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
• 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

- **Cost center** – organizational component or activity into which costs can be grouped
- **Direct costs** – Specifically identifiable to the activity
- **Support costs** – Support activity but are not specifically identifiable
- **Subsidies** – 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

- **Organization**
  - IT Department

- **Account**
  - Desktop Support
  - Database Administration
  - Application Development
  - Administration Services
  - General Fund Subsidy

- **Support Cost Center**
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)

**Fiscal Period:** June Final, 2012  
**Charts:** 3,5  
**Account:**  
**OP Fund:**  
**(Budget Summary)**  

<table>
<thead>
<tr>
<th>Prior Month</th>
<th>Next Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pending Transactions:</td>
<td>No</td>
</tr>
<tr>
<td>Pre-Encumbrances:</td>
<td>Yes</td>
</tr>
<tr>
<td>Internal Encumbrances:</td>
<td>Yes</td>
</tr>
<tr>
<td>C&amp;G History:</td>
<td>No</td>
</tr>
<tr>
<td>BLSH Consolidation:</td>
<td>No</td>
</tr>
<tr>
<td>Income Consolidations:</td>
<td>Yes</td>
</tr>
<tr>
<td>Indirect Costs:</td>
<td>No</td>
</tr>
<tr>
<td>Payroll Liens:</td>
<td>Yes</td>
</tr>
<tr>
<td>Benefit Liens:</td>
<td>Yes</td>
</tr>
<tr>
<td>Default Project:</td>
<td>Yes</td>
</tr>
<tr>
<td>Zero Activity Lines:</td>
<td>Yes</td>
</tr>
</tbody>
</table>

### Consolidation

<table>
<thead>
<tr>
<th>Object Consol. Name</th>
<th>Base Budget</th>
<th>FTE</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBS</td>
<td>745,362.00CR</td>
<td>12.47CR</td>
</tr>
<tr>
<td>SUBG</td>
<td>145,029.00CR</td>
<td>0.00</td>
</tr>
<tr>
<td>SUB3</td>
<td>231,034.00CR</td>
<td>0.00</td>
</tr>
<tr>
<td>SUB6</td>
<td>248,077.00CR</td>
<td>0.00</td>
</tr>
<tr>
<td>SUB8</td>
<td>1,245,545.00</td>
<td>0.00</td>
</tr>
<tr>
<td>SUB8</td>
<td>122,955.00</td>
<td>0.00</td>
</tr>
<tr>
<td>RECHARGE Totals:</td>
<td>0.00</td>
<td>12.47CR</td>
</tr>
<tr>
<td>SUB8</td>
<td>0.00</td>
<td>12.47CR</td>
</tr>
<tr>
<td>SERENT - SERVICE ENTERPRISES Totals:</td>
<td>0.00</td>
<td>12.47CR</td>
</tr>
<tr>
<td>Report Totals:</td>
<td>0.00</td>
<td>12.47CR</td>
</tr>
</tbody>
</table>

**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**

<table>
<thead>
<tr>
<th>Fiscal Period: March, 3,5</th>
<th>(Year-To-Date)</th>
<th>Prior Month</th>
<th>Next Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Account: ABC Department</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Consolidation</th>
<th>Object Consol. Name</th>
<th>Approp</th>
<th>Expend</th>
<th>Encumb</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUBS</td>
<td>STAFF SALARIES</td>
<td>835,212.47CR</td>
<td>508,262.52</td>
<td>238,994.60</td>
<td>86,955.35CR</td>
</tr>
<tr>
<td>SUBG</td>
<td>GENERAL ASSISTANCE</td>
<td>166,046.00CR</td>
<td>97,048.17</td>
<td>49,153.44</td>
<td>19,844.39CR</td>
</tr>
<tr>
<td>SB28</td>
<td>LEAVE USAGE</td>
<td>46,044.26</td>
<td>46,044.26CR</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>SUB3</td>
<td>SUPPLIES AND EXPENSE</td>
<td>87,350.43CR</td>
<td>48,592.27</td>
<td>317.22</td>
<td>38,440.94CR</td>
</tr>
<tr>
<td>SUB5</td>
<td>TRAVEL</td>
<td>0.00</td>
<td>5,725.86</td>
<td>0.00</td>
<td>5,725.86</td>
</tr>
<tr>
<td>SUB6</td>
<td>EMPLOYEE BENEFITS</td>
<td>221,268.95CR</td>
<td>221,268.95</td>
<td>0.00</td>
<td>0.00</td>
</tr>
</tbody>
</table>

### Report Totals:

- **Approp:** 1,263,833.59CR
- **Expend:** 835,853.51
- **Balance:** 288,465.26
- **Account Balance:** 139,514.82CR
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 to 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

- **Purchase**: From non rate-based funds
- **Replace**: Use funds in depreciation reserve
- **Use**: Move to depreciation custodial code ‘D’
- **Transfer or Retire**: 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](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://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

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
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....

Fiscal Period: June Final- (Year-To-Date)
Chart: 3
Organization: 
Object Code: 3920 - INTERDEPARTMENTAL RECHARGE REBATE

<table>
<thead>
<tr>
<th>Prior Month</th>
<th>Next Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pending Transactions: NO</td>
<td>Pre-Encumbrances: NO</td>
</tr>
<tr>
<td>C&amp;G History: YES</td>
<td>BLSH Consolidation: YES</td>
</tr>
<tr>
<td>Indirect Costs: YES</td>
<td>Payroll Liens: YES</td>
</tr>
<tr>
<td>Benefit Liens: YES</td>
<td>Default Project: YES</td>
</tr>
<tr>
<td>Zero Activity Lines: YES</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Object</th>
<th>Object Name</th>
<th>Sub Obj</th>
<th>Sub Object Name</th>
<th>Approp</th>
<th>Expend</th>
<th>Encumb</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUB9</td>
<td>- RECHARGE INCOME ACCOUNT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3920</td>
<td>INTERDEPARTMENTAL RECHARGE REBATE</td>
<td></td>
<td>[default]</td>
<td>0.00</td>
<td>67,108.42</td>
<td>0.00</td>
<td>67,108.420D</td>
</tr>
<tr>
<td>SUB9</td>
<td>RECHARGES Totals:</td>
<td></td>
<td></td>
<td>0.00</td>
<td>67,108.42</td>
<td>0.00</td>
<td>67,108.420D</td>
</tr>
<tr>
<td></td>
<td>- RECHARGE INCOME ACCOUNT Totals:</td>
<td></td>
<td></td>
<td>0.00</td>
<td>67,108.42</td>
<td>0.00</td>
<td>67,108.420D</td>
</tr>
</tbody>
</table>
Federal Rebate – Actual Calculation

- After fiscal close (October/November):
  - Adjustment made if actual charges significantly 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 more 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. False – Only Federal customers
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**                 |              |      |     |     |     |     |     |     |     |     |     |     |     |     | 1,962CR       | 3,388OD           | N/A     |
| INCOME                     | 5,350        | 0    | 300CR | 419CR | 39 | 325CR | 0 | 18 | 325CR | 850CR | 0 | 0 | 0 | 1,962CR       | 3,388OD           | N/A     |
| Income Totals:             | 5,350        | 0 | 300CR | 419CR | 39 | 325CR | 0 | 18 | 325CR | 850CR | 0 | 0 | 0 | 1,962CR       | 3,388OD           | N/A     |
| **Expenditures**           |              |      |     |     |     |     |     |     |     |     |     |     |     |     | 1,500         | 109CR            | 8.8%    |
| GENERAL ASSISTANCE         | 1,609CR      | 0    | 0    | 0    | 500 | 500 | 500 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,500         | 109CR            | 8.8%    |
| SUPPLIES AND EXPENSES      | 2,562CR      | 333  | 534 | 305 | 277 | 268 | 261 | 265 | 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 | 0 | 196          | 983CR            | 83.4%   |
| UNALLOCATED                | 2,533CR      | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,533         | 100.0%          |        |
| Expenditures Totals:       | 7,893CR      | 333 | 594 | 305 | 841 | 831 | 827 | 285 | 241 | 0 | 0 | 0 | 0 | 4,256         | 3,628CR           | 46.0%   |

### Balance Sheet

| Total Budget | July | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | June | Expense Total | Available Balance | % Avail |
|--------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------------|-------------------|---------|
| Balance Sheet| 2,533 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,533         | 2,533OD           | N/A     |
| Balance Sheet Totals: | 2,533 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,533         | 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 | 14 | 0 | 0 | 6 | 0 | 0 | 0 | 0 | 20 | 0 | 20OD | N/A

Report Total: 0 | 333 | 294 | 114CR | 880 | 519 | 827 | 303 | 78CR | 650CR | 0 | 0 | 0 | 2,314 | 2,314OD | N/A

---

Accounting & Financial Services/Office of Resource Management & Planning
## DS Report 210: Projections

**Object Grouping:** DaFIS Object Consolidation using 2 Levels  
**Projection Type:** Project Using Prior Year  
*italics = Figures based on Projections*

<table>
<thead>
<tr>
<th>Balance Category</th>
<th>Total</th>
<th>Budget</th>
<th>July</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Proj Mar</th>
<th>Proj Apr</th>
<th>Proj May</th>
<th>Proj June</th>
<th>Proj Total</th>
<th>Proj Balance</th>
<th>% Avail</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income Totals:</td>
<td>5,350</td>
<td>0</td>
<td>300CR</td>
<td>419CR</td>
<td>39</td>
<td>325CR</td>
<td>0</td>
<td>18</td>
<td>325CR</td>
<td>88</td>
<td>132</td>
<td>600</td>
<td>818</td>
<td>2,510</td>
<td>2,840</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Expenditures</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>GENERAL ASSISTANCE</td>
<td>1,808CR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>500</td>
<td>500</td>
<td>0</td>
<td>0</td>
<td>210</td>
<td>180</td>
<td>83</td>
<td>248</td>
<td>2,220</td>
<td>611</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>SUPPLIES AND EXPENSE</td>
<td>2,562CR</td>
<td>333</td>
<td>594</td>
<td>305</td>
<td>277</td>
<td>268</td>
<td>261</td>
<td>285</td>
<td>241</td>
<td>246</td>
<td>55</td>
<td>305</td>
<td>621</td>
<td>3,757</td>
<td>1,225</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>TRAVEL</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>EMPLOYEE BENEFITS</td>
<td>1,179CR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>64</td>
<td>65</td>
<td>66</td>
<td>0</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>202</td>
<td>977</td>
<td>82.9%</td>
<td></td>
</tr>
<tr>
<td>UNALLOCATED</td>
<td>2,533CR</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,533</td>
<td>100.0%</td>
<td></td>
</tr>
<tr>
<td>Expenditures Totals:</td>
<td>7,853CR</td>
<td>333</td>
<td>594</td>
<td>305</td>
<td>841</td>
<td>831</td>
<td>827</td>
<td>285</td>
<td>241</td>
<td>458</td>
<td>236</td>
<td>368</td>
<td>871</td>
<td>6,209</td>
<td>1,675</td>
<td>21.2%</td>
<td></td>
</tr>
<tr>
<td><strong>Balance Sheet</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BALANCE SHEET</td>
<td>2,533</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,533</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td>Balance Sheet Totals:</td>
<td>2,533</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,533</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Report Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>333</td>
<td>294</td>
<td>114CR</td>
<td>880</td>
<td>506</td>
<td>827</td>
<td>303</td>
<td>84CR</td>
<td>546</td>
<td>368</td>
<td>212CR</td>
<td>53</td>
<td>3,699</td>
<td>3,699</td>
<td>3,699</td>
<td>N/A</td>
<td></td>
</tr>
<tr>
<td><strong>Unassigned Objects Total:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>14</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>30</td>
<td>0</td>
<td>45</td>
<td>28</td>
<td>124</td>
<td>124</td>
<td>124 OD</td>
<td>N/A</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
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

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Accumulated Balance July 1, 2010</strong></td>
<td><strong>44,470.92 CR</strong></td>
</tr>
<tr>
<td><strong>Adjustments to Accumulated Balance</strong></td>
<td><strong>0.00</strong></td>
</tr>
<tr>
<td><strong>Adjusted Accumulated Balance</strong></td>
<td><strong>44,470.92 CR</strong></td>
</tr>
<tr>
<td><strong>Add Revenue Year to Date</strong></td>
<td></td>
</tr>
<tr>
<td>INCO - INCOME</td>
<td></td>
</tr>
<tr>
<td><strong>Total Income and Recharges</strong></td>
<td><strong>15,451.00 CR</strong></td>
</tr>
<tr>
<td><strong>Less Expenditures Year to Date</strong></td>
<td></td>
</tr>
<tr>
<td>SUBG - GENERAL ASSISTANCE</td>
<td><strong>2,716.99</strong></td>
</tr>
<tr>
<td>SUB3 - SUPPLIES AND EXPENSE</td>
<td><strong>8,185.60</strong></td>
</tr>
<tr>
<td>SUB5 - TRAVEL</td>
<td><strong>4,196.25</strong></td>
</tr>
<tr>
<td>SUB6 - EMPLOYEE BENEFITS</td>
<td><strong>648.63</strong></td>
</tr>
<tr>
<td><strong>Total Expenditures</strong></td>
<td><strong>15,748.52</strong></td>
</tr>
<tr>
<td><strong>Net Income or Loss Year to Date</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Ending Accumulated Balance</strong></td>
<td><strong>44,173.40 CR</strong></td>
</tr>
</tbody>
</table>
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)
## Sub Fund Summary by Consolidation => (FIS55)

**Through Fiscal Period:** June Final

**Chart(s):** 3

### OP Fund:

<table>
<thead>
<tr>
<th>Sub Fund Group</th>
<th>OP Fund</th>
<th>Account</th>
<th>Obj. Consol</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrance</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERENT - SERVICE ENTERPRISES</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>xxxxx - Fund Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-xxxxx00 UNEXP BAL</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SPECIFIC FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Higher Ed:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>BALN</strong></td>
<td><strong>BLSH</strong></td>
<td>BALANCE SHEET</td>
<td>34,071.35</td>
<td>34,071.35 CR</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td><strong>Total Account:</strong></td>
<td>34,071.35</td>
<td>34,071.35 CR</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-ACCOUNT NAME OF ACCOUNT</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Higher Ed:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>ORES</strong></td>
<td><strong>INCO</strong></td>
<td>INCOME</td>
<td>0.00</td>
<td>19,163.06 CR</td>
<td>0.00</td>
<td>19,163.06 CR</td>
<td></td>
</tr>
<tr>
<td><strong>SUBG</strong></td>
<td>GENERAL ASSISTANCE</td>
<td>0.00</td>
<td>7,882.09</td>
<td>0.00</td>
<td>7,882.09 OD</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUB3</strong></td>
<td>SUPPLIES AND EXPENSE</td>
<td>34,071.35 CR</td>
<td>2,671.91</td>
<td>0.00</td>
<td>31,399.44 CR</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>SUB6</strong></td>
<td>EMPLOYEE BENEFITS</td>
<td>0.00</td>
<td>1,688.72</td>
<td>0.00</td>
<td>1,688.72 OD</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Account:</strong></td>
<td>34,071.35 CR</td>
<td>7,210.34 CR</td>
<td>0.00</td>
<td>41,281.69 CR</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total Fund Xxxxxx</strong></td>
<td>0.00</td>
<td>41,281.69 CR</td>
<td>0.00</td>
<td>41,281.69 CR</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# Report 55 July

## Sub Fund Summary by Consolidation => (FIS55)

### Through Fiscal Period: July

**Chart(s):** 3  
**OP Fund:**

<table>
<thead>
<tr>
<th>Sub Fund Group</th>
<th>OP Fund</th>
<th>Account</th>
<th>Object</th>
<th>Appropriations</th>
<th>Expenditures</th>
<th>Encumbrance</th>
<th>Balance</th>
</tr>
</thead>
<tbody>
<tr>
<td>SERENT - SERVICE ENTERPRISES</td>
<td>xxxxx - Fund Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-xxxxx0000 x UNEXP BAL</td>
<td>SPECIFIC FUNDS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Ed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BALN</td>
<td>BLSH</td>
<td>BALANCE SHEET</td>
<td>41,281.68</td>
<td>41,281.68 CR</td>
<td>0.00</td>
<td>0.00 CR</td>
<td></td>
</tr>
<tr>
<td>Total Account:</td>
<td></td>
<td></td>
<td>41,281.69</td>
<td>41,281.69 CR</td>
<td>0.00</td>
<td>0.00 CR</td>
<td></td>
</tr>
<tr>
<td>3-ACCOUNT NAME OF ACCOUNT</td>
<td>xxxxx - Fund Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Ed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ORES</td>
<td>INCO</td>
<td>INCOME</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
</tr>
<tr>
<td>SUBG</td>
<td>GENERAL ASSISTANCE</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUB3</td>
<td>SUPPLIES AND EXPENSE</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SUB6</td>
<td>EMPLOYEE BENEFITS</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Account:</td>
<td></td>
<td></td>
<td>0.00</td>
<td>0.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-PRxxxxx0000 x PROV FOR ALLOC</td>
<td>xxxxx - Fund Name</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Higher Ed:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PROV</td>
<td>SUB8</td>
<td>UNALLOCATED</td>
<td>41,281.68</td>
<td>0.00</td>
<td>0.00</td>
<td>41,281.69 CR</td>
<td></td>
</tr>
<tr>
<td>Total Account:</td>
<td></td>
<td></td>
<td>41,281.69 CR</td>
<td>0.00</td>
<td>0.00</td>
<td>41,281.69 CR</td>
<td></td>
</tr>
<tr>
<td>Total Fund XXXXXX</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Does not include encumbrances
- 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/