

**Financial Policy & Procedure Instructions Manual
FPI G-3 Distribution of Interest Earnings**

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- I. **DISTRIBUTION OF INTEREST EARNINGS**
 - A. **General**

The State Board of Agriculture and its three institutions, Colorado State University (CSU), Fort Lewis College (FLC) and the University of Southern Colorado (USC), are permitted to retain interest earned on funds deposited with the State of Colorado Treasury. This interest is calculated by the State Treasurer's Office based on an average daily balance of cash as recorded on the Colorado Financial Reporting System (COFRS). The interest calculated by the State Treasurer's Office is credited to the State Board of Agriculture and is further distributed to the three institutions on COFRS.

- B. **Policy**

Distributions of treasury interest within the University are calculated based on the average daily balance of cash as recorded on the Financial Reporting System (FRS) of the University and are posted to FRS by Business and Financial Services.

- C. **Responsibility**

The Cash Management Accountant calculates interest distributions, records the distributions, and reports the distributions to recipients, the Vice President for Administrative Services, the Director of Business and Financial Services and the University Treasurer monthly.

- D. **Distribution of interest**

Unless prohibited by federal or State regulation or CSU policy, interest revenue is recorded in the fund where it is earned. Negative cash balances earn negative interest revenue (recorded as a debit to the revenue account). Once interest revenue is recorded in the fund where it is earned, the interest revenue must not be moved by journal entry to another fund without first contacting General Accounting concerning transfer transaction requirements. Interest earnings is distributed to the following funds/accounts:

1. Interest earned by the appropriated funds (13, 14, 15, 16, 17, 19, and 25), excluding the Veterinary Medicine Equipment Reserve Account (014015) is distributed to miscellaneous revenue accounts (Tabor-

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exempt or nonexempt). The earnings are then allocated through the Office of Budgets and Institutional Analysis as part of the total University budget allocation.

2. Interest earned by the Veterinary Medicine Equipment Reserve Account (014015) is distributed to the Reserve Account and expended under the same restrictions as the principal of the account.
3. Interest earned by the auxiliary operations funds (62) is distributed to those funds and recorded in accounts specified by the Vice President for Student Affairs (or his/her designee) in accordance with bond requirements.
4. Interest earned in the Enterprise Fund (29) is distributed to an account unique to each enterprise as specified by the director of each enterprise.
5. Interest earned by the self-funded portion of Intercollegiate Athletics Fund (26) is distributed to Athletics and recorded in an account specified by the Director of Intercollegiate Athletics (or his/her designee) in accordance with bond requirements.
6. Interest earned by the Student Organizations Fund (23) is distributed to that fund and credited to an account specified by the Vice President for Student Affairs (or his/her designee).
7. Interest earned by the Division of Educational Outreach (DEO) Fund (12) is recorded in an account specified by the Director of DEO.
8. Interest earned by the Unexpended Plant Fund (72) is distributed to the accounts earning the interest in accordance with bond requirements.

Interest earned by other unexpended plant funds (71 and 73) is distributed to either an exempt or nonexempt unexpended plant fund account, based on the source of funds. After the interest is recorded in the unexpended plant fund, this revenue is transferred to the Appropriated Fund (13) and allocated by the Office of Budgets and Institutional Analysis as part of the total University budget allocation.

9. Interest earned by the auxiliary accounts within the Repair and Replacement Fund (74) is distributed to the accounts earning the interest in accordance with bond requirements.

Interest earned by non-auxiliary accounts in the Repair and Replacement Fund (74) is distributed to either an exempt or nonexempt unexpended plant fund account, based on the source of funds. After the interest is recorded in the unexpended plant fund account(s), it is transferred to the Appropriated Fund (13) and allocated by the Office of Budgets and Institutional Analysis as part of the total University budget allocation.

10. Interest earned by the Retirement of Indebtedness Fund (75) is distributed to the accounts earning the interest in accordance with bond requirements.
11. Interest earned by the Student Loan Fund (05) is distributed to that fund in accordance with federal government regulations.
12. Interest earned by the federal advance accounts in the 53 Fund is distributed to one federal interest account in accordance with federal government regulations. Quarterly, a schedule is sent to Sponsored Programs listing the agencies that earned interest and the accounts within each of the agencies that earned the interest.
13. Interest earned by the Agency Fund (99) is distributed only to those accounts where the terms of the agreement require that interest be paid.

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14. Interest earned by the Self-Funded Faculty Insurance Fund (28) is distributed to one account as specified by the Trust Manager (or his/her designee).
15. Interest earned by any special purpose temporary fund or account(s) will be distributed to one or more accounts as specified by the Vice President for Administrative Services (or his/her designee). For example, interest earned by the Water Damage Fund (18) and Water Damage accounts within the 53 and 74 funds is distributed to an 18-fund account specified by the Vice President for Administrative Services.
16. All other interest earned is recorded in the appropriate fund. This revenue is then transferred to the Appropriated Fund (13) and allocated by the Office of Budgets and Institutional Analysis as part of the total University budget allocation.

II. DISTRIBUTION OF CREDIT CARD FEES

A. General

The University's contract bank charges the University a credit card use fee that is calculated as a percent of each credit card payment accepted by the University. The use fee is determined by the type of transaction. The use fee percentage may change as specified in the bank contract.

B. Policy

Credit card use fees are charged back to the area receiving the credit card payment.

C. Responsibility

The Cash Management Accountant calculates the distribution of credit card use fees, records the charges in FRS, and reports the distribution to the Vice President for Administrative Services, the Director of Business and Financial Services, and the University Treasurer monthly.