues and other financing resources will not be sought or used to finance continuing operations. Long-term financial commitments will be avoided unless sustained revenue growth to support the program or activity is assured.

### 3.1 Grants

The application and acceptance of grant funds for externally-funded projects must be approved by the Board of Control. Each grant application shall be reviewed for the appropriateness and desirability of the program or service. Upon completion of the externally funded project, the programs shall be reviewed on a case-by-case basis to determine whether the program should be continued utilizing ASI funds. The decision to continue will be made by the Board of Control and Senate. ASI has no obligation to continue either grant funded positions or grant funded programs if continued grant funding is not available.

## 5.0 Student Organization Revenues

With the exception of club sports, ASI does not allow student organizations to budget for anticipated income. Accordingly, any such revenues generated may not be deposited into a student organization's grant account(s). Instead, all such revenue must be deposited into an Agency Account. The deposit must take place within two days following the activity at which revenues were collected.

After being deposited, revenues shall be available for expenditure by the organization in a manner consistent with the organization creating the account and with ASI's Policy on Agency Accounts.

If a student organization independently generates income without any support from AS fees, the organization is not required to deposit these funds to an account in the Business Office (refer to ASI's Policy on Banking). However, organizations are encouraged to do so for safekeeping and to provide an accurate audit trail of how these funds will be subsequently spent.

## Forms

The following forms are to be used in the execution of this policy.

Form Name	Purpose	Responsible Office	Approved By	Timeline for Submission
Department Budget Adjustment	To request a decrease or increase in the amount originally budgeted in the line item account of an ASI department.	A.S. Business Office	Board of Control	At least one week prior to the scheduled Board of Control meeting
Request for Change to User Fee	To document and request the establishment, increase, or decrease of an existing user fee or charge associated with an ASI program or service.	Office of the Executive Director	Respective subsidiary board, Board of Control, and Senate	At least one week prior to the board meeting at which the increase will be initially considered