

Attachment V

Instructions for Completing the Service Center Study Worksheets

Following are step-by-step instructions on how to complete the forms necessary to complete a Service Center Rate Study. If you have any questions, contact Accounting Operations at extension 2682.

Each page (tab) on the MS Excel spreadsheet is listed here. If you require forms in another format, please contact us.

Service Center Contact

This page describes the Service Center. Entering the "Service Center Name" and "Service Center Manager" in the respective fields (where it says "Enter on Service Center Contact Page") will allow these names to flow to each page of the spreadsheet. This prevents typing this information repeatedly. Complete the shaded areas: Contact Name, Phone Number, Fax Number, Address (mail stop OK), and e-mail address.

Signature Page

Enter Cost Center and Service Center Name at the top. The Service Center Manager must sign and the Dean or Head of Department for the Service Center must also sign.

Rate Studies received by Accounting Operations without appropriate signatures will be returned.

Operating Expenses

On this page you will summarize most of the ordinary expenses of the Service Center. These should match your PeopleSoft totals; if it helps you may list them with account numbers or attach a separate detail schedule. Items requiring completion:

- Supplies and Materials – Include all supplies purchased: Office supplies, paper goods, janitorial, etc. purchased for use by the Service Center in its routine operations. Do not include equipment purchased (there is a space for that later) such as computers, fax machines, phones, or items purchased for resale to customers.
- Inventory – List the total cost of goods purchased for resale. Do not include goods purchased for consumption by the Service Center; enter these under supplies and materials. Include the Inventory from the beginning of the fiscal year. Subtract (enter as a negative number) the inventory from the end of the fiscal year. Please provide a copy of the inventory with the rate study when you send it to us.
- Other Expenses – Include repairs, services such as telephone, travel, etc.
- Include equipment purchases (under \$5,000) on the line for Non-Capitalized Equipment Purchases. Please describe the equipment purchased ("copier" or "fax machine" is sufficient). Include a separate list if there is not enough room.

Attachment A – Personnel

The information on this page will help us determine the payroll costs of the Service Center. Since some personnel may work for more than one Service Center, or on more than one portion of a Service Center, there is a column for % of effort as well as a column for cost center (if the payroll expenses are charged to a separate cost center).

Attachment B – Subsidy

If the Service Center receives a subsidy (to help with personnel costs, for example) list the details here. The subsidy will carry to the Total Costs page to offset expenditures. For example: If salaries and/or wages are paid from an E&G cost center, this is considered a subsidy and must be excluded from the rate calculation.

Attachment C – Unallowable Expenses

The Federal Government lists several costs not allowed to be included in the rate calculation. If any of the expenses listed on this page were incurred, the amounts here and the total will be subtracted on the Total Costs page. If you aren't sure, check with Accounting Operations or exclude the cost by using this page.

Equipment

A Service Center may recover the acquisition cost of capital assets by including depreciation as a component of the total cost to be recovered through the billing rate. By recovering capital asset acquisition costs in this manner, a portion of the assets cost is assigned to the periods in which the asset is providing a benefit.

In other words, the cost of equipment is spread over the useful life instead of happening all at once when the equipment is purchased. Equipment (over \$5,000) that has not been purchased with federal funds must be depreciated. If an item costs less than \$5,000, include it in "Other Expenses" on the Operating Expenses schedule. Note that you only recover the original costs (historical costs, also known as the invoice amount), not the cost of buying a new piece of equipment (replacement cost).

Column 1 – Equipment Description

The name of equipment item to be depreciated.

Column 2 – Date of Purchase

The date equipment item was purchased

Columns 3&4 – Initial Cost of Equipment

- *Column 3 – Amount Charged to Reserve Cost Center*

State actual purchase price of equipment items purchased on Service Center Reserve cost center.

- *Column 4 – Amount Charged to Other Fund Sources*

State actual purchase price of equipment items purchased on other fund sources. Please provide the cost center.

Column 5 – Salvage Value

State the estimated salvage value of equipment item. If no salvage is expected, enter zero.

Column 6 – Percentage Recharge Usage

State percentage of equipment usage for Service Center activities. If the equipment is shared with another Service Center, estimate the amount of time used by each.

Column 7 – Amount to be Depreciated

Computed as purchase price less salvage value times percentage Service Center usage. This is a formula on the spreadsheet.

Column 8 – Useful Life

State projected useful life of equipment item – in months. Refer to Attachment IV "Useful Life of Assets" or contact Accounting Operations for more information.

Column 9 – Total Depreciated Months through end of Current Fiscal Year

State total number of months that equipment item will be depreciated through the end of the current fiscal year (must be lower than Useful Life of the equipment).

Column 10 – Total Accumulated Depreciation

Computed as (amount to be depreciated in column 7 divided by # of months in column 8) x # of months in column 9.

Column 11 – Number of Months Depreciated in Current Fiscal Year

State number of months equipment was depreciated in the current fiscal year. This should be "12" unless the equipment was purchased during the year or the useful life of the equipment is finished in mid-year.

Column 12 – Number of Months Depreciated in Projected Fiscal Year

State number of months equipment will be depreciated in the upcoming fiscal year. This should be "12" unless the depreciation is finished in mid-year.

Column 13 – Depreciated Amount in Current Fiscal Year

Computed as (amount to be depreciated in column 7 divided by # of months in column 8) x # of months in column 11.

Column 14 – Amount Depreciated in Projected Fiscal Year

Computed as (amount to be depreciated in column 7 divided by # of months in column 8) x # of months in column 12.

Note: Once an item has been fully depreciated (i.e. the useful life is over), it should remain on the Depreciation Schedule until it is replaced (or until a determination is made that the item will not be replaced). In this case, there should be no amount for depreciation in the current year.

Total Cost

This page is the end result of all of your work.

Revenues

- List each type of revenue at your Service Center. Example: Shop Time, Machine Time, Copies.
- Enter information for each fiscal year listed, and the budgeted revenue for the final column.

Prior Year Surplus / (Deficit)

- Since Service Centers are break-even entities, if you have surplus of funds at the end of a prior year you need to use them to reduce your costs for the next year.
Example: Due to lower than expected costs, your revenues were higher than costs by \$5,000 next year. You need to apply a \$5,000 credit to the costs you are using to calculate your rate for next year. In effect, you count the extra money made last year to offset costs this year.
- Likewise, if you lost money (expenditures were greater than revenues) in a prior fiscal year, you need to show the deficit as a current year expense when calculating your billing rate. In other words, you can charge a little more this year to make up for not charging enough last year.
- Each Service Center is allowed a 10% surplus in their final fund balance. Surpluses over this amount should be used to reduce billing rates.

Billing Units

- The unit that you are billing your customer. This could be an hour of machine time, an item sold, the number of copies you expect to make, an hour of an employee time. This must be a distinct unit that is used for all customers who are charged at this rate. If you charge some customers by the hour and others a flat monthly fee, you must establish two different billing rates.
- The Billing Unit is used to calculate the Billing Rate. The calculation is Total Costs divided by Total Billing Units. The spreadsheet will calculate this based on all of the information you have entered.

Summary

After completing all of the schedules, you should have a complete picture of your Service Center's costs on the Total Costs page. The total expenditures listed, when adjusted for unallowable expenses and subsidies, should match the total expenditures on the Service Center cost center.

Please print the schedules and mail them to:

Finance Division
Mail Stop – AD 3.408