Advanced Self Supporting Funds

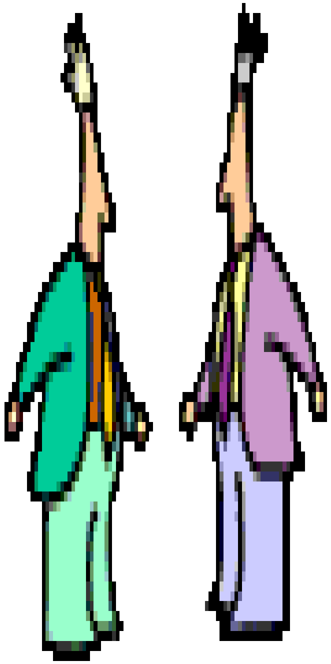
Nancy Wilson, BIA
Susan Moore, A&FS

Agenda

- Introductions
- Course Objectives
- Section 1: Cost Accounting and Budgeting
- Section 2: Federal Rebate, Depreciation and Reserves
- Section 3: Accounting for Self-Supporting Funds and Cost Recovery

Introductions

- Name
- Department
- Position
- Years experience with Campus
- Experience with self-supporting activities.
- Have you attended the Introduction to Self-Supporting class?



Objectives:

By the end of this course you will be able to…..

- Understand how to use the organization structure to help manage your activity
- Add depreciation and reserves for improvement to your rate proposal and know how to account for them
- Establish and maintain financial accountability

Section 1

- Cost Accounting
- Budgeting

Introduction to Cost Accounting

- Cost Accounting: Method to track, measure and report costs associated with a specific activity

Introduction to Cost Accounting

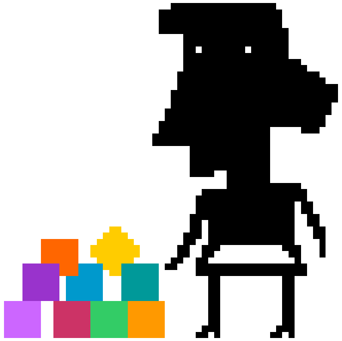
- Rates are developed based on the direct and support costs to perform that activity

- KFS account structure must support the matching of the revenue to the expense

Cost Accounting Definitions

- <u>Cost center</u> – organizational component or activity into which costs can be grouped
- <u>Direct costs</u> – Specifically identifiable to the activity
- <u>Support costs</u> – Support activity but are not specifically identifiable
- <u>Subsidies</u> – Costs not charged to clients to reduce rate

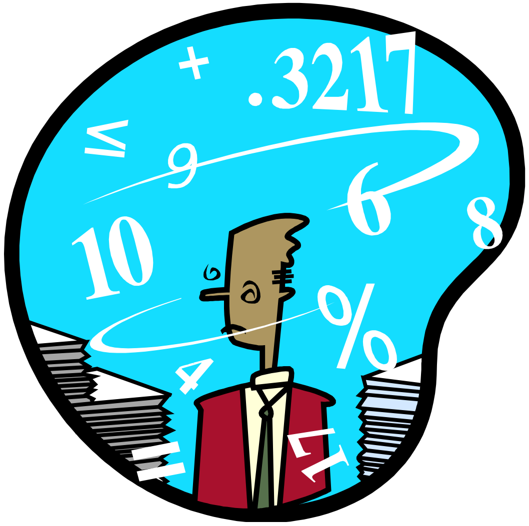
Examples



- Direct costs
  - Salary of technician for time spent activity
  - Chemicals necessary to perform activity
  - Maintenance & repair of equipment specific to activity
- Support costs
  - Director/manager of unit
  - Supplies used by all rate activities within unit
  - Maintenance & repair of equipment used by all rate activities

Allocation of Support Costs

- Used by multiple rates
- Must be allocated to determine each rate
- Must have rational basis to support allocation



Allocation Examples

- General supplies - # of FTE, % of total direct costs
- Lease expense – square feet used
- Director’s salary – volume, # of FTE, % of total activity revenue (units or hours sold)
- Cage washing - # of cages
- Administrative support (> 5%)
  - Billing – # of invoices sent
  - Report Generation and Mailing - # of reports, # of pages.

Allocation of Costs

- Through KFS
  - Use Distribution of Income and Expense (DI) by object code
  - Can be done monthly, quarterly, annually based on allocation methodology for each cost
- Only as part of rate process
  - Costs stay in support cost center and are allocated out through the year as identified in rate proposal.

Subsidies

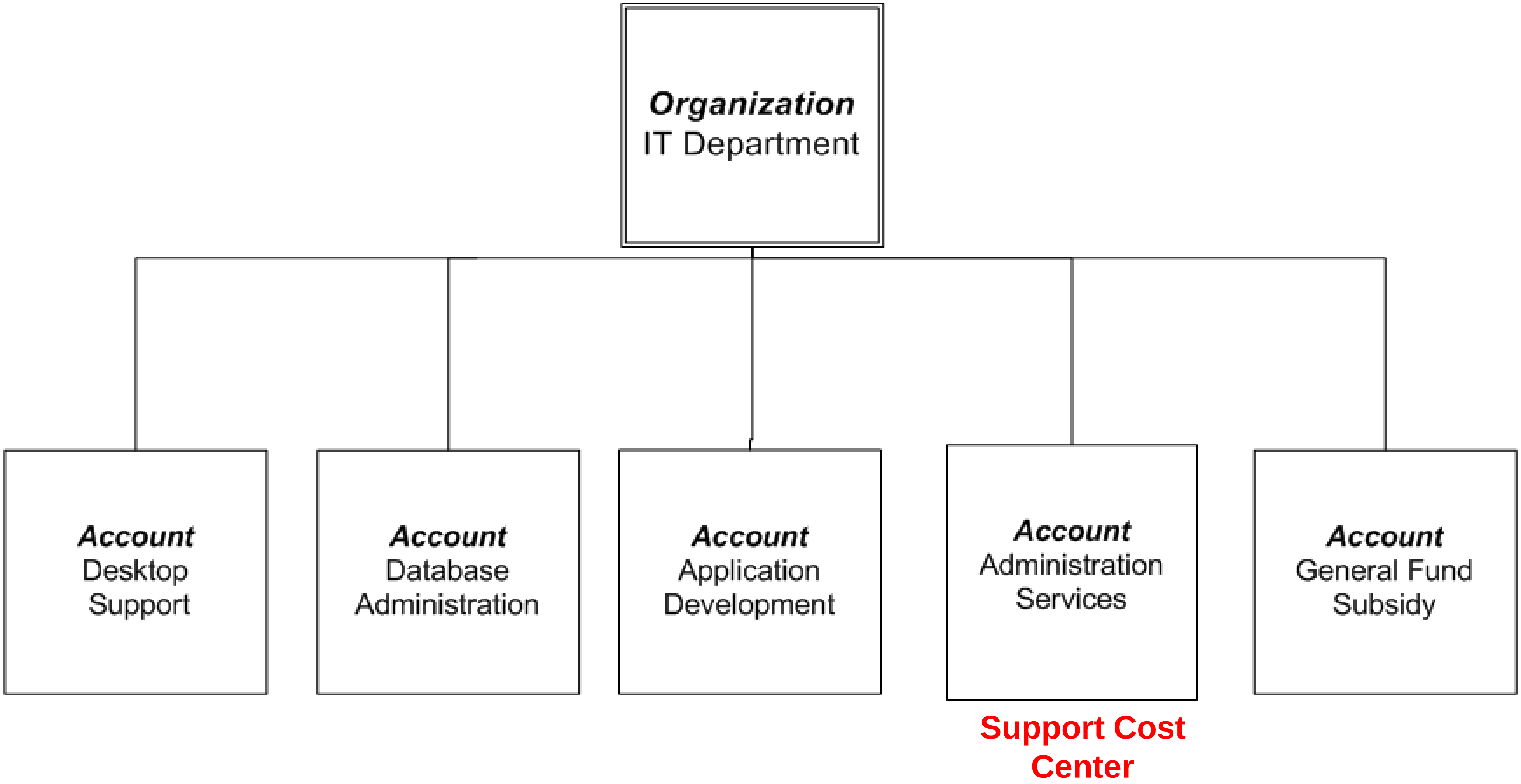
- Rates may be subsidized, but must be applied against the full direct costs of the rate and be consistently applied to all University clients.
- The full costs for the activity must be recorded in an identifiable account in your organization structure.
- Two good reasons for including in your cost center

  1. Identifies the full cost of the activity
  2. Identifies that different funds are used to support a self-supporting activity and can be easily changed when the activity can support the full costs.

Track Costs through KFS Account and Organization Structure

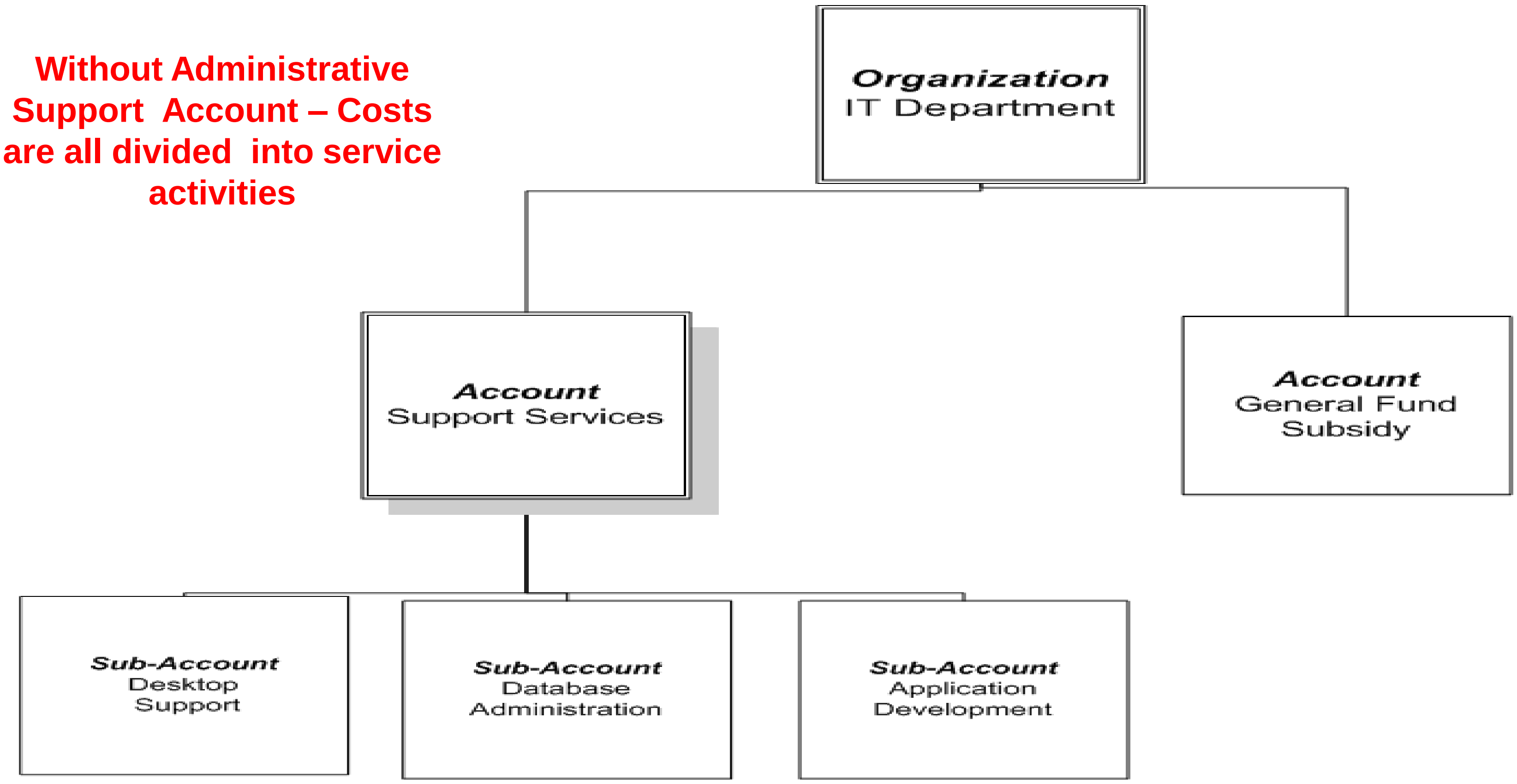
- Separate cost centers by organization and account
  - Set up separate accounts for each cost center
    - Revenue and Expenses are reported in the account
  - Sub-accounts can be used if structure will support

KFS Account and Organization Structure – Example 1

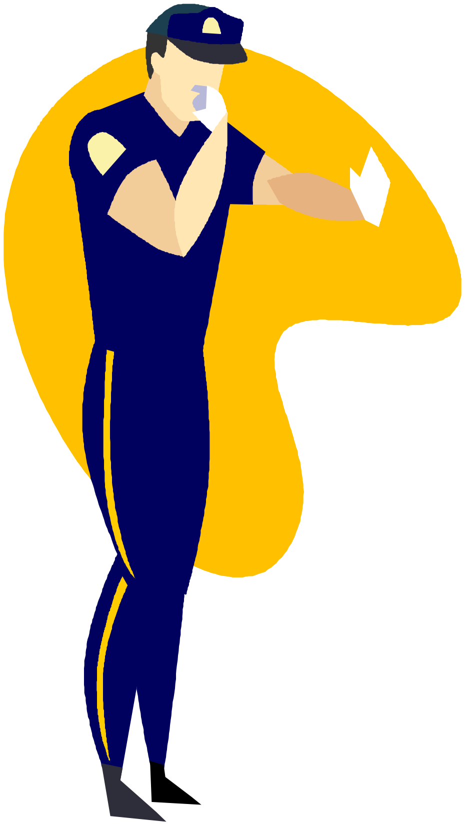


KFS Account and Organization Structure – Example 2

Without Administrative Support Account – Costs are all divided into service activities



Budgets for Self-Supporting Funds



- Both Base and Current are required
- Allocations are made at the Object Consolidation Level

Budgets for Self-Supporting Funds

- Base Budgets
  - Based on rate plan
  - IMPORTANT Management Tool
    - Ability to track your estimate based on your actuals.
  - Recharge units without base budget will be notified by A&FS
  - Remember Base Budget should = Zero

Base Budget for Self-Supporting Funds - Example

Balance Summary (FIS1)

DaFIS Decision Support >> General Ledger >> Balance Summary >> Report Output

Fiscal Period:	June Final, 2012	(Budget Summary)	Prior Month Next Month	
Charts:	3,S		Pending Transactions:	No
Account:			Pre-Encumbrances:	Yes
OP Fund:			Internal Encumbrances:	Yes
			C&G History:	No
			BLSH Consolidation:	No
			Income Consolidations:	Yes
			Indirect Costs:	No
			Payroll Liens:	Yes
			Benefit Liens:	Yes
			Default Project:	Yes
			Zero Activity Lines:	Yes

Consolidation	Object Consol. Name	Base Budget	FTE
Serent – Services Enterprises 6xxxx – "Fund Name" "3-xxxxxxx" – Account name			
SUBS	STAFF SALARIES	745,362.00CR	12.47CR
SUBG	GENERAL ASSISTANCE	145,029.00CR	0.00
SUB3	SUPPLIES AND EXPENSE	231,034.00CR	0.00
SUB6	EMPLOYEE BENEFITS	248,077.00CR	0.00
SUB9	RECHARGES	1,246,546.00	0.00
SUB8	UNALLOCATED	122,956.00	0.00
RECHARGE Totals:		0.00	12.47CR
Totals:		0.00	12.47CR
SERENT - SERVICE ENTERPRISES Totals:		0.00	12.47CR
Report Totals:		0.00	12.47CR

Total = zero

Budgets for Self-Supporting Funds

- Current Budgets
  - Another IMPORTANT Management Tool
  - Based on projected revenue/recharges and expenses for the year
  - Used to monitor against actual revenues, recharges and expenses

Current Budget for Self-Supporting Funds - Example

Balance Summary (FIS1)

DaFIS Decision Support >> General Ledger >> Balance Summary >> Report Output

Fiscal Period:	March,	(Year-To-Date)	Prior Month	Next Month
Charts:	3,S			
Account:	**ABC Department**			

Consolidation	Object Consol. Name	Approp	Expend	Encumb	Balance
SUBS	STAFF SALARIES	835,212.47CR	509,262.52	238,994.60	86,955.35CR
SUBG	GENERAL ASSISTANCE	166,046.00CR	97,048.17	49,153.44	19,844.39CR
SB28	LEAVE USAGE	46,044.26	46,044.26CR	0.00	0.00
SUB3	SUPPLIES AND EXPENSE	87,350.43CR	48,592.27	317.22	38,440.94CR
SUB5	TRAVEL	0.00	5,725.86	0.00	5,725.86OD
SUB6	EMPLOYEE BENEFITS	221,268.95CR	221,268.95	0.00	0.00
Report Totals:		1,263,833.59CR	835,853.51	288,465.26	139,514.82CR

Current Year Balance

Account Balance

Questions?

No Questions? Then you are ready for Case Studies

- 15 minutes
- Work with your neighbor

Case Study Scenario One

- **Case Study Scenario 1:**

- Professor Betsy Buzz in the Department of Entomology produces honey with certain local flower species. The unit has been awarded a Federal grant to study the benefits of this honey on weight loss. The unit wants to establish a rate for the production of honey used in the study to charge back to the grant and to also sell the excess to non-University clients. She comes to you and asks you to include the following items in the rate:

- • Job advertisement for a part-time beekeeper for the project.
- • Special instrument costing $6,000 to extract honey from honeycombs.
- • Subscription to the International Bee Research Association (IBRA).
- • Membership to the local “Keep Bees Buzzing” social club.
- • Marketing brochure samples for the sale of the honey.

Case Study Scenario One

- **Case Study Scenario 1-Answer: #3**
- **Allowable Costs:**
  - Job advertisement for a part-time beekeeper for the project.
  - Special instrument costing $6,000 to extract honey from honeycombs
  - Subscription to the International Bee Research Association (IBRA).

Case Study Scenario Two

- Professor Alex Xavier in the Department of Telepathy wants to purchase a $293,000 spectrometer and $15,000 in the maintenance agreement for a total of $308,000 that he plans to use in four different rates. He tells you that based on 50 years of experience, he believes that he will use the spectrometer for the same amount of time on all four rates and to therefore allocate the $308,000 cost equally among the four rates. Since you are not new to the department and have worked with Professor Xavier before, you are aware that Professor X does not know direct costing policies in depth.

- What would you do?

Case Study Scenario Two

What would you do(√ one)?

□1 . Allocate the costs equally to each rate as instructed by the Professor X.

□ 2. Allocate the costs to the rate that can best fund the costs.

√ 3. Follow up with Professor X for appropriate documentation **t**o support the allocation method and allocate the costs to the rates on the basis of proportional usage identifiable with each rate .

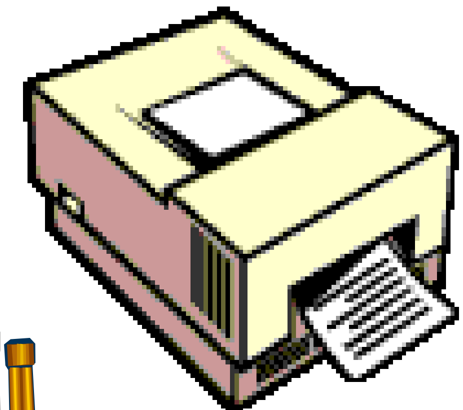
□ 4. Don’t allocate as the costs are paid from the F&A rate funding.

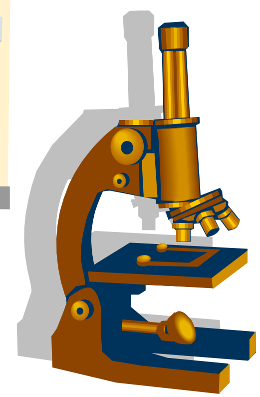
□ 5. Something else.

Section 2

- Depreciation
- Reserves
- Federal Rebate

Depreciation, Reserves and the Federal Rebate





Depreciation and Reserve for Improvement Funds

- What is depreciation?
- Calculating depreciation
- What are Reserve for Improvement Funds?

What is Depreciation?

- A rational systematic method of expensing equipment over its lifetime.

What is Depreciation?

- For Rate-based Self-Supporting Funds
- Specific assets identified as part of the rate approval
- Contained in a separate custodial code (Begins with ‘D’)

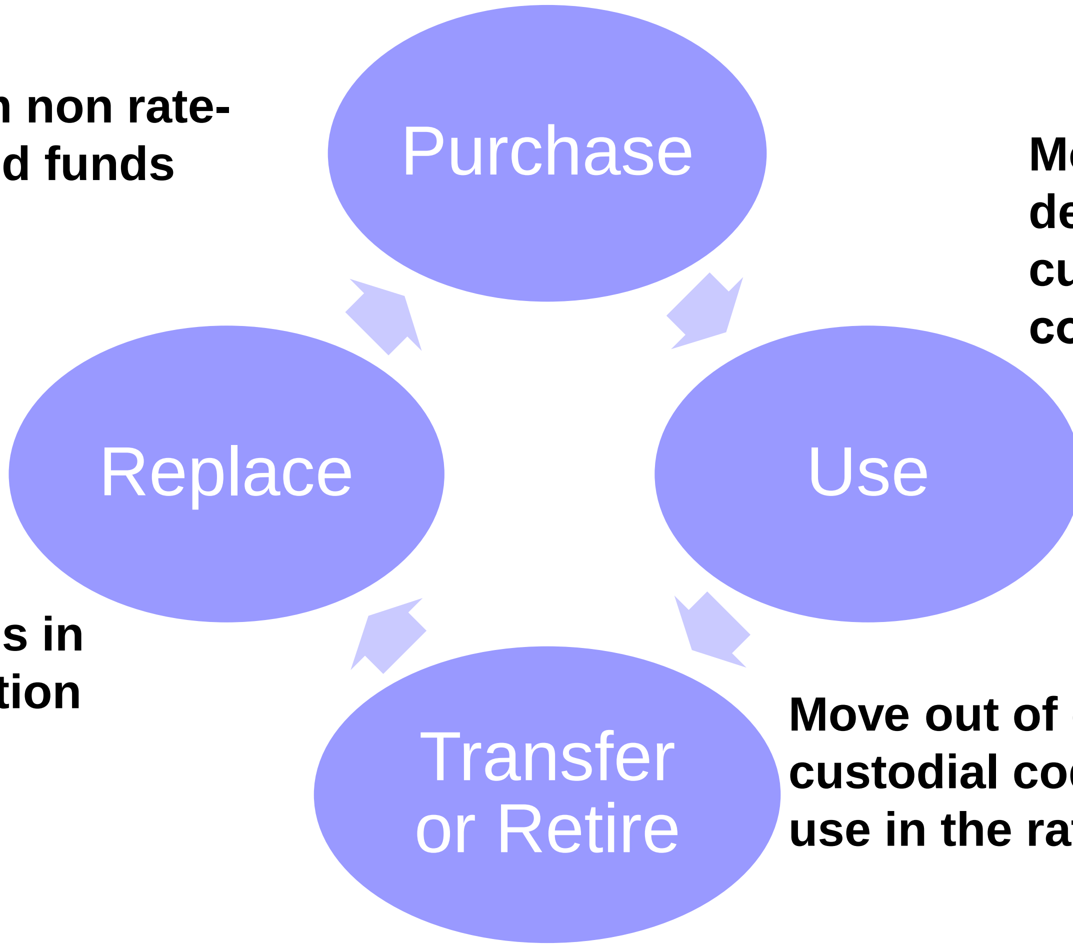
What is Depreciation?

- Equipment purchased with Federal funds cannot be depreciated.
- Funds collected are used for the replacement of equipment used in the self-supporting activity.

Equipment Lifecycle

From non rate-based funds

Move to depreciation custodial code ‘D’



Use funds in depreciation reserve

Move out of depreciation custodial code if not in use in the rate

Calculating Depreciation

- Determined by dividing the cost of the asset by its useful life.
- UCOP useful life reference: http://eulid.ucop.edu
- Include the remaining useful life in the rate

Calculating Depreciation

- Example
  - MRI purchased 7/1/05 – Cost $500,000
  - Rate approved 7/1/10
  - UCOP useful life = 10 years
  - What is the annual depreciation
  - How many years can the MRI be depreciated as part of the rate?

Calculating Depreciation

- Example
  - MRI purchased 7/1/05 – Cost $500,000
  - Rate approved 7/1/10
  - UCOP useful life = 10 years
  - What is the annual depreciation **$50,000**
  - How many years can the MRI be depreciated as part of the rate? **5 years**

Depreciation Ledger Entries

- Monthly, General Accounting will:
  - Record depreciation expense in current (operating) fund during the fiscal year
  - Appropriate the amount in a reserve for renewal and replacement account
  - NEW THIS YEAR: Depreciation expense will remain as an expense at year end!
    - Remember to look for the expense in your fund balance account in prior years

Depreciation-Renewal & Replacement of Equipment Guidelines.

- http://manuals.ucdavis.edu/PPM/340/340-25.pdf
- http://policy.ucop.edu/doc/3410184/AM-A115-1
  A115-1 VII.A.4

What are Reserve for Improvement Funds?

- Funds set aside for future use.
  - Appropriated to expenditure account(s) in the fund
  - Transferred to other funds when needed.
    - To plant funds for capital projects
    - To operating funds when there is a deficit

- http://policy.ucop.edu/doc/3410184/AM-A115-1/ V.A.7

What are Reserve for Improvement Funds?

- Can be part of the rate development to:
  - Repay working capital loan
  - Purchase additional equipment
  - Purchase upgraded/enhanced equipment
  - Capital projects
  - Major maintenance and repairs (not annual)
- Also used to move Departmental share of NUD (unless fund is in deficit)

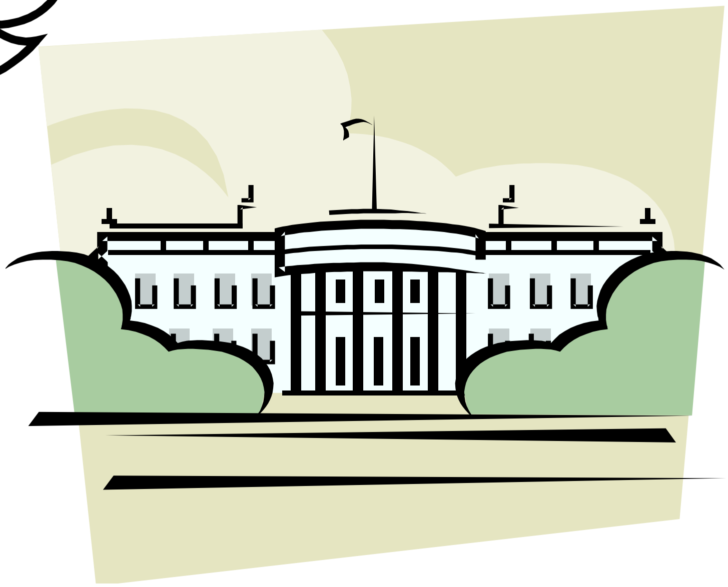
What are Reserve for Improvement Funds (RFI)?

- **Unallowable cost** for federal recharge customers (will be rebated)
- Check your proportion of federal and federal flow-thru recharge customers before including RFI in your rate.
  - On DS 199, unique recharge expense object, total federal SFGTs /total expense charged
  - Fed SFGTs=B,C,F,N,V,W,X

RFI and Department NUD

- If full NUD charged, department (object code 0076) share should be moved to reserve – unless fund is in deficit
- Benefits:
  - Reduces balance subject to cost recovery
  - Provides funding for purchases prohibited in self-supporting funds (equipment, capital projects)
  - Not subject to federal rebate (from external income only)

Federal Rebate



Federal Rebate

- Who is affected:
  - Rate approved includes Reserve for Improvement transfers (federal unallowable cost)

  AND

  - Service recharged to federal or federal flow-thru accounts
    - (not external/invoiced federal customers)

Federal Rebate

- How is it calculated:
  - Percentage of rate due to unallowable costs is rebated (credited) to federal accounts
  - Determined by unique object code for service provided set up by General Accounting upon rate approval.

Federal Rebate – Provisional Calculation

- During the year, rebate percentage based on budgeted unallowable costs to total budget
- Provisional rate charged monthly to all federal or federal flow-thru accounts based on actual service expensed
- Credits object code xxFR in customer account and debits service recharge account (3920)

A look at the ledger….

DaFIS Decision Support >> General Ledger >> Balance Summary (FIS1) >> Results

Fiscal Period:	June Final-	(Year-To-Date)	Prior Month	Next Month
Chart:	3		Pending Transactions:	NO
Organization:			Pre-Encumbrances:	NO
Object Code:	3920 - INTERDEPARTMENTAL RECHARGE REBATE		C&G History:	YES
			BLSH Consolidation:	YES
			Indirect Costs:	YES
			Payroll Liens:	YES
			Benefit Liens:	YES
			Default Project:	YES
			Zero Activity Lines:	YES

Object	Object Name	Sub Obj	Sub Object Name	Approp	Expend	Encumb	Balance
- RECHARGE INCOME ACCOUNT							
SUB9 - RECHARGES							
3920	INTERDEPARTMENTAL RECHARGE REBATE	---	[default]	0.00	67,108.42	0.00	67,108.42D
SUB9 - RECHARGES Totals:				0.00	67,108.42	0.00	67,108.42D
- RECHARGE INCOME ACCOUNT Totals:				0.00	67,108.42	0.00	67,108.42D

Federal Rebate – Actual Calculation

- After fiscal close (October/November):
  - Adjustment made if actual charges <u>significantly</u> different than budget
  - Will post to all federal accounts who used the service in the prior year
  - Can be additional expense to customer and additional revenue to service provider if budget was <u>more</u> than actual

Let's Test Your Knowledge!

With a Few Questions…..

Reserves

- If a department wanted to set aside monies in a reserve account to replace equipment used in a rate, they would include depreciation in their rate and contact General Accounting to set up :
  A. Reserve for Improvement
  B. Reserve for Renewal and Replacement
  C. New Operating Account

Reserves

- Depreciation is calculated by:
  A. Using the UCOP Useful Life Tables
  B. Determining what balance I need in the reserve
  C. Using the amount needed to buy it again
  D. Determining the useful life remaining on the equipment
  E. A and D

Reserves

- If I need to replace an old centrifuge, I can:
    A. Purchase it out of my operating account
    B. Use whatever account has money in it
    C. Purchase it from my Reserve for Renewals and Replacement account if it has been depreciated
    D. Purchase it from my Reserve for Improvement account

Reserves

- I can decrease that pesky high balance in my self-supporting fund by transferring the whole amount to a Reserve for Improvement Fund.

A. True

B. False

Reserves

- I can decrease that pesky high balance in my self-supporting fund by transferring the whole amount to a Reserve for Improvement Fund.

  A. True

  B. False – only items identified in the rate can be moved (dept NUD, mark up)

Reserves

- I want to purchase new equipment and I haven’t included it in my rate. I can
  A. Transfer more depreciation into my reserve for renewals and replacements to pay for it
  B. Set up a reserve for improvement fund and transfer money from operations to pay for it
  C. Get a loan from my dean’s office and build the repayment into a new rate (will be rebated)

Federal Rebate

- What expenses will create a federal rebate in a self-supporting activity:
  A. Building improvement to expand activity
  B. Purchasing supplies
  C. Purchasing new equipment
  D. Replacing equipment that has passed its useful life
  E. A and C

Federal Rebate

- The federal rebate applies to all recharge customers?

A. True

B. False

Federal Rebate

- The federal rebate applies to all recharge customers?
  A. True
  B. <u>False – Only Federal customers</u>

Questions?

Section 3

- **Accounting Review**
- **Cost Recovery**

Accounting for Self-Supporting Funds

Accounting for Self-Supporting Funds

- Monitoring & Review
- Fiscal Close & Reappropriation
- Cost Recovery Policy

Monitoring & Reviewing Self-Supporting Funds

- Mid Year Review
  - DS210
- Annual Review
  - DS193 – Statement of Operations

Mid Year Review

- Management tool
  - Is the activity going as planned?
  - Why not?
  - What will be the consequences?
  - What actions should be taken?
- Should be more than once a year if:
  - New activity
  - Deficit balance
  - Major changes

Mid Year Review – What to look for

- Revenue generated not covering costs
  - Expenses not considered in rate proposal
  - Marketing
  - Competition
- Too much revenue for expenses incurred
  - Costs in proposal not being posted at all
    - Direct costs
    - Depreciation
    - Reserve for Improvement

DS Tool for Mid-Year Review: Report 210

- Features
  - Percent Available or Spent
  - Projections to Year End
    - Based on prior year or avg.-to-date
    - If activity cyclical, use prior year
  - Can be put into Excel spreadsheet

DS Report 210: Percent Budget Available

Object Grouping: DaFIS Object Consolidation using 2 Levels

Balance Category	Total Budget	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Expense Total	Available Balance	% Avail
Income																
INCOME	5,350	0	300CR	419CR	39	325CR	0	18	325CR	650CR	0	0	0	1,962CR	3,388OD	N/A
Income Totals:	**5,350**	**0**	**300CR**	**419CR**	**39**	**325CR**	**0**	**18**	**325CR**	**650CR**	**0**	**0**	**0**	**1,962CR**	**3,388OD**	**N/A**
Expenditures																
GENERAL ASSISTANCE	1,609CR	0	0	0	500	500	500	0	0	0	0	0	0	1,500	109CR	6.8%
SUPPLIES AND EXPENSE	2,562CR	333	594	305	277	266	261	285	241	0	0	0	0	2,560	2CR	0.1%
EMPLOYEE BENEFITS	1,179CR	0	0	0	64	65	66	0	0	0	0	0	0	196	983CR	83.4%
UNALLOCATED	2,533CR	0	0	0	0	0	0	0	0	0	0	0	0	0	2,533CR	100.0%
Expenditures Totals:	**7,883CR**	**333**	**594**	**305**	**841**	**831**	**827**	**285**	**241**	**0**	**0**	**0**	**0**	**4,256**	**3,628CR**	**46.0%**
Balance Sheet																
BALANCE SHEET	2,533	0	0	0	0	0	0	0	0	0	0	0	0	0	2,533OD	N/A
Balance Sheet Totals:	**2,533**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**2,533OD**	**N/A**
Report Total:	**0**	**333**	**294**	**114CR**	**880**	**506**	**827**	**303**	**84CR**	**650CR**	**0**	**0**	**0**	**2,294**	**2,294OD**	**N/A**
Unassigned Objects Total:	**0**	**0**	**0**	**0**	**0**	**14**	**0**	**0**	**6**	**0**	**0**	**0**	**0**	**20**	**20OD**	**N/A**
Report Total:	**0**	**333**	**294**	**114CR**	**880**	**519**	**827**	**303**	**78CR**	**650CR**	**0**	**0**	**0**	**2,314**	**2,314OD**	**N/A**

DS Report 210: Projections

Object Grouping: DaFIS Object Consolidation using 2 Levels

Projection Type: Project Using Prior Year

Italics = Figures based on Projections

Balance Category	Total Budget	July	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Proj Mar	Proj Apr	Proj May	Proj June	Proj Total	Proj Balance	Proj % Avail
Income																
INCOME	5,350	0	300CR	419CR	39	325CR	0	18	325CR	*88*	*132*	*600 CR*	*818 CR*	*2,510* CR	*2,840* OD	N/A
Income Totals:	**5,350**	**0**	**300CR**	**419CR**	**39**	**325CR**	**0**	**18**	**325CR**	***88***	***132***	***600* CR**	***818* CR**	***2,510* CR**	***2,840* OD**	**N/A**
Expenditures																
GENERAL ASSISTANCE	1,609CR	0	0	0	500	500	500	0	0	*210*	*180*	*83*	*248*	*2,220*	*611* OD	N/A
SUPPLIES AND EXPENSE	2,562CR	333	594	305	277	266	261	285	241	*246*	*55*	*305*	*621*	*3,787*	*1,225* OD	N/A
TRAVEL	0	0	0	0	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	*0*	N/A
EMPLOYEE BENEFITS	1,179CR	0	0	0	64	65	66	0	0	*2*	*2*	*1*	*2*	*202*	*977* CR	82.9%
UNALLOCATED	2,533CR	0	0	0	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	*2,533* CR	100.0%
Expenditures Totals:	**7,883CR**	**333**	**594**	**305**	**841**	**831**	**827**	**285**	**241**	***458***	***236***	***388***	***871***	***6,209***	***1,675* CR**	**21.2%**
Balance Sheet																
BALANCE SHEET	2,533	0	0	0	0	0	0	0	0	*0*	*0*	*0*	*0*	*0*	*2,533* OD	N/A
Balance Sheet Totals:	**2,533**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	***0***	***0***	***0***	***0***	***0***	***2,533* OD**	**N/A**
Report Total:	**0**	**333**	**294**	**114CR**	**880**	**506**	**827**	**303**	**84CR**	***546***	***368***	***212* CR**	***53***	***3,699***	***3,699* OD**	**N/A**
Unassigned Objects Total:	**0**	**0**	**0**	**0**	**0**	**14**	**0**	**0**	**6**	***30***	***0***	***45***	***28***	***124***	***124* OD**	**N/A**

Mid Year Review Exercise

Mid-Year Review Exercise Answer

- Actions that should be taken
  - Move 3 months salaries & benefits out of the account if Research Asst not working on the rate
  - Make sure depreciation is set up
  - Increase recharge rate and direct costs budget for procedure (cost of chemicals and lab supplies)
  - Cover deficit (if more than 8.33% of expenses)
  - Add recharge income to budget
  - Determine recharge implications (federal customers?)

Annual Review

- Similar to mid-year review:
  - How did the activity do for the year?
  - Did the activity break even, incur a deficit?
  - Is the carry forward balance too high?
  - What actions should be taken?
- Can use DS193 or DS1 (if reviewing cost centers)

Statement of Operations (DS193)

- Beginning balance (June 30 PY Fund total)
- Adjustments to accumulated balance
  - STIP Interest Earned
  - Transfers to other funds (depreciation, reserve for improvements)
- Revenue year-to-date
- Expenses year-to-date
- Net income or loss year-to-date
- Ending accumulated balance

DS193 Statement of Operations

Accumulated Balance July 1, 2010			**44,470.92 CR**
Adjustments to Accumulated Balance			**0.00**
Adjusted Accumulated Balance			**44,470.92CR**
Add Revenue Year to Date			
INC0 - INCOME	15,451.00CR		
Total Income and Recharges		**15,451.00CR**	
Less Expenditures Year to Date			
SUBG - GENERAL ASSISTANCE	2,716.99		
SUB3 - SUPPLIES AND EXPENSE	8,185.60		
SUB5 - TRAVEL	4,196.25		
SUB6 - EMPLOYEE BENEFITS	649.68		
Total Expenditures		**15,748.52**	
Net Income or Loss Year to Date			**297.52OD**
Ending Accumulated Balance			**44,173.40CR**

Fiscal Close & Reappropriation

- Net Revenue (sum of revenues, recharges and expenses) closed into Unexpended Balance (fund+UB or fund+00).
- Reappropriation
  - Net revenue reappropriated to PR+fund account
  - Use BA to move to operating account(s)

Report 55 June

Sub Fund Summary by Consolidation >>(FIS55)

Through Fiscal Period: June Final
Chart(s): 3
OP Fund:

Sub Fund Group	OP Fund	Account	Obj. Consol		Appropriations	Expenditures	Encumbrance	Balance
SERENT - SERVICE ENTERPRISES								
	xxxxx - Fund Name							
		3-xxxxx00	UNEXP BAL SPECIFIC FUNDS					
		Higher Ed:						
		BALN	BLSH	BALANCE SHEET	34,071.35	34,071.35 CR	0.00	0.00
		Total Account:			**34,071.35**	**34,071.35 CR**	**0.00**	**0.00**
		3-ACCOUNT	NAME OF ACCOUNT					
		Higher Ed:						
		ORES	INCO	INCOME	0.00	19,463.06 CR	0.00	19,463.06 CR
			SUBG	GENERAL ASSISTANCE	0.00	7,892.09	0.00	7,892.09 OD
			SUB3	SUPPLIES AND EXPENSE	34,071.35 CR	2,671.91	0.00	31,399.44 CR
			SUB6	EMPLOYEE BENEFITS	0.00	1,688.72	0.00	1,688.72 OD
		Total Account:			**34,071.35 CR**	**7,210.34 CR**	**0.00**	**41,281.69 CR**
	Total Fund XXXXX				**0.00**	**41,281.69 CR**	**0.00**	**41,281.69 CR**

Report 55 July

Sub Fund Summary by Consolidation >>(FIS55)

Through Fiscal Period: **July**
Chart(s): **3**
OP Fund:

Sub Fund Group	OP Fund	Account	Obj. Consol		Appropriations	Expenditures	Encumbrance	Balance
SERENT - SERVICE ENTERPRISES								
	xxxxx - Fund Name							
		3-xxxxx00	UNEXP BAL SPECIFIC FUNDS					
		Higher Ed:						
		BALN	BLSH	BALANCE SHEET	41,281.69	41,281.69 CR	0.00	0.00 CR
		Total Account:			**41,281.69**	**41,281.69 CR**	**0.00**	**0.00** CR
		3-ACCOUNT	NAME OF ACCOUNT					
		Higher Ed:						
		ORES	INCO	INCOME	0.00	0.00	0.00	0.00
			SUBG	GENERAL ASSISTANCE	0.00	0.00	0.00	0.00
			SUB3	SUPPLIES AND EXPENSE	0.00	0.00		
			SUB6	EMPLOYEE BENEFITS	0.00	0.00		
		Total Account:			**0.00**	**0.00**		
		3-PRxxxxx	PROV FOR ALLOC					
		Higher Ed:						
		PROV	SUB8	UNALLOCATED	41,281.69 CR	0.00	0.00	41,281.69 CR
		Total Account:			**41,281.69 CR**	**0.00**	**0.00**	**41,281.69 CR**
	Total Fund XXXXX					**41,281.69 CR**	**0.00**	**41,281.69** CR

Does not include encumbrances

Report 55 August

Sub Fund Summary by Consolidation >>(FIS5

Through Fiscal Period: August
Chart(s): 3
OP Fund:

Sub Fund Group	OP Fund	Account	Obj. Consol					
SERENT - SERVICE ENTERPRISES								
xxxxx - Fund Name								
		3-xxxxx00	UNEXP BAL SPECIFIC FUNDS					
		Higher Ed:						
		BALN	BLSH	BALANCE SHEET	41,281.69	41,281.69 CR	0.00	0.00 CR
		Total Account:			**41,281.69**	**41,281.69 CR**	**0.00**	**0.00** CR
		3-ACCOUNT	NAME OF ACCOUNT					
		Higher Ed:						
		ORES	INCO	INCOME	0.00	0.00	0.00	0.00
			SUBG	GENERAL ASSISTANCE	0.00	0.00	0.00	0.00
			SUB3	SUPPLIES AND EXPENSE	41,281.69 CR	0.00	0.00	0.00
			SUB6	EMPLOYEE BENEFITS	0.00	0.00	0.00	0.00
		Total Account:			**41,28[illegible]69**	**0.00**	**0.00**	**0.00**
		3-PRxxxxx	PROV FOR ALLOC					
		Higher Ed:						
		PROV	SUB8	UNALLOCATED	0.00 CR	0.00	0.00	41,281.69 CR
		Total Account:			**0.00 CR**	**0.00**	**0.00**	**41,281.69 CR**
Total Fund XXXXX					**0.00**	**41,281.69 CR**	**0.00**	**41,281.69** CR

- **Make sure you move budget to cover prior year encumbrances.**
- **If you have more than one cost center, make sure to allocate carry forward to each cost center.**

Cost Recovery

- *Prices should be adjusted at least annually to eliminate any surpluses or deficits. Every effort should be made to ensure that year-end surpluses or deficits do not exceed one month of the recharging unit's activity.*

- BIA reports annually to the Deans/VC/VP offices on units that are not in compliance to ensure corrective actions are taken.

- UC Business and Finance Bulletin (BFB) A-47, University Direct Costing Procedures

Let's Test Your Knowledge!

With a Few Final Recap Questions…..

Recap….

- NUD is **not**
  A. A way to ensure that self-supporting activities recover full costs
  B. Based on the Federal Facilities and Administrative Cost Rate
  C. A way for self-supporting funds to make a profit

Recap….

- You can include depreciation in your rate development
  A. To provide funding to replace equipment
  B. Only if you have external customers
  C. To help build a new building
  D. None of the above

Recap….

- Reserve for Improvement funds can be used
  A. To purchase new equipment
  B. To fund capital projects
  C. To transfer departmental NUD from external sales in a self supporting unit
  D. All of the above

Recap….

- An unexpended balance account
  A. Accumulates net revenues from prior year
  B. Contains an amount that can be spent or must be covered in future years.
  C. A balance sheet account I don’t look at.
  D. A and B above

Now we can…

- Develop rates with the understanding of NUD and OMB A-21 and know how they work
- Add depreciation and reserves for improvement to your rate proposal and how to account for them
- Establish and maintain financial accountability

Resources….

- Dean or Vice Chancellor Office with core-support questions
- General Accounting for set-up, reserves and other accounting questions http://accounting.ucdavis.edu/GA/

Thank you!