



FLORIDA STATE UNIVERSITY
BUDGET OFFICE

AUXILIARY RATE CALCULATION

BTBUD3

Objectives

- Guiding Principles
- Rate Proposal Building Blocks
- Calculating a Rate
- Documentation & Record Retention
- Important Dates
- Resources



Guiding Principles

- Florida Statutes 1011.47, 1009.24
- FL Board of Governors Regulation 9.013
- Code of Federal Regulations 2 CFR 200
- Florida State University Auxiliary Policies
- Florida State University Regulations
- NACUBO – College and University Business Administration



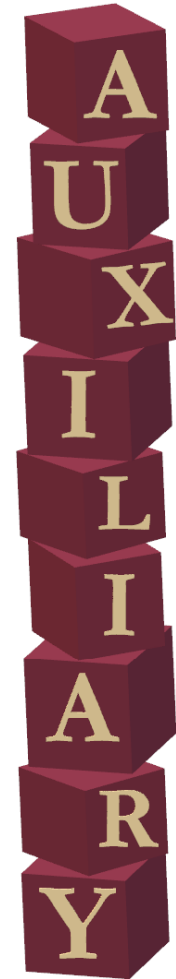
General Auxiliary Rate Guidelines

- Use Cost Recovery Method
- Only expenses that are related to the generation of revenue can be included in the rates
- Only items paid for by the Auxiliary can be built into the rates
- Charges should not exceed actual cost over the break-even period for Internal & Sponsored Project customers
- Rates should be reviewed and adjusted for over/under applied costs from the previous period
 - A cash surplus should lower rates ↓
 - A cash deficit should increase rates ↑
- Projected expenditures should be supported by a history of actual expenditures



Rate Building Blocks

- Direct & Indirect Costs
- Revenues
- Cost Adjustments
- Considerations for Equipment
- Special Criteria & Unallowable Costs for Sponsored Projects (SP)



Direct & Indirect Costs

- Direct Costs: Expenses that can be easily connected to a cost object.
 - Labor
 - Raw Materials
- Indirect Costs: Expenses that cannot be identified specifically with a cost object but may benefit multiple cost objects.
 - Utilities
 - Office technology

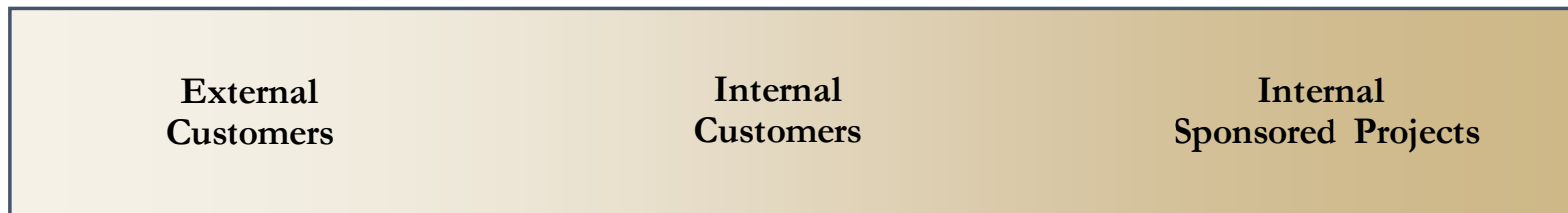


Revenues

- May have separate billing rates for different goods and services, or for different users of goods and services
- An auxiliary may have up to three sets of established rates for different customers:

Least Restrictive

Most Restrictive



May be billed different rates for the same good or service, but may never be billed less than internal users

Rates billed to SP may be lower than rates billed to other internal users



Revenues

- Since auxiliaries may earn a profit from external customers, this excess balance may be used to:
 - Purchase equipment
 - Pay for compensated leave
 - Reduce rates to internal customers
- Each auxiliary is responsible for their portion of:
 - Compensated Leave (prorated for last 4 years of employment)
 - Casualty Insurance premiums
 - Reemployment Tax
 - Overhead Assessment, if applicable



Cost Adjustments

- Adjust for future expenses
 - Replacing equipment – special considerations
 - Changes in cost of goods/services
- Adjustments from previous period surplus/deficit
- Unallowable Costs for Sponsored Projects
 - Funds 520-540



Considerations for Equipment

- May include the *cost* of the equipment OR *depreciation*... not both
- Including costs for existing equipment
 - Which funding source originally purchased the equipment?
 - Which type of customers do you have?
 - Should sponsored projects be excluded from this cost?
 - Equipment must be “housed” on the auxiliary
 - Depreciation should be included at the schedule assigned by FSU’s Asset Management Department
 - Query: FSU_DPT_AM_NBV_ASSETS
- How to procure new equipment
 - May use accumulated depreciation
 - May take out an ASB loan for large capital items



Special Criteria for Sponsored Projects

- Check the source of revenue from customers (funds 520-540)
- Cannot include cost of equipment that a sponsored project originally purchased – *No Double Dipping!*
- Cannot include:
 - Costs of future purchases
 - Financing Costs
 - Deficits from other Activities
 - Alcoholic Beverages
 - Entertainment
 - Fines & Penalties
 - Lobbying
 - Certain types of Advertising
 - [2 CFR 200, §200.400](#)



Calculating a Rate

$$\frac{\text{Budgeted Expenses}}{\text{Budgeted Usage Base}}$$

- Budgeted usage base is the volume of work expected to be performed expressed in reasonable units of measurement:
 - Equipment = Machine Hours
 - Service = Labor Hours
 - Good = Product Volume
- Reasonable measurement should be the amount of time equipment/service is **likely** to be used rather than amount of time that is available for use



Calculating a Rate

1. Calculate Over/Under Collection from prior FY, if applicable
2. Prepare Estimated Usage Base
3. Gather History/Estimate of Expenditures
4. Identify Direct & Indirect Costs
5. Determine Customer Types
6. Remove any Unallowable Costs for SP
7. Identify Cost Adjustments
8. Calculate Rate



Fund Balance

- Fund Balance = Assets - Liabilities(excluding capital asset accounts)
- To check Fund Balance use query FSU_DPT_LEDGER_SUM_W_CF.
 - Do not forget to consider outstanding encumbrances, which are not included in the query.

In this example, cash is \$311,301.15 and Fund Balance is \$315,304.36 (Cash + AR + AP)

	Account	Account_Description	Sum Total Amt
1	112000	Cash in Bank	311301.150
2	151100	AR - Fees	4161.160
3	311017	AP - Payroll St Retire Not ORP	-157.950

- Fund Balance should be within 15% of annual operating expenditures



Calculating a Rate

Example: Computing Center

- Under-recovery of \$1,000 in prior fiscal year
- Budgeted allowable costs of \$18,000
- Estimate an average of 200 hours of use per year

$$\$1,000 + \$18,000 = \$19,000$$

$$\frac{\$19,000}{200}$$

$$\text{Rate} = \$95$$



Calculating a Rate

Rate Methodology Template

Auxiliary Rate Methodology Template			
Auxiliary:			
Contact Person/Phone:			
Date Updated/Effective Date of New Rate:			
Section 1: Under(Over)collection from Prior Year	\$	-	\$ -
Section 2: Usage Base			
Hours/Volume	Activity 1	Activity 2	Activity 3
	0	0	0
Section 3: Estimated Expenditures			
Name/Position #/ FTE	\$	-	\$ -
Name/Position #/ FTE	-	-	-
Name/Position #/ FTE	-	-	-
Total Salary	\$	-	\$ -
OPS 1	\$	-	\$ -
OPS 2	-	-	-
Total OPS	\$	-	\$ -
Advertising	\$	-	\$ -
Casualty Insurance	-	-	-
Travel	-	-	-
Telecom	-	-	-
Office Supplies	-	-	-
Computer / Tech	-	-	-
Printing	-	-	-
Total Expense	\$	-	\$ -
OCO	\$	-	\$ -
Total OCO	\$	-	\$ -
Auxiliary Overhead Assessment	\$	-	\$ -
Total Transfers	\$	-	\$ -
Total Estimated Expenditures	\$	-	\$ -
Section 4: Rate Calculation			
Total Estimated Expenditures	\$	-	\$ -
Under(Over)collection from Prior Year	-	-	-
Subtotal	\$	-	\$ -
Divided by Total Estimated Usage	0	0	0
Rate per Hour/Volume	#DIV/0!	#DIV/0!	#DIV/0!



Calculating a Rate

- Educational Testing Auxiliary
- SSED
- Customer Type: 99% External
- 1% OHA
- Usage Base: Hours

Dept	Fund	Category	Account	Descr	Sum Total Amt
123456	320	Fund Balance	112000	Cash in Bank	(861.58)
123456	320	Fund Balance	311017	AP - Payroll St Retire Not ORP	(79.42)
123456	320	Revenue	600501	Interest Investment Earnings	(20.71)
123456	320	Revenue	600502	Interest Earnings Other	(24.37)
123456	320	Revenue	610072	Sale/Svc Exam & Testing Extrn	(19,300.00)
123456	320	Revenue	622001	Sale/Svc Other Intrn	(625.00)
123456	320	Revenue	624090	Aux Sale Svc Outside St Govt	(39,540.00)
123456	320	Salary	710111	12 Month Faculty	13,846.66
123456	320	Salary	710118	Faculty Bonus Pay	300.00
123456	320	Salary	710241	Faculty Benefits	4,423.29
123456	320	OPS	720111	Graduate Assistants	15,017.07
123456	320	OPS	720121	Temporary Employment	10,762.50
123456	320	OPS	720123	Student Employment	15,508.50
123456	320	OPS	720142	OPS Medicare	156.05
123456	320	OPS	720150	Graduate Fringe Benefits	854.50
123456	320	Expense	740285	Ad/Promotional Services	503.89
123456	320	Expense	740301	Printing/Reproduction Services	171.60
123456	320	Expense	740703	Network/Comm Recurring	1,677.60
123456	320	Expense	741101	Supplies Office	156.27
123456	320	Expense	741251	Supplies Educational	407.70
123456	320	Expense	741252	Non Library Pub/Book Exp	323.00
123456	320	Expense	741372	Supplies Janitorial & Maintenance	66.07
123456	320	Expense	741521	Freight/Shipping	26.00
123456	320	Expense	741541	Insurance Liab General NonE&G	5.77
123456	320	Expense	741550	Insurance Workers Comp NonE&G	169.14
123456	320	Expense	741565	Insurance Liab Civ Rts NonE&G	3.95
123456	320	Expense	741831	Rent Equipment Copier	1,519.27
123456	320	Expense	741952	Credit/DB Card Transaction Fee	554.72
123456	320	OHA	780171	Trf Out O/H Assessment	694.00

Section 1

Customer Type

Section 3

Section 3

Section 3

Section 3



Calculating a Rate

- Calculated breakeven rate = \$378

Auxiliary Rate Methodology Template	
<u>Auxiliary: Educational Testing Auxiliary</u>	
<u>Contact Person/Phone: Mary Alice Bullard</u>	
<u>Date Updated/Effective Date of New Rate: July 1, 2023</u>	
Section 1: Under(Over)collection from Prior Year	\$ 941
<hr/>	
Section 2: Usage Base	<u>Testing Service</u>
Hours	180
<hr/>	
Section 3: Estimated Expenditures	
Position # 111222 (0.5 FTE)	\$ 18,570
Total Salary	\$ 18,570
3 OPS Positions	\$ 42,300
Total OPS	\$ 42,300
Advertising	\$ 504
Book/Credit Card Services	878
Casualty Insurance	178
Shipping	26
Network Services	1,678
Office Supplies	630
Copier Equipment	1,520
Printing	172
Total Expense	\$ 5,586
OCO	\$ -
Total OCO	\$ -
Auxiliary Overhead Assessment	\$ 694
Total Transfers	\$ 694
Total Estimated Expenditures	\$ 67,150
<hr/>	
Section 4: Rate Calculation	
Total Estimated Expenditures	\$ 67,150
Under(Over)collection from Prior Year	941
Subtotal	\$ 68,091
Divided by Total Estimated Usage	180
Rate per Hour	\$ 378.28



Calculating a Rate

Cost Adjustments:

- Salary/OPS changes?
- OHA changes?
- Cost of supplies increasing?
- Purchase of new equipment/supplies?
- Usage base changes?
- Change in Customer Type?
- Fund Balance increase?

Auxiliary Rate Methodology Template			
<u>Auxiliary: Educational Testing Auxiliary</u>			
<u>Contact Person/Phone: Mary Alice Bullard</u>			
<u>Date Updated/Effective Date of New Rate: July 1, 2023</u>			
Section 1: Under(Over)collection from Prior Year	\$ 941	\$ 7,637	\$ 941
<hr/>			
Section 2: Usage Base	Testing Service	Scenario 1 Cost Adjusted	Scenario 2 Sponsored Projects
Hours	180	200	180
<hr/>			
Section 3: Estimated Expenditures			
Position # 111222 (0.5 FTE)	\$ 18,570	\$ 20,000	\$ 18,570
Total Salary	\$ 18,570	\$ 20,000	\$ 18,570
3 OPS Positions	\$ 42,300	\$ 45,000	\$ 42,300
Total OPS	\$ 42,300	\$ 45,000	\$ 42,300
Advertising	\$ 504	\$ 504	\$ -
Book/Credit Card Services	878	878	878
Casualty Insurance	178	178	178
Shipping	26	26	26
Network Services	1,678	1,678	1,678
Office Supplies	630	630	-
Copier Equipment	1,520	1,520	1,520
Printing	172	172	172
Total Expense	\$ 5,586	\$ 5,586	\$ 4,452
OCO	\$ -	\$ -	\$ -
Total OCO	\$ -	\$ -	\$ -
Auxiliary Overhead Assessment	\$ 694	\$ 664	\$ -
Total Transfers	\$ 694	\$ 664	\$ -
Total Estimated Expenditures	\$ 67,150	\$ 71,250	\$ 65,322
<hr/>			
Section 4: Rate Calculation			
Total Estimated Expenditures	\$ 67,150	\$ 71,250	\$ 65,322
Under(Over)collection from Prior Year	941	7,637	941
Subtotal	\$ 68,091	\$ 78,887	\$ 66,263
Divided by Total Estimated Usage	180	200	180
Rate per Hour	\$ 378.28	\$ 394.43	\$ 368.13



Calculating a Rate

Calculate Fund Balance with newly estimated Revenues and Expenditures.

Beginning Fund Balance	(\$941)
Revenue	
Sales to External (\$394 x 195)	\$76,830
Interest	100
Expenditures	
Salary	\$19,500
OPS	46,000
Expense	5,400
OHA	664
Total Expense	<u>\$71,564</u>
Ending Fund Balance	<u><u>\$4,425</u></u>
Fund Balance as a % of Annual Expenditures	6%



Resources

Documentation & Record Retention

- Documents supporting the rate calculation
- Maintain a copy of past rate schedules
- Inventory Records
- Billings & Usage Records
- <https://recordsmanagement.fsu.edu/>

Important Dates:

- March 6 – 16: Operating Budget Training
- April 3 – 21: Adaptive Planning open for Budget Entry
- March 7 – May 5: Legislative Session
- May 8 – May 12: Operating Budget Approval Window
- June 15: Board of Trustees Review Operating Budget
- July 1: Budgets booked in OMNI
- November: Casualty Insurance Assessed (expense)
- February: Overhead Assessment Charged (transfer out)



Resources

Helpful Queries

- FSU DPT TRIAL BALANCE
- FSU CF DEPT ATTRIB2
- FSU DPT AM NBV ASSETS

Resources

- Budget Office: <https://budget.fsu.edu/>
- Auxiliary & Designated Policies: <https://policies.vpfa.fsu.edu/policies-and-procedures/financial/omni-departments>
- Expenditures for Sponsored Projects: <https://www.research.fsu.edu/research-offices/sra/manage-awards-subawards/sponsored-regulations-and-allowable-expenses/>
- FSU Expenditure Guidelines: <https://controller.vpfa.fsu.edu/services/accounts-payable>
- Asset Management: <https://controller.vpfa.fsu.edu/services/asset-management>



Thank you for attending!



budget.fsu.edu



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