INTRODUCTION TO AUXILIARIES

Conducted by the Budget Office
Mary Alice Mills – Budget Analyst
WHAT WILL WE COVER?

- Introduction to University Funds
- Definition of Terms
- Auxiliary Types
- Auxiliary Rate Methodology
- Frequently Asked Questions
- Documentation & Record Retention
- Budget Checking / Budget Transfers
- Calendar of Important Dates
- Resources
UNIVERSITY FUNDS IN OMNI

- **Education & General (E&G)**
  - Appropriated by the State Legislature
  - OMNI Funds 110-241
  - Includes Carryforward funds (unspent E&G)

- **Restricted**
  - Resources whose use is limited by an external agency or donor to a specific manner, purpose, and/or timeframe
  - 510 – Developmental Resource School (DRS)
  - 520-570 – Contracts & Grants
  - 660-680 – Scholarships
University Funds in OMNI

- **Designated**
  - *Set aside for a specific purpose*
  - Student Fees - 301
  - Auxiliary Overhead - 330
  - Central Operations & Services - 335
  - Activity & Service Fee - 610
  - Technology Fee - 615
  - Concessions/Vending - 620
  - Unrestricted Scholarship - 650
UNIVERSITY FUNDS IN OMNI

Auxiliary

- Primarily sales to University departments, students, faculty, staff, and others
- Working Capital – 310
- Auxiliary Enterprise – 320
- Medical Practice Plan – 321
- Market Rate Tuition – 325
- Civic Center – 345
- NWRDC – 350
- Parking & Transportation – 360
- Housing Operations – 370
- Wellness Center – 390
- Athletics – 630, 635, 636
Auxiliaries

Auxiliaries are revenue generating funds. As of July 1, 2015 Auxiliaries are also controlled by budget in OMNI. Cash balances should still be checked.

There IS Budget Checking in OMNI.

There is NO Cash Checking feature in OMNI.

Auxiliaries must follow all general FSU Policies & Procedures, including payroll, travel, purchasing and accounts payable.
Establishing an Auxiliary

Requirements
- Clearly support the University’s mission
- Must be ongoing activity
- Generate revenues exceeding $10,000 annually

If Cash, Checks or Credit Cards are used:
- Approved as a Cash Collection Point

To Establish an Auxiliary

- Fill out Request to Establish an Auxiliary Operation & the form to Establish a New Department ID
- Document Rate Methodology
- Obtain Dean/Director/Dept Head/Chair’s approval
- Send to Budget Office to obtain remaining approvals at least 6 weeks in advance
Establishing a Designated Department

Requirements

- Clearly support the University’s mission
- Must be ongoing activity
- Generate revenues exceeding $10,000 annually (certain fees are excluded from this requirement)

To Establish an Designated Department

- Fill out Request to Establish a Designated Department & the form to Establish a New Department ID
- Provide documentation to show approval of the fee and a Rate Methodology if applicable
- Obtain Dean/Director/Dept Head/Chair’s approval
Definition of Terms

- **Auxiliary Service Board (ASB):** monitors auxiliary activity, rates, approves new auxiliaries and overhead assessments.

- **Budget Manager:** a department’s official contact person for financial matters (for more information see Budget Manager Responsibilities).

- **Casualty Insurance:** covers Worker’s Compensation, General Liability & Federal Civil Rights for the University.

- **Cash Collection Point:** a department, event, club or other entity which collects more than $5,000 annually in cash, checks or credit cards and must be re-authorized every 3 years.

- **Dean, Director, Department Head, Chair (DDDHC):** ultimately responsible for the management and fiscal soundness of the department.
**Definition of Terms cont...**

- **External Users:** faculty, staff, students, DSOs, other state agencies and other individuals that are not University Departments

- **Internal Users:** University Departments that have a 6-digit department ID

- **Overhead Assessment (OHA):** annual assessment for indirect costs, borne by central administrative units in support of auxiliary activities (0%, 1%, Full – 4.0% of Operating Expenditures)

- **Reemployment Tax:** (previously Unemployment Compensation) provides temporary income payments to make up part of the wages lost by workers who lose their jobs through no fault of their own
AUXILIARY / DESIGNATED TYPES

○ Enterprise
  • **Mission:** These auxiliaries exist to provide goods or services primarily to University students, faculty, and staff (external users)
  • **Revenues & Cash Balances:** may realize revenues in excess of costs on both internal users and external users
  • **OHA:** Full
  • **Auxiliary Only**
  • **Example:** University Housing, Seminole Golf Course

○ Sales and Service of Educational Activities
  • **Mission:** These auxiliaries exist to support the mission of the University both within and outside the classroom, helping to demonstrate classroom or related educational techniques to University students, faculty, staff, or other external users. Any goods or services provided are incidental to the basic instructional laboratory experience of the user
  • **Revenues & Cash Balances:** may realize revenues in excess of costs on external users but should only charge at cost to internal users
  • **OHA:** 0% - if 51% or more of revenue comes from internal users, or 1% - if 51% or more of revenue comes from external users
  • **Auxiliary or Designated**
  • **Example:** Marine Lab, Facilities & Equipment Fees
AUXILIARY / DESIGNATED TYPES cont...

- **Sales and Service of Non-Educational Activities**
  - **Mission:** These auxiliaries exist to provide goods and services primarily to University departments, though they also provide goods and services to University students, faculty, and staff.
  - **Revenues & Cash Balances:** may realize revenues in excess of costs on external users but should only charge at cost to internal users.
  - **OHA:** 0% - if 51% or more of revenue comes from internal users, or 1% - if 51% or more of revenue comes from external users.
  - **Auxiliary or Designated**
  - **Example:** Office of Telecommunications, Photo Lab

- **Materials and Supplies Fees**
  - **Mission:** Revenue is used to purchase consumable supplies used in labs associated with student credit or non-credit courses.
  - **Revenues & Cash Balances:** there should be no revenues in excess of costs. Revenues should come only from student fees that have been approved by the BOT.
  - **OHA:** 0%
  - **Designated Only**
  - **Example:** Chemistry Materials & Supplies
Auxiliary / Designated Types cont...

- **Other**
  - **Mission:** These auxiliaries exist to furnish goods and services to the University community, but do not fit into any of the above classifications. They are maintained by the Budget Office and the Controller’s Office, and are managed by the ASB.
  - **Revenues & Cash Balances:** There are no billing rates for these auxiliaries. Cash balances should be maintained at a level consistent with each auxiliary’s mission and operating plan.
  - **OHA:** assessments vary between 0% and the Full rate depending on the type of activity.
  - **Designated Only**
  - **Example:** Construction departments, ASB Loans, Overhead Salary
Rate Methodology

Direct + Indirect Costs = Total Costs

- Cash Balance 15% of annual expenditures
- Rates for Internal / External users
- Doing business with C&G: Unallowable Costs
  www.research.fsu.edu/contractsgrants/unallowable.html
  - Includes Funds 520, 521, 523 & 524
Rate Methodology of Hamburger

Usage Base

150 burgers per hour

10 hour days x 150 = 1,500 burgers per day

1,500 x 248 working days per year

= 372,000 burgers per year
## Rate Methodology of Hamburger

### Direct Cost

<table>
<thead>
<tr>
<th>Item</th>
<th>Per Item</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buns</td>
<td>$10/package -10 buns = $1.00</td>
<td>$372,000</td>
</tr>
<tr>
<td>Meat</td>
<td>$20/package -10 patties = $2.00</td>
<td>$744,000</td>
</tr>
<tr>
<td>Labor, grill (2)</td>
<td>$10/hour @ 75 patties = $0.13</td>
<td>$49,600</td>
</tr>
<tr>
<td>Labor, dress (3)</td>
<td>$10/hour @ 50 burgers = $0.20</td>
<td>$74,400</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$3.33</strong></td>
</tr>
</tbody>
</table>

### Indirect Cost

<table>
<thead>
<tr>
<th>Item</th>
<th>Per Item</th>
<th>Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Insurance</td>
<td>$600/month ÷ 31,000 burgers = $0.02</td>
<td>$7,200</td>
</tr>
<tr>
<td>Manager</td>
<td>$15/hour ÷ 150 burgers/hour = $0.10</td>
<td>$37,200</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td><strong>$0.12</strong></td>
</tr>
</tbody>
</table>
Direct + Indirect = Total Cost

Per Item: $3.33 + $0.12 = $3.45

Per Year: $1,240,000 + $44,400 = $1,284,400

$1,284,400 ÷ 372,000 burgers = $3.45

Charge Internal Users: $3.45
Charge External Users: $3.60
Rate Methodology of Hamburger

Build under/over collected costs into rate:
Total Costs + Under collected amount
Total Costs – Over collected amount

Under collected $5,000 last year

$1,284,400 + $5,000 = $1,289,400

$1,289,400 ÷ 372,000 burgers = $3.47
Accounting Concepts for Auxiliaries

Cassandra Rayne Gross
Sr. Auxiliary Accounting Specialist
Office of the Controller
Cash Basis vs. Accrual Accounting

Cash Basis
- Record expenses and revenue as actual cash transactions occur
  - Transactions “hit the books” when payment is made or received, and do not reflect the timing of goods/service delivery

Accrual
- Record expenses and revenue as they “accrue”
  - Transactions “hit the books” when they are owed – when services/goods are delivered
Why use cash basis accounting?

• More practical for very simple operations
• Seems more intuitive
Why use accrual accounting?

• Useful for running a complex business

• It accurately reflects the timing of transactions, adhering to the “matching principle”

• This provides a more accurate picture of an organization’s financial situations when organizations sell/receive goods on credit or when projects bring in or use up money over a long period of time
Example: Joe the Pool Guy

The scenario: On August 10\textsuperscript{th}, Joe fixes Marv’s pool. That day, Joe spends $50 for chemicals and pays himself $50 for two hours of labor. Joe gives Marv an invoice for $100. On September 2\textsuperscript{nd}, Marv pays Joe $100.
Example: Joe the Pool Guy

Cash Basis Accounting
• August 10\textsuperscript{th}
  • His business would recognize negative $100 in cash - $50 for chemicals and $50 to pay himself for his labor
• September 2\textsuperscript{nd}
  • He would recognize that he gained $100 in cash

Accrual Accounting
• August 10\textsuperscript{th}
  • Joe would recognize $100 in expenses and $100 in revenue that was owed to him
• September 2\textsuperscript{nd}
  • He receives cash and records a reduction in accounts receivable and an increase in cash
Why is accrual accounting used at FSU?

Our business processes are complex:

• We sell and receive goods on credit

• We have projects (sponsored projects/grants, construction, renovations) that bring in or use up money over a long period of time
How does this apply to me?

For revenue processed through Student Business Services, if you’re not used to accrual accounting things probably started to look wonky to you in 2013.

Check out this strange trend. What happened here?
How does this apply to me?

<table>
<thead>
<tr>
<th>Account</th>
<th>Account Desc</th>
<th>Jrnl Date</th>
<th>Jrnl Id</th>
<th>Jrnl Ln</th>
<th>Jrnl Hdr Desc</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/10/2015</td>
<td>SF00234612</td>
<td>15</td>
<td>CS Student Financials</td>
<td>-12.00</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/12/2015</td>
<td>SF00234787</td>
<td>14</td>
<td>CS Student Financials</td>
<td>0.00</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/18/2015</td>
<td>SF00235094</td>
<td>18</td>
<td>CS Student Financials</td>
<td>848.60</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/19/2015</td>
<td>SF00235198</td>
<td>13</td>
<td>CS Student Financials</td>
<td>50.00</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/20/2015</td>
<td>SF00235279</td>
<td>21</td>
<td>CS Student Financials</td>
<td>13,626.92</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/23/2015</td>
<td>SF00235394</td>
<td>19</td>
<td>CS Student Financials</td>
<td>11,824.12</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/24/2015</td>
<td>SF00235466</td>
<td>14</td>
<td>CS Student Financials</td>
<td>3,270.00</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/25/2015</td>
<td>SF00235541</td>
<td>12</td>
<td>CS Student Financials</td>
<td>14,829.80</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/26/2015</td>
<td>SF00235653</td>
<td>21</td>
<td>CS Student Financials</td>
<td>18,319.46</td>
</tr>
<tr>
<td>749000</td>
<td>Bad Debt Expense</td>
<td>6/27/2015</td>
<td>SF00235730</td>
<td>23</td>
<td>CS Student Financials</td>
<td>45,618.03</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>108,374.93</td>
</tr>
</tbody>
</table>
How does this apply to me?

- **Tuition & Fees**
  - Student registers for class → accounts receivable generated in Student Central for the tuition and associated fee and revenue is recorded
    - AR is increased (debited)
    - Revenue is increased (credited)
    - No affect to cash
  - Student pays at Student Business Services → accounts receivable in Student Central is decreased and cash is increased
    - AR is decreased (credited)
    - Cash is increased (debited)
    - No affect to revenue
Questions?

Contact info:
Cassandra Rayne Gross / crayne@fsu.edu / 850-644-1824
Frequently Asked Questions...

- We no longer need to use the auxiliary?
- Our auxiliary activities/resources change?
- Our auxiliary mission changes?
- We go into a deficit?
- We change our rates?
- We have too much excess cash?
- We don’t have enough budget to purchase an OCO item over $5,000?
DOCUMENTATION & RECORD RETENTION

- Request to Establish an Auxiliary & Establish a New Department ID Form
- Rate Schedule & Methodology
- Casualty Insurance & Overhead Assessment Memo, including attached assessment amounts
- Ledgers and any other backup for transactions, including invoices, IDR & OBI Reports
## Budget A&P:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Budget</td>
<td>$48,000.00</td>
</tr>
<tr>
<td>Encumbrance</td>
<td>$(38,862.06)</td>
</tr>
<tr>
<td>Expense</td>
<td>$(8,832.31)</td>
</tr>
<tr>
<td>Available Bal</td>
<td>$305.63</td>
</tr>
</tbody>
</table>

## Cash:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beginning</td>
<td>$193,585.01</td>
</tr>
<tr>
<td>Current</td>
<td>$(1,889.78)</td>
</tr>
<tr>
<td>Ending</td>
<td>$191,695.23</td>
</tr>
</tbody>
</table>

Spending controlled in OMNI
Budget Checking in Commitment Control

- Budgets Overview
  - Can run a range of departments

![Budget Overview Table]

- [Example Table]

<table>
<thead>
<tr>
<th>Ledger Group</th>
<th>Dept</th>
<th>Fund</th>
<th>Account</th>
<th>Budget Period</th>
<th>Budget</th>
<th>Expense</th>
<th>Encumbrance</th>
<th>Available Budget</th>
<th>Percent Available</th>
</tr>
</thead>
<tbody>
<tr>
<td>CC_EXP_GRP</td>
<td>046000</td>
<td>110</td>
<td>710300</td>
<td>2016</td>
<td>46,000,000</td>
<td>8,832,310</td>
<td>38,862,060</td>
<td>305,530</td>
<td>0.64</td>
</tr>
<tr>
<td></td>
<td>046000</td>
<td>140</td>
<td>710300</td>
<td>2016</td>
<td>22,524,670</td>
<td>22,524,670</td>
<td>0.00</td>
<td>-1,139,040</td>
<td>-0.86</td>
</tr>
<tr>
<td></td>
<td>046001</td>
<td>330</td>
<td>710300</td>
<td>2016</td>
<td>131,877,000</td>
<td>22,133,900</td>
<td>110,882,140</td>
<td>-1,139,040</td>
<td>-0.86</td>
</tr>
<tr>
<td></td>
<td>046001</td>
<td>330</td>
<td>710399</td>
<td>2016</td>
<td>14,000,000</td>
<td>2,619,640</td>
<td>11,038,220</td>
<td>342,140</td>
<td>2.44</td>
</tr>
<tr>
<td></td>
<td>046000</td>
<td>110</td>
<td>710900</td>
<td>2016</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>046001</td>
<td>330</td>
<td>710900</td>
<td>2016</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td></td>
<td>046000</td>
<td>110</td>
<td>740000</td>
<td>2016</td>
<td>21,202,000</td>
<td>1,060,350</td>
<td>20,141,650</td>
<td>94.88</td>
<td></td>
</tr>
<tr>
<td></td>
<td>046000</td>
<td>140</td>
<td>740000</td>
<td>2016</td>
<td>73,710</td>
<td>465,520</td>
<td>0.00</td>
<td>-391,810</td>
<td>-531.56</td>
</tr>
<tr>
<td></td>
<td>046001</td>
<td>330</td>
<td>740000</td>
<td>2016</td>
<td>150,000</td>
<td>0.00</td>
<td>0.00</td>
<td>150.00</td>
<td>100.00</td>
</tr>
</tbody>
</table>
Budget Checking in Commitment Control

- Budget Details
  - Can run a single department
Budget Transfers

- Budget Transfer role requested through eORR
  - Must list out each department & corresponding fund in justification field

- Budget booked only on Budgetary Accounts

- Transfers may be made within a department or between departments within the same fund

- Adjustments to revenue budgets must be posted by the Budget Office
Calendar of Important Dates

- **April**: Submit Operating Budget
- **October**: Memo is sent out to Budget Managers with Casualty Insurance & Overhead Assessment amounts
- **November**: Casualty Insurance is charged (expense)
- **February**: Overhead Assessment is charged (transfer out)
BUDGET MANAGER RESPONSIBILITIES

- Official Contact
- Reconcile Expenditures
- Check Available balance and make any necessary Budget Transfers
- Check Cash Balances
- Submit Rate Schedules & Methodologies

Budget Manager Responsibilities
RESOURCES

- Budget Office: http://www.budget.fsu.edu/
  - Forms, Job Aids, FAQ, Budget Manager Responsibilities, Policies & Procedures, Auxiliary Information

- Controller’s Website: http://control.vpfa.fsu.edu/
  - Forms, Useful Queries, Policies, Payables & Disbursements- Expenditure Guidelines

- OBI Job Aids: http://omni.training.fsu.edu/OMNI-BI-Reporting/Financial-Reports
HELPFUL REPORTS & TRAINING

• OMNI
  • ChartField Values
  • Cash Balance Query: FSU_DPT_CASH_BALANCE
  • Department Info Query: FSU_CF_DEPT_ATTRIB2
  • Available Balance Query: FSU_BUD_AVAIL_BAL_DIM

• OBI Reports:
  • Departmental Ledger AUX
  • Fin & Budget Position
  • Transaction Details
  • HR - GL Detail

• Other Helpful Training
  • Managing A Budget – BTBUD1
  • General Ledger Classes – BTFA01, BTFA02, BTFA03
Please fill out a survey!

The Budget Office
321 Westcott Building
www.budget.fsu.edu