

COLORADO STATE UNIVERSITY
Financial Procedure Instructions
FPI 6-7

1. Procedure Title: Distribution of Interest Earnings

2. Procedure Purpose and Effect: To outline procedures for distribution of interest earnings.

3. Application of Procedure: Any department with interest earning accounts may refer to these procedures to gather information on how interest earnings are calculated and posted.

4. Exemptions: Interest is earned and allocated to any Kuali account with cash transactions, but not all Kuali accounts are eligible to receive interest earnings.

5. Definitions:

Average Daily Balance – balance calculated by adding the account’s ending cash balance for each day of a given month and then dividing the result by the number of days in that month.

6. Procedure Statement:

The Board of Governors of the Colorado State University System and its three institutions, Colorado State University (CSU), Colorado State University - Pueblo (CSUP), and Colorado State University - Global Campus, 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 (CORE). Colorado State University also receives interest earned on collected bank balances.

A. The Banking Services unit of Business and Financial Services calculates interest distributions based on the average daily balance of cash as recorded on the Kuali Financial System (KFS) and records the distributions based on subfund mapping and other specific criteria.

B. The soonest interest is distributed to KFS is the month following the month interest is earned, but dependent upon when the state has calculated the earnings. Interest revenue is recorded and distributed according to state regulations and CSU rules.

C. The Organization Reference ID field on each line provides the KFS account where the interest was earned. Negative cash balances earn negative interest, which is recorded as a debit to the revenue account.

D. The interest distribution entry posts to object code 4405 – Treasury Interest. Any interest adjustments required after interest is distributed must be made using object code 4407 – Treasury Interest Adjustments.

7. Reference and Cross-References:

For information on the investment portfolio and interest earnings at the State Treasury:

<http://www.colorado.gov/treasury/>.

8. Forms and Tools: Not applicable