CSU San Marcos Local Trust Fund Procedures

Updated January 14, 2026

Overview:

A trust fund project is a method to account for the financial resources collected for an intended purpose in support of the university's mission. A trust fund project may be either a separate activity or a group of activities that, in the absence of external restrictions, may be combined for accounting purposes. Each trust fund project is required to be self-sufficient by maintaining a continuous positive cash flow and fund balance.

A trust fund project is established via a completed Trust Fund Project Agreement with all appropriate requesting and approving signatures. Each trust fund project is required to submit a financial plan. Funds in the trust fund project are available throughout the life of the project, with any residual balances distributed as defined in the trust agreement.

Trust fund projects are subject to administrative fees and cost allocations arising from operations.

Trust fund projects are subject to audit by the CSU Chancellor's Office of Internal Audit.

Authority:

CSU Fund Code	Education Code	
435/436	EC 89721(b); 89722.9	Established via Financial Aid Regulations
491	EC 89721(k)	
496	EC 89721(g); 89721(k)	
550	EC 89721(b); 89724(c)	

Scope:

This procedure applies to all faculty, staff and administrators responsible for the operation and/or administration of a Trust Project.

Procedures:

Trust fund projects exist to support the campus in achieving its mission. A Trust Fund Agreement and supporting documentation must be completed to articulate the purpose of the trust fund project and to document the project's ability to be self-supporting. Controls must be in place to maintain trust fund documentation and ensure that all trust fund expenditures are properly approved and supported in accordance with the trust fund’s purpose.

The State of California Education Code §89721 authorizes the chief fiscal officer of each campus to deposit into trust monies received in connection with trust projects as specified in the Trust Agreement. Although campus practices may be more restrictive, §89721 provides that trust fund project monies may be received.

The University requires local trust fund agreements for the following funds:

CSU Fund 435, Miscellaneous Financial Aid – Unrestricted: This campus fund is used to record financial aid activity funded by unrestricted, non-CSU sources, for example, a private contribution. If the financial aid is from a CSU-funded source, then the related activity should be recorded within the source fund.

CSU Fund 436, Miscellaneous Financial Aid and Other Agency: Used to record funds held by the campus on behalf of another agency, and, as such, transactions generally occur only in balance sheet accounts. When a campus receives scholarship monies in which the scholarship recipients have been determined by another agency, the campus is acting as their agent.

CSU Fund 491, Miscellaneous NRMR & CIMP: Used to record the costs of non-recurring maintenance/repair (NRMR) and Capital Improvement Project (CIMP) projects funded with unrestricted monies according to the Capital project CSU fund matrix.

CSU Fund 496, Miscellaneous Trust: Revenue source is NOT appropriated or from approved student fees. Activity has no direct relationship to the definition of CSU fund 485 operation; or revenue source has no connection to 485 operating expenses.

Based on the definition and rules, activities in this fund include, but are not limited to:

a. Workshops/Conferences/Events, regardless of whether it's for internal or external audiences (unless operated by IRA, enterprise funds or auxiliary organizations).
b. ATMs
c. Centers & Institutes (unless operated by enterprise funds or auxiliary organizations)
d. Student Organizations. Refer to ICSUAM 3141.01, including FAQ resource document.
e. Settlement and rebate if source fund is unknown
f. Cell Tower Sites (aside from enterprise or auxiliary organization constructed buildings)
g. Gift, Restricted – Noncapital (Gifts specified for scholarships will be recorded in the appropriate scholarship fund.)
h. Gift, Unrestricted - Noncapital
i. Spend down from RMP (Revenue Management Program)
j. Royalty
k. Self-supported operations - where payroll is supported by revenue generated from e.g., print shop, not funded by 485
l. CSSA (activities in CO only)

CSU Fund 550, Restricted Expendable: Restricted Expendable-Capital Improvements/NRMR: Used for capital improvements or non-recurring maintenance and repairs funded by restricted sources, such as donated funds.

How to Process a Trust Fund Agreement:

Campus department personnel submit to their director or dean a request to establish a trust fund via completion of a Trust Fund Agreement. The Agreement form identifies signature authority (with signatures) for fund expenditures, provides the justification for the trust fund project, identifies the expected duration of the trust project, outlines the distribution of funds upon termination, and lists the required approvals necessary to execute the agreement. The agreement needs to be completed at the inception of the trust fund and also every five years thereafter until the termination of the Trust Fund. However, budget plan submissions are required to be submitted annually, and Fiscal Authority updates may be made at any time.

A new Trust Fund Agreement must be submitted if there are changes to a Trust Fund such as Name, Purpose, Source of Funds, Types of Expenditures, Restrictions, etc.

Please refer to the hospitality policy for allowable expenses in various funds. Annual budget submission requirement and signature updates:

- One month prior to the beginning of the fiscal year, a budget plan and any fiscal authority changes for the following fiscal year will be submitted to both the Budget Office and Fiscal Services. The Budget Plan provides an estimate of the source and use of funds.

- The Cash Flow Projection provides the monthly expectation of source and use (receipts and expenditures) of funds.

- Final documents with approving signatures are forwarded to the Fiscal Services Office for review and Budget Office for processing.

How to Operate a Trust Fund:

Account Managers are responsible for using University resources in compliance with University and Division policies and procedures. Account management responsibility is assigned to the Dean or Administrator as designated in the Trust Agreement.

Account Managers, or their designee, are responsible for depositing checks into their Trust Fund Project. Contact Accounting Services for assistance in the automated request for an item type.

Deposits into each Trust Fund Project may only be for the purpose and from the source as specified in the Trust Agreement. Proposed changes must be documented and approved by modifying and submitting a revised or amended Trust Fund Project Agreement prior to soliciting new sources of revenue.

The Account Manager assumes responsibility for ensuring that revenues and expenditures directly fulfill the purpose of the Trust Fund Project as outlined in the Agreement. Additionally, all purchasing activity must be performed in accordance with State, Chancellor's Office, and campus policies and procedures.

Signature Authority:

Signature authority must be documented prior to expenses being incurred. Trust Fund Account Managers are responsible for promptly updating the signature authority and delegations when there is a change in trust fund project administration.

Other considerations related to signature authority:

- The dean or administrator as designated on the Trust Agreement assumes the Account Manager's responsibilities.
- Account Managers are required to submit a new Trust Agreement one month prior to the beginning of the fiscal year per the renewal term (every five years).
- Mid-year changes in Account Managers require that the Trust Agreement be updated immediately to reflect the new administrator. The purpose of tying Trust Agreements to individuals is to notify new administrators of their responsibility in the management of their respective Trust Fund Projects.
- Changes in delegated signature authority require that the Trust Agreement for the appropriate fund be updated to reflect the new Account Manager, business manager, or any other person authorized for disbursements.

Roles and Responsibilities:

<u>Account Manager's Responsibility:</u>

- Ensure revenue and expense transactions are in accordance with the Trust Fund purpose per the agreement.
- Review and approve the monthly reconciliation of account statements to internal departmental records.
- Ensure the Trust Fund Project remains solvent and expenditures do not exceed resources.
- Identify potential or actual insolvency and take corrective action:
    - Submit a revised cash flow projection where expenditures are adjusted so as not to exceed revenues and submit a plan of corrective action.

Budget Office Responsibility:

- Review revised cash flow projections
- Approve if projections indicate the project will be self-sustaining; or reject if projections do not indicate the project can be self-sustaining and forward rejection recommendation to Vice President, Finance and Administrative Services.
- Review corrective actions.
- Approve if corrective actions will result in attainment of self-support status; or reject if corrective actions will not result in attainment of self-support status and forward rejection recommendation to Vice President, Finance and Administrative Services.

Chief Financial Officer Responsibility:

- Suspend signature authority until corrective action has been completed; or
- Authorize assessment of a penalty fee; or
- Require a revised cash flow projection; or
- Terminate the trust agreement and close the project.

Budgets:

The annual budget development process includes submission of both revenue and expenditure budget plans annually for Trust Fund Projects to the Budget Office.

Annual Trust Budget Guidelines will be sent from the Budget Office, including:

- Excel template to be completed to facilitate the budget upload to PeopleSoft
- Projected enrollment, benefit rates, links to the Budget Office website for assistance
- Associated delivery dates
- Payroll Expenses

Trust Fund Projects anticipating payroll expense must contact the Budget Office before any payroll obligation is incurred. Sufficient time must be allowed to establish payroll capability of the Trust Fund Project.

Transfers:

A transfer of revenue from one trust fund project to another is only permissible when:

- The project is accounted for in multiple Dept IDs for management and/or accounting purposes but is one trust project.

- A loan is being made from one trust fund project to another, as supported by the appropriate trust agreements and as documented by a loan agreement with repayment terms. Loans must not interfere with the lending fund's ability to fulfill its purpose and comply with other provisions of Education Code §89760.

Termination of the Trust Agreement and Disposition of Unspent Funds:

The Account Manager must send a memorandum to the Budget Office requesting that the agreement be terminated. At the earliest opportunity, the fund will be inactivated or terminated. The Trust Agreement must include specific instructions regarding the disposition of unspent funds. Otherwise, any unexpended funds are to be deposited to the University Discretionary Trust Fund. The President or designee allocates expenditures from the University Discretionary Trust Fund.

Reimbursement to the Operating Fund:

The University has the authority to develop a procedure to reimburse funds expended in the operating fund on behalf of a trust project. This provision will include direct and indirect costs as well as administrative and account maintenance costs that may be allocated to the trust project.

Inactive Trust Funds:

The Budget Office will contact 496XX Miscellaneous Trust Fund Administrators whose trust fund has not had activity for any 12-month period to discuss closing out the trust fund. Miscellaneous Trust Funds that have no activity for two years and a cash/fund balance of $5,000 or below will be closed automatically. To close a trust before this 12-month period, written notification should be sent to the Budget Department from an authorized individual requesting closure of the Trust. When a trust fund is closed, remaining funds may be transferred to the Campus' Operating Fund with the same Department or University Discretionary Trust Fund depending on the nature and intended use of the original funding.