University of Kentucky
Service Centers and Recharge Operations

Rate and Budget Development
Template Training

Research Financial Services and University Budget Office
Objectives for today

- REFRESHER – Rules and regulations overview for service and recharge centers.
- UPDATES – Reviewing updates made to the rate sheet based on your recommendations.
- BEST PRACTICES – Tips and tricks for completing the rate sheet.
- TIMELINE – Roadmap of important dates.
- Q&A – You’ve got questions, we’ve got answers.
Service Center Charges Not Allowable – July 2012

- The animal facility computed rates by averaging rates that other universities charged
- The University did not perform biennial reviews to adjust the rates based on actual costs
- The telecommunications center did not charge based on actual usage of the service provided
- Furthermore, it charged administrative fees that were not part of the aggregate cost of providing the service
- Originally $5.8 million findings, eventually reduced
- HHS OIG A-04-11-01095
Overview

• The goal is to provide a framework for the fiscal operations of service centers and recharge operations in order to ensure compliance with Cost Accounting Standards (CAS), Uniform Guidance (2 CFR Part 200), and University Business Procedures (Appendix IV BPM).

• These guidelines help us determine what can be included in the service center rate calculation, for example, expenses must be:
  – Consistent- the cost must be treated the same in any like circumstance
  – Allocable- assignable to the specific activity
  – Reasonable- ordinary and necessary for operation
  – Allowable- must be necessary and reasonable with consistent treatment
Subpart E – Cost Principles (200.468 Specialized Service Facilities)

- Costs of such services, when material, must be charged directly to applicable awards based on actual usage.
- Does not discriminate between activities under Federal awards and other activities.
- Is designed to recover only the aggregate costs of the services.
Where is the Rate Sheet Template?

- You can find the rate sheet template at the RFS website.
- Link: https://www.uky.edu/ufs/sites/www.uky.edu.ufs/files/Service%20Center%20Rate%20Sheet%20-%20FYE%202022.xlsm
We received a few suggestions last year...

Just kidding! We heard them and implemented those we could.
What Has Changed

• Updated Tab 2 (Fixed Assets) to remove depreciation from assets with federal funds.
  – EBARS cannot distinguish the two, and we cannot include depreciation in the rates if federal funds were used. We’ve setup crosschecks in the sheet so you don’t have to worry about finding and removing assets if you copy and paste from EBARS.
• Removed “Describe The Nature of the Rate” from tab 3. This information is given on the first screen.
• Increased number of available rates to 75.
• Updated header labeling for easier tracking during expense allocations.
• Updated proposed rate section to alert if internal rates are higher than calculated rates.
Examples

Internal rate higher than calculated rate.

<table>
<thead>
<tr>
<th>Volume (Projections)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Sold at Internal Rates (UK Customers)</td>
<td>1.000</td>
</tr>
<tr>
<td>Volume Sold at External Rates (External Customers)</td>
<td>-</td>
</tr>
<tr>
<td>Total Volume</td>
<td>1.000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Rate Calculations (Do not update - Auto Calculated Field)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Break-even Internal Rate (Calculated)</td>
<td>$ 35.00</td>
</tr>
<tr>
<td>External Rate (Calculated + 53% overhead recovery included)</td>
<td>$ 53.55</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Proposed Rates - If Different than Calculated Rate (Edit as needed)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Proposed Internal Rate</td>
<td>$ 35.01</td>
</tr>
<tr>
<td>Proposed External Rate</td>
<td>-</td>
</tr>
</tbody>
</table>

No federal funds included

Federal funds included
Before we get started with rates...

• Couple of items to remember
  – Your proposed rate can be lower than the calculated rate.
  – Don’t adjust your expenses and usage to meet a dollar amount you want to charge.
    • The goal of the service centers is to know real data. If your end result is a deficit, use that as a monitoring tool or look for areas that can be adjusted.
  – Use the RFS website. There’s a ton of useful info there to help you succeed.
  – The goal is for expenses and revenues to break even.
How to get Started with Calculating Rates

1. Develop Business Plan
2. Measure Usage/Volume
3. Determine Personnel/Operating Costs
4. Allocate Costs
5. Calculate the Rate
Calculating Rates

Develop a Business Plan

- Multiple Areas will be involved in establishing a New Service Center
  - Start planning several months ahead

Business Plan –
- Determine what Service you will Provide
- Who is your Customer Base
  - Who will purchase the Service/Product
  - Estimate Demand/Volume
  - Are they Primarily Internal Users or External Users?
- How do you plan to break-even?
- Does this business model fit with the mission of the Department, College, and University?

Internal User:
1) Billing to UK Account #
2) UK Unit

External User:
1) No UK Acct #
2) Industry
3) Personal Users
Calculating Rates

• Goal is to determine a measurable unit that allocates costs equitably among all users

Center Performs Analysis

Option 1: Charge Per Test

Option 2: Charge Per Hour
More on Usage/Volume

Volume Projection of Units

- **Measurable** unit that you will provide to your customer
  - Example 1: 1 hour of microscope time
  - Example 2: 1 fat hairy rat
  - Example 3: 1 Visa preparation fee

- Estimated TOTAL units for **each** service for the fiscal year will be needed
  - Should be able to back this up with actual data/usage from prior years.
Best Practices for Measuring Usage

• Keep a “usage log” to track billable units
• Usage logs should track
  – Account/Project number or user
  – Service performed or product sold
  – Rate charged
  – Date of Service/Sale
• Usage Logs are also extremely beneficial with billing reconciliations and providing justification for billables if needed.
Calculating Rates

• BUILD A BUDGET – DIRECT COSTS
  – Personnel Cost - Who is working on the product/service and how much
  – Operating Costs – Non-labor costs needed to provide the product or service
  – Depreciation (if allowable) - Depreciation of equipment used to provide the product or service
  – Carryforward – Loss/Surplus balance from previous year
Unallowable Costs

• There are several costs that are unallowable for inclusion in the rates (per service center policy in Appendix 4 of the BPM). Such items include but are not limited to:
  • Alcoholic Beverages
  • Bad Debts
  • Commencement or Convocation Costs
  • Contingency Provisions
  • Contributions, donations or remembrances
  • Entertainment
  • Fines and Penalties
  • Goods or services for personal use of employees
  • Personal use of an institution furnished vehicle
  • Public Relations
  • Student Activity Costs
  • Travel-First Class
Unallowable Costs

• During FY 2017, RFS reviewed expenses that were used in rate calculations.

• It was determined that the CNS Converged Fee could not be included in the rate calculation for any service centers that charge grants.
  – The fee cannot be used in the rate calculation as it is un-allocable to a person.
  – This fee should not post in the service center cost center and should instead post to a departmental cost center.

• All affected service centers were contacted during the FY 2018 renewal rate review.
Questionable Costs

• There are some expenses that are questionable by nature and you should seek guidance from RFS before including in the rate development. Such expenses include but are not limited to:
  • Advertising
  • Travel/Foreign Travel
  • Student Tuition/Scholarships
  • Fundraising/Investment costs
  • Housing or personal living expenses
  • Taxes
  • Any other cost that may be considered an Indirect Cost

• RFS does a quarterly review of actual postings to these categories, you may be asked for documentation and/or to move off the expense via JV.
Calculating Rates

• Allocate Costs identified to individual services or products
  – Should reflect the actual work being done
  – Time-Analysis is an effective tool for allocating labor

• One product or service may not subsidize another
Calculating Rates

Step 1: Total Expense
- Personnel Costs
- Operating Costs
- Depreciation Costs
- Carryforward / Deficit

Total Expenses

Step 2: Calculate Rate
- TOTAL EXPENSES
- # of Units Expected to Sale
- Calculated Rate
Calculated vs. Proposed Rates

• RFS is going to review your “Calculated Rate(s)” to determine if it is allocable, reasonable and captures the true cost of doing business.

• Proposed INTERNAL rate must be = or < calculated rate
• Proposed EXTERNAL rate can include (and we encourage) the current Indirect Rate.

Things to Consider:
• If you charge < calculated rate you may need a subsidy to make up the difference.
• If you don’t include Indirect Rate in External rate, you are not recouping your total “cost of business”.
When to Submit Rate Sheet Template

- Rate Sheets are reviewed at least **Annually** and will be due this year **MAY 31, 2021**.
  - Will need to do an estimate in Early Spring, to generate Budget for entry into PBF.
- Mid-Year Adjustments are due by 12/31 of current year and will be reviewed and evaluated for potential approval in January.
- Priority will be given for complete packets received by the deadline in the RFS office.

A complete submission should include:

- Completed Rate Sheet Template – Both Signed and Excel Forms
- Any additional backup documentation to support rate calculation
- Location of the activity (including building name and room numbers where activities take place)
- For NEW Service Centers also include:
  - Business Plan
  - Revenue Producing Questionnaire
  - Create New Cost Center Form
  - Create New G/L Form
Key Elements of the Rate Sheet

- Instructions Tab (Start Here) – Printable guide for rate sheet
- #1 General Tab – Basic information and New service center information
- #2 Depreciation Tab – Enter equipment information from Ebars
- #3 Future Rate Calculation – Enter expenses, units and proposed rates
- #4 Anticipated Recovery Stmt – Enter Subsidy and Budget info, get Signatures
- #5 Rate List – Auto-filled list of rates from previous pages

https://www.uky.edu/ufs/payroll-confirmation-service-centers

Any Questions, Concerns, or Suggestions can be emailed to: svcctr.help@uky.edu
#1 General Tab (Top Half) – Required by All

- Basic Information needed by RFS/UBO. Please fill in as much as possible.
- List of Cost objects – NOT accounts you bill, but accounts that are associated financially to your service center.
#1 General Tab (Bottom Half) – only NEW service centers fill out

- Goal is to answer all the questions up-front that might slow down approval!
#2 Depreciation Schedule Tab (Fill out if you have depreciating equipment)

- You will use eBARS to fill this out
  - Can copy/paste report directly into spreadsheet
- Login to eBARS here: https://myuk.uky.edu/zAPPS/ebars/
How to Run the eBARS report

1. Once you login, Click System → Select Module → Inventory (Scanner).

2. Click on Search/View at the top to open the report needed.
How to Run the eBARS report

Step 1: Select a Table to Search → Select “Active Inventory”

Step 2: Field Name → Select “SAP Cost Center”

Step 3: Value & Search → Enter your Service Center Cost Center → Click Search
How to Run the eBARS report

1. Verify you have the correct data entered
2. Click Search
3. Export your Report to Excel

- 3 Steps to Get the Data Exported to Excel, so you can copy/paste!
  1. Verify you have the correct data entered
  2. Click Search
  3. Export your Report to Excel
Copy/Paste from eBARS to Rate Sheet

1. From eBARS Exported report, copy Columns B thru O

<table>
<thead>
<tr>
<th>Foundry Number</th>
<th>Property Number</th>
<th>Building Code</th>
<th>Room ID</th>
<th>Room ID6</th>
<th>Dept Code</th>
<th>Item Description</th>
<th>Account</th>
<th>Cost</th>
<th>Serial Number</th>
<th>Model Number</th>
<th>Acquired Date</th>
<th>Month Acquired</th>
<th>Year Acquired</th>
<th>Life</th>
<th>Fund Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>date225</td>
<td>A619294</td>
<td>174</td>
<td>370</td>
<td>370</td>
<td>68800</td>
<td>PHILIPS TRANS ELECTRON MICROSCOPE</td>
<td>C1043881830</td>
<td>597412</td>
<td>000013,17,19</td>
<td>1180000</td>
<td>1/1/2006 0:00</td>
<td>9</td>
<td>2007</td>
<td>6</td>
<td>55</td>
</tr>
<tr>
<td>date225</td>
<td>A6631300</td>
<td>174</td>
<td>370</td>
<td>370</td>
<td>68800</td>
<td>ERLANGSHEN ES1900W CCD CAMERA</td>
<td>C1043881830</td>
<td>48766.28</td>
<td>50</td>
<td>010000,00,00</td>
<td>2/1/2007 0:00</td>
<td>2</td>
<td>2007</td>
<td>6</td>
<td>55</td>
</tr>
<tr>
<td>mdad0</td>
<td>A875463</td>
<td>174</td>
<td>158</td>
<td>158</td>
<td>83800</td>
<td>10X GENOMICS CHROMIUM CONTROLLER</td>
<td>C1043881830</td>
<td>137083</td>
<td>10</td>
<td>010000,00,00</td>
<td>10/1/2008 0:00</td>
<td>10</td>
<td>2018</td>
<td>10</td>
<td>91</td>
</tr>
<tr>
<td>mdad0</td>
<td>B033080</td>
<td>174</td>
<td>0158C7</td>
<td>0158C7</td>
<td>83800</td>
<td>MICROSCOPE COMPLETE</td>
<td>C1043881830</td>
<td>89246</td>
<td>209-252</td>
<td>010000,00,00</td>
<td>10/1/1981 0:00</td>
<td>10</td>
<td>1983</td>
<td>10</td>
<td>91</td>
</tr>
<tr>
<td>mdad0</td>
<td>B036619</td>
<td>174</td>
<td>0158C7</td>
<td>0158C7</td>
<td>83800</td>
<td>ULTRAMICROTMODE DEMONSTRATOR</td>
<td></td>
<td>36619</td>
<td>1/1/1988 0:00</td>
<td>1</td>
<td>1983</td>
<td>10</td>
<td>91</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

COPY Columns B - O

2. Paste the data in Columns C thru P in the Depreciation Calculation Sheet

   IMPORTANT: The columns match from the exported Excel report, not the screen in eBARS!
Example #2 Depreciation Schedule

<table>
<thead>
<tr>
<th>Equipment Description</th>
<th>Funding Cost Center</th>
<th>Purchase Price (Cost)</th>
<th>Serial Number</th>
<th>Model Number</th>
<th>Acquired Date</th>
<th>Month Acquired</th>
<th>Year Acquired</th>
<th>Useful Life</th>
<th>Fed Paid Amount (Amount Purchased with Grant)</th>
<th>Adjustments to Depreciation Costs (Ex. Trade-in Vehicles)</th>
<th>Net Cost</th>
<th>Percentage Used by Service Center</th>
<th>Net Cost to Depreciate</th>
<th>Depreciation Cost Per Year</th>
<th>Depreciation Start Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>File Scanner</td>
<td>C1043600000</td>
<td>10,000</td>
<td>FE391</td>
<td>MK12</td>
<td>7/1/2020</td>
<td>7</td>
<td>2006</td>
<td>7</td>
<td>10,000.00</td>
<td>18.000.00</td>
<td>18000.00</td>
<td>100.00</td>
<td>18000.00</td>
<td>120.00</td>
<td>7/1/2020</td>
</tr>
<tr>
<td>File Scanner</td>
<td>C1043600000</td>
<td>7,500</td>
<td>FIL912</td>
<td>191</td>
<td>10/12/2019</td>
<td>5</td>
<td>2019</td>
<td>7</td>
<td>9,500.00</td>
<td>7,500.00</td>
<td>17000.00</td>
<td>100.00</td>
<td>17000.00</td>
<td>120.00</td>
<td>10/12/2019</td>
</tr>
<tr>
<td>File Scanner</td>
<td>C1043600000</td>
<td>15,000</td>
<td>12,945,678</td>
<td>FF76542V</td>
<td>4/12/2016</td>
<td>4</td>
<td>2016</td>
<td>10</td>
<td>15,000.00</td>
<td>-</td>
<td>15000.00</td>
<td>100.00</td>
<td>15000.00</td>
<td>1500.00</td>
<td>4/12/2016</td>
</tr>
</tbody>
</table>

1. Column Q = if Federal funds paid for any portion of the equipment, enter the amount here
2. Column S = Enter the % of the equipment that is used by your service center
3. The Depreciation will be calculated based on what you enter (and will populate to the rate sheet)
4. If Federal funds were used in the purchase, depreciation is disallowed for that asset
#3 Future Rate Calculation

• Divided into FOUR sections:
  1. Header Information
     • Enter Name for each “Rate” – should match how you bill
  2. Expenses
     • Labor/Personnel
     • Consumables/Operating Expenses
     • Depreciation
     • Deficit Carryforward
  3. Income/Revenue
     • Surplus Carryforward/Budgeted Subsidy
     • Expected Units of Service for Each Rate
  4. Rates
     • Calculated Rates – calculated for you, based on what you entered
     • Proposed Rates – What you **WANT** to charge
     • Estimated Revenue – based on what you WANT to charge
Fill in the Header Information

1. Replace “RATE” with name of each rate
   – Should Match Billable Name
2. Select the “Unit of Measurement” for each rate

Note: Anytime you see a [+] you can click it to expand for more details!
Expenses – Enter Labor Information

1. Last Name/First Name: Enter the employee’s name
2. Position #: Enter the Position # for employee
3. Position Description: Enter the Position Description for employee
4. Annual Salary: Enter Hourly Rate if Hourly selected; Enter Annual Rate if Salary selected.
5. Annual Benefits—Enter Total Annual $ Amount, including Health Insurance. Use Current Year Benefit Matrix to help determine amount.
6. Enter % of Effort from Cost Distribution that is dedicated to the service center.
Labor Expenses – Allocating Effort to Rates

To Allocate across the rates, enter the 100% of effort for each employee on that rate.

- **Examples:**
  - Line 1 has 10% effort on the service center but is split equally between Rate 1 and Rate 2, so we allocate 50% (of the 10%) to each of the rates. The formulas calculate the $ amount for you.
  - Line 3 is 100% effort on the service center but only works on Rate 1, so 100% is allocated.
Looking at More Detail & Totals

- Click the '+' for more detail. You will be able to see the calculated Salary & Benefits Dollar $ Amount.
- Total Salary & Benefits are calculated at bottom of section and feed to the Recovery Statement (to help with budgeting).
1. Enter Description of Operating Expense
2. Enter the cost (actual or estimated) of the line item
3. Enter the % of that line item that will be allocated to that rate
4. Total Sum of Operating Expenses for Rate
- **Example 1:** Research Consumables are not used for consulting, so 0% is allocated to that rate.

- **Example 2:** Ice Cream Maker #1 is only used on the first 3 rates; it is split between those 3 rates.

- **Example 3:** The office supplies are used mostly by the consulting, so 60% is allocated to that rate.
Depreciation Expenses – Allocation

- The Depreciation Schedule will populate the equipment data to this tab.
- You will need to enter the % allocated to each rate.
- Consider how much each equipment is used to produce each rate.
  - Example 1 – the Ice Cream Freezer is used by 4 of the services equally, so we put 25% to each rate.
  - Example 2 – the 5th service is Consultation, so no equipment is used. 0% is allocated to that service.
### Depreciation Expenses – More Detail & Totals

#### STOP! If costs contain equipment please complete #2 Depreciation Schedule PRIOR to completing this section.

<table>
<thead>
<tr>
<th>Asset Number (Do not Update, automatic)</th>
<th>Equipment Description (Do not update, automatic)</th>
<th>Select Applicable Fiscal Year</th>
<th>2021</th>
<th>Future Year Depreciation (Do not update)</th>
<th>Dept % Allow.</th>
<th>Rate 1</th>
<th>Dept % Allow.</th>
<th>Rate 1</th>
<th>Dept % Allow.</th>
<th>Rate 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABCDEF</td>
<td>Research Ice Cream Maker #1</td>
<td></td>
<td>$</td>
<td>5,000.00</td>
<td>33%</td>
<td></td>
<td>1,650.00</td>
<td></td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>GHJKL</td>
<td>Research Ice Cream Freezer</td>
<td></td>
<td>$</td>
<td>2,100.00</td>
<td>25%</td>
<td></td>
<td>525.00</td>
<td></td>
<td>25%</td>
<td></td>
</tr>
<tr>
<td>ABCDEF</td>
<td>Research Ice Cream Delivery Truck</td>
<td></td>
<td>$</td>
<td>5,000.00</td>
<td>25%</td>
<td></td>
<td>1,250.00</td>
<td></td>
<td>25%</td>
<td></td>
</tr>
</tbody>
</table>

#### Totals for Depreciation

| Total Depreciation Expenses            | $12,500                                          | $3,525                         |

Click here to see the $ amount associated with the allocation.
Carryforward Deficit (Negative Balance)

- If your previous year fund balance was negative, enter that number (as a positive number.)
  - Reasonably allocate the total amount across the rates
  - Will get warning in Column K if total does not equal Column I
  - Reminder - One product or service may not subsidize another

- TOTAL EXPENSES
  = Personnel + Operating + Depreciation + Deficit Balance for each rate
Cost Adjustments - Carryforward Surplus & Subsidy

- If Prior year ended with a surplus, or you are including a subsidy in your rate, enter the total amount here.
  - Allocate the total amount across rates
  - Will get warning in Column J if total does not equal Column I
  - Reminder - One product or service may not subsidize another
Project your Units of Service for EACH Rate

- Enter your projected units of service for both internal and external customers for each rate
- This will automatically calculate your “Break Even Rate”
  - This is how much it costs to produce this service/product
  - Internal Rate should not exceed this number
  - External Rate here includes 53% Overhead
- Enter your PROPOSED RATES – this is what you WANT to charge for the service/product

<table>
<thead>
<tr>
<th>Rate 1</th>
<th>Rate 2</th>
<th>Rate 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ice Cream Labor</td>
<td>Ice Cream Tasting</td>
<td>Ice Cream Consulting</td>
</tr>
<tr>
<td>Per Hour</td>
<td>Per Scoop</td>
<td>Per Hour</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Volume (Projections)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume Sold at Internal Rates (UK Customers)</td>
</tr>
<tr>
<td>Volume Sold at External Rates (External Customers)</td>
</tr>
<tr>
<td>Total Volume</td>
</tr>
</tbody>
</table>

Rate Calculations (Do not update - Auto Calculated Field)

| Break Even Internal Rate (Calculated) | $5.66 | $8.67 | $5.62 |
| External Rate (Calculated + 53% Overhead Recovery included) | $8.66 | $13.27 | $8.60 |

Proposed Rates - If Different than Calculated Rate (Edit as needed)

| Proposed Internal Rate | $5.00 | $9.00 | $4.50 |
| Proposed External Rate | $10.00 | $13.00 | $10.00 |

Revenue Summary

| Internal Recharge Income | $60,000.00 | $108,000.00 | $54,000.00 |
| External Revenue Income | $10,000.00 | $13,000.00 | $10,000.00 |
| Total Revenue | $71,000.00 | $121,500.00 | $65,500.00 |

(Deficit)/Surplus based on Proposed Rate

| $2,045.00 | $16,920.00 | $(3,465.00) |
Revenue Summary

- Revenue Summary = Based on **Proposed Rates**
  - Internal Recharge Income = Based on Internal Units
  - External Revenue Income = Based on External Units
  - Total Revenue = Sum of Internal + External Income
  - Deficit/Surplus = Difference between Total Revenue and Total Expenses

<table>
<thead>
<tr>
<th></th>
<th>Rate 1</th>
<th>Rate 2</th>
<th>Rate 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Breach evenly</strong></td>
<td>$5.66</td>
<td>$8.67</td>
<td>$5.62</td>
</tr>
<tr>
<td><em>Internal Rate</em></td>
<td>$0.66</td>
<td>$13.27</td>
<td>$8.00</td>
</tr>
<tr>
<td><strong>Calculated</strong></td>
<td>$5.00</td>
<td>$9.00</td>
<td>$4.50</td>
</tr>
<tr>
<td><strong>Proposed</strong></td>
<td>$10.00</td>
<td>$13.00</td>
<td>$10.00</td>
</tr>
</tbody>
</table>

**Calculated Revenue = Usage**

- Revenue Summary
  - Internal Recharge Income = $60,000.00
  - External Revenue Income = $10,000.00

- Total Revenue = $71,000.00
The Anticipated Recovery Statement is a summary of all expenses and revenue.
This is populated from prior tabs, will need to enter subsidy to balance (if needed).
Budget – Use data from the Statement to fill in the budget portion, balance to zero.
Signatures – E-Signature preferred
  – Please do not lock/protect the PDF signature page before returning to RFS.
Anticipated Recovery Statement

- Summary of Revenue and Expenses from Prior tabs.

- If your Net Income/Loss is Negative, you will need to add a Subsidy
  - The account for the subsidy should be listed on #1 General Tab

- Reminder the goal is to BREAK-EVEN, not just be within +/- 10%.

---

### Anticipated Recovery Statement

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>60000X Internal Recharge</td>
<td>$105,000.00</td>
</tr>
<tr>
<td>40000X External Revenue</td>
<td>$46,500.00</td>
</tr>
<tr>
<td>480021 Carryforward Surplus</td>
<td>$        0</td>
</tr>
<tr>
<td>74XXXX Non-General Fund Subsidy</td>
<td>$        0</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td><strong>$151,500.00</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Expenses</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>51XXXX Personnel Salary</td>
<td>$100,000.00</td>
</tr>
<tr>
<td>52XXXXX Employee Benefits</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>53XXXXX Operating Expenses</td>
<td>$25,000.00</td>
</tr>
<tr>
<td>766020 Depreciation Expenses</td>
<td>$        0</td>
</tr>
<tr>
<td>580021 Carryforward Deficit</td>
<td>$1,500.00</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>$151,500.00</strong></td>
</tr>
</tbody>
</table>

### Net Surplus/(Deficit)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>ADD: Non-General Fund Subsidy</td>
<td>$      0</td>
</tr>
<tr>
<td>ADD: General Fund Subsidy</td>
<td>$      0</td>
</tr>
<tr>
<td>Net Surplus/(Deficit) after</td>
<td>$      0</td>
</tr>
</tbody>
</table>
UK Budget Document

• Budget Portion is not populated and will need to be filled out.

• UBO has provided six different scenarios to showcase how to complete the budget portion

• Commitment Item Key
  – Personnel CI’s:
    51XXXX = 610000
  – Benefits CI’s:
    52XXXX = 620000
  – All other CI’s:
    53XXXX, 580021 and 755020 = 630000

*Budget document is designed to assist with the Annual Budgeting Process. For assistance please see your AFO/UBO Representative. Overall Budget should balance to zero and should EXCLUDE General Fund Subsidy dollars.
**Budget Scenario #1: Recharge Only**

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Profit &amp; Loss Statement</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>6XXX000 X</td>
<td>Internal Recharge</td>
<td>$1,895,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>4XXXXX</td>
<td>External Revenue</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>480021</td>
<td>Carryforward Surplus</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>74XXXX</td>
<td>Non-General Fund Subsidy (Included in Rates)</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
<td><strong>Total Revenue</strong></td>
<td>$1,895,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8</td>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>51XXXX</td>
<td>Personnel Salary</td>
<td>$297,600.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>52XXXX</td>
<td>Employee Benefits</td>
<td>$98,200.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>53XXXX</td>
<td>Operating Expenses</td>
<td>$1,000,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>755020</td>
<td>Depreciation Expenses</td>
<td>$500,000.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>580021</td>
<td>Carryforward Deficit</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td></td>
<td><strong>Total Expenses</strong></td>
<td>$1,895,800.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>16</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17</td>
<td></td>
<td><strong>Net Income/(Loss)</strong></td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>ADD:</td>
<td>Non-General Fund Subsidy</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>ADD:</td>
<td>General Fund Subsidy</td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td></td>
<td><strong>Net Income/(Loss) after General Fund Subsidy</strong></td>
<td>$</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**UK BUDGET DOCUMENT**

<table>
<thead>
<tr>
<th></th>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>25</td>
<td><strong>Expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>51XXXX</td>
<td>Personnel Salary</td>
<td>$297,600.00</td>
</tr>
<tr>
<td>27</td>
<td>52XXXX</td>
<td>Employee Benefits</td>
<td>$98,200.00</td>
</tr>
<tr>
<td>28</td>
<td>53XXXX</td>
<td>Operating Expenses</td>
<td>$1,000,000.00</td>
</tr>
<tr>
<td>29</td>
<td>755020</td>
<td>Depreciation Expenses</td>
<td>$500,000.00</td>
</tr>
<tr>
<td>30</td>
<td>580021</td>
<td>Carryforward Deficit</td>
<td>$</td>
</tr>
<tr>
<td>31</td>
<td></td>
<td><strong>Total Expenses</strong></td>
<td>$1,895,800.00</td>
</tr>
<tr>
<td>32</td>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35</td>
<td>610000</td>
<td>Personnel Salary</td>
<td>$297,600.00</td>
</tr>
<tr>
<td>36</td>
<td>620000</td>
<td>Employee Benefits</td>
<td>$98,200.00</td>
</tr>
<tr>
<td>37</td>
<td>630000</td>
<td>Current Expense</td>
<td>$1,500,000.00</td>
</tr>
<tr>
<td>38</td>
<td>4XXXXX</td>
<td>External Revenue</td>
<td>$</td>
</tr>
<tr>
<td>39</td>
<td>480021</td>
<td>Carryforward Surplus</td>
<td>$</td>
</tr>
<tr>
<td>40</td>
<td>74XXXXX</td>
<td>Non-General Fund Subsidy</td>
<td>$</td>
</tr>
<tr>
<td>41</td>
<td></td>
<td><strong>Total Revenue</strong></td>
<td>$1,895,800.00</td>
</tr>
</tbody>
</table>

**EXAMPLE 1:** The Ice Cream Services Service Center sells its product to only University of Kentucky customers. No external income, subsidy or carryforward surplus or deficits occur in this business for the fiscal year. The cost to operate the service center is $1,895,800.
EXAMPLE 2: The Ice Cream Services Service Center sells its product to University of Kentucky customers as well as customers outside of the University. The revenue generated from external customers is expected to total $50,000. No subsidy or carryforward surplus or deficits occur in this business for the fiscal year. The cost to operate the service center is $1,895,800.

NOTE: The Current expense Recharge (630000) is adjusted to accommodate the external revenue.
EXAMPLE 3: The Ice Cream Services Service Center sells its product to University of Kentucky customers as well as customers outside of the University. The revenue generated from external customers is expected to total $50,000. Due to a new Wellness Initiative at the University, fewer customers bought the product and as a result they ended last year with an $80,000 Deficit. The cost to operate the service center is $1,895,800. No Subsidy is available.

NOTE: The Current expense Recharge (630000) is adjusted to accommodate the external revenue and the deficit.
EXAMPLE 4: The Ice Cream Services Service Center sells its product to University of Kentucky customers as well as customers outside of the University. The revenue generated from external customers is expected to total $50,000. Last year a new product was introduced which resulted in record sales and as a result they ended the year with a $30,000 surplus. The cost to operate the service center is $1,895,800.

NOTE: The Current expense Recharge (630000) is adjusted to accommodate the external revenue and the surplus.
EXAMPLE 5: The Ice Cream Services Service Center sells its product to University of Kentucky customers as well as customers outside of the University. The revenue generated from external customers is expected to total $50,000. Due to a new company providing a similar product at a lower cost, the service center needs a subsidy since they reduced their rate. The subsidy is provided by account 1215999900. The cost to operate the service center is $1,895,800. There was no carryforward last year.

NOTE: The Current expense Recharge (630000) is adjusted to accommodate the external revenue and the non-general fund subsidy.
EXAMPLE 6: The Ice Cream Services Service Center sells its product to University of Kentucky customers as well as customers outside of the University. The revenue generated from external customers is expected to total $50,000. Due to a new company providing a similar product at a lower cost, the service center needs a subsidy since they reduced their rate. The subsidy is provided by account 1012999900. The cost to operate the service center is $1,895,800. There was no carryforward last year.

Subsidies provided by General Funds/Sponsored Funds are budgeted in the respective accounts and are **not budgeted in the service center account**

NOTE: Both the Expense and Revenue Sides of the budget must be adjusted for the General Fund/Sponsored Fund Subsidy
Signature Page (Included on Recovery Statement and Budget)

- Goal is to have the Recovery Statement and Budget Completed before obtaining Signatures.
- This allows an “at a glance” review of the Revenue and Expenses.
- Notes:
  - Dean/Director Signature required for NEW Service Centers.
  - Adobe Electronic Signatures are preferred.
  - Make sure signees read the attestation statements and understand what their signature represents.
For Departmental Contact Responsible for the Operation of the Service Center Recharge Operation, I certify that to the best of my knowledge that:

1. The information included is accurate and has been prepared in compliance with current University policies.
2. I understand and take responsibility for recording the service usage, associated costs, recharge income and external revenue, and will pursue rate adjustments in a timely manner to address any surplus or deficit.
3. Rates recover all direct costs of operations, and only include costs necessary to provide goods or services.
4. Internal recharge and external invoice billings are completed on at least a monthly basis.
5. Unallowable costs are excluded from recharge activities charged to federal funds.
6. The portion of equipment borne by federal funds is excluded from depreciation schedule.
7. Charges to customers use the approved rates.
8. Products or services sold to external customers are not in competition with local commercial services.
9. Activities with a prior year surplus or deficit that exceeds 60 days of working capital have a proposed resolution.
10. Any potential or actual financial conflicts of interest and/or other conflicts of interest with External Customers have been reviewed and managed in compliance with applicable regulations and University Policies.

Service Center Manager E-Signature - Responsible for the Operation of the Service Center

Business Officer E-Signature

FOR NEW SERVICE CENTERS, PLEASE ALSO OBTAIN DEAN/UNIT DIRECTOR LEVEL E-SIGNATURE BELOW:

For Dean/Unit Director/Designee, I certify that I understand, as the Authorizing Official, it is my responsibility to:

1. Review and approve NEW Service Center Recharge Operation requests.
2. Provide overall financial responsibility of the Service Center Recharge Operation and must provide an appropriate fund source to cover potential deficits created by the new Service Center Recharge Operation.
3. If the Dean, Unit Director or signature authority is aware of any conflicts of interest between the external company and any university employees, then they are required to report the information to RPS immediately.

Dean/Unit Director/Designee E-Signature (For new Service Center Recharge Activity only)
#5 Rate List

- This is auto-populated from previous tabs for quick reference.

- Will be used by RFS/AFRS to verify correct billing rates used on JV’s.

- Product/Service Description is blank until a description is included on Tab #3. If a rate is listed without a description, we’ll request an update.
Timeline

- Signed completed drafts to RFS by May 31, 2021

- RFS will begin initial reviews upon receipt

- Current year fund balance reviews for year-end will begin in June and be performed weekly through period 16 close

- Final approvals will be completed after period 16 close and verification of PY ending fund balance

- After Rates are approved, forwarded to AFO for budget approval/transfer, but rates can be used.
Comments? Think of something later?

Contact us at: svcctr.help@uky.edu