

FINAL

**RECHARGE & OTHER INCOME-PRODUCING ACTIVITIES
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS
FISCAL YEAR 2010-11**

TABLE OF CONTENTS

<u>Closing Step</u>	<u>Action Required</u>	<u>Page Number</u>
1.	Clear deposit accounts	3
2.	Clear credit card accounts	3
3.	Record physical inventories	4
4.	Record work-in-process	6
5.	Record prepaid expenses	7
6.	Record accrual of expenditures	7
7.	Process recharges	9
8.	Record accrual of income	9
9.	Record deferral of income	10
10.	Record equipment depreciation	11
11.	Record differential income	11
12.	Clear Labor Clearing Funds	12
13.	Report adjustments to the final ledger	12
14.	Miscellaneous	13

<u>Exhibit</u>	<u>Description</u>	<u>Page Number</u>
A.	Cutoff Dates	14
B.	General Accounting Contacts and References	15
C.	Confirmation of Review of Balance Sheet Accounts	16
D.	Journal Entry Formats	17
E.	Physical Inventory Template	18
F.	Work in Process Template	19
G.	Equipment Depreciation Schedule Template	20
H.	Financial Journal Template	21

**RECHARGE & OTHER INCOME-PRODUCING ACTIVITIES
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS
FOR FISCAL YEAR 2010-11**

PPM 300-40, “Guidelines for Recharge and Other Income Producing Activities”, describes UCSD activities that sell goods/services to campus departments/units on a recharge basis or to individuals/entities on a “for-fee” basis. The PPM also provides information about the establishment and operation of such activities.

For fiscal year-end close, recharge and other income producing activities may be required to follow special closing steps in addition to the instructions provided to the general campus, Fiscal Closing Instruction **2010-2011**.” The following closing steps provide special instructions for recharge & other income-producing activities and are discussed in detail below. Exhibits are provided at the end of this document including the Cutoff Dates (Exhibit A) and the General Accounting Contacts and References (Exhibit B).

1. Clear Deposit Clearing Accounts

After all June cash deposits and all June cash recaps have been recorded, the balance of deposit clearing accounts (219xxx) at June 30 must be zero. Immediately after the **July 15** Preliminary Ledger cut-off date, activities should review their clearing account balances using FinancialLink-IFIS Core Reports-General Ledger. Please check the “Include Detail Transactions?” box to view individual transactions for the month. FinancialLink-Detail Reports-General Ledger Transactions may be used if you need to view individual transactions for more than one monthly period. By **July 22**, activities having account balances that are not zero after the Prelim ledger cutoff must send an email message explaining the balances to Business and Financial Services-General Accounting (BFS-GA) at SelfSupportAct@ucsd.edu.

Because of more stringent reconciliation requirements from the UC Office of the President (UCOP) and PricewaterhouseCoopers (PwC) auditors, we will also need a confirmation of the validity and accuracy of June 30 Prelim balance sheet accounts (accounts that begin with a 1XXXXX or 2XXXXX). The confirmation must be signed by the account manager and his/her supervisor and submitted to Edna Mendivil, General Accounting via fax (858-246-0780), **by July 25**. See Exhibit C for a copy of the confirmation letter.

UCOP policy (BUS49) requires that cash accounts must clear within a month.

2. Clear Credit Card Accounts

Immediately after the **July 15** Preliminary Ledger cut-off date, activities should review their account balances using FinancialLink-IFIS Core Reports-General Ledger. Please check the “Include Detail Transactions?” box to view individual transactions for the month. FinancialLink-Detail Reports-General Ledger Transactions may be used if you need to view individual transactions for more than one monthly period. After all June credit card deposits and all June cash recaps have been recorded, the balance of credit card account numbers (1104XX, 1106XX & 1107XX) at June 30 Prelim should be as follows:

- a. reconciled debit balance, created by the accrual in the Fiscal Year of credit cards or debits cards transactions authorized and settled during the last days of June for which bank deposits are posted in ledgers in the first week of July. Such debit balances must equal the expected amount of bank deposits in July. GA will reclassify these debit balances for Fiscal year end, as Deposits in Transit, **OR**
- b. all credit cards transactions settled during Fiscal Year ending June 30 which have been cleared by bank deposits posted in the clearing account by the June 30 Prelim ledger should result in a zero balance. No action is required.

- c. Persons responsible for reconciling the accounts are required to explain and provide backup documentation for balances in the cash clearing accounts other than those explained in a. and b. above. Email the explanation, including copies of supporting documents, to Armando Carlsson, acarlsson@ucsd.edu, on or before by **July 25**.
- d. GA will only reclassify as Deposits in Transit, deposits entered in ledger by Central Cashier's Office which did not reach the Bank by June 30. Please **do not process entries into the Deposits in Transit Account 110100** unless authorized by Armando Carlsson.

A reconciliation report is required for all balance sheet accounts (including Cash clearing accounts). In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

University of California policy (BUS49) requires that reconciling items in cash accounts clear within a month.

3. Record Physical Inventories

- a. Fiscal year end physical inventories are required for all activities that hold supplies or materials for:
 - (1). Sale to other activities, departments, or customers either "as is" or in altered form;
 - or
 - (2). Direct consumption in rendering services or fabricating items for others on a charge basis.

Please take physical inventory on June 30.

- b. **Activities must complete their on-line financial journal to record inventories by July 15.** The journal must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2011/12. The template, rule class, and sequential document numbering discussed in Exhibit D, 1. Permanent Financial Entry should be used. By using a permanent financial journal, the inventory amount will remain in the ledger, until the fiscal year end. Please do not reverse the entry in **2011-12** until the new inventory is recorded. Your index, organization, program, and fund where the cost of the inventory is recorded should be credited, normally using expenditure account 638016. Use expenditure account 637284 to record shrinkage. The program for Cost of Goods Sold typically ends with XXXX70. Account 114650-6XXXXA, where "XXXXXA" is your activity's fund number, should be debited for activities whose funds begin with a 6XXXXA. Account 114750-7XXXXA, where "XXXXXA" is your activity's fund number, should be debited for activities whose funds are within the range 70000A-74999Z. Since the previous year the physical inventory entry was recorded as a permanent entry, this fiscal year's entry will **need to be adjusted** to reflect the current fiscal year balance. The inventory amount can be updated by reversing the previous entry and replacing it with the new inventory amount. Example:

Index Fund Org Acct Prog

Debit: 62xxxA 114XX0
 Credit: CCS1234-62xxxA-436428-638016-435070
 To record FY **10-11** inventory amount.
 Debit: CCS1234-62xxxA-436428-638016-435070

Credit: 62xxxA 114XX0

To reverse **FY 09-10** inventory amount.

Rule Class: FG53; Journal Date: June 30, **2011**

Or you can make a two-line entry for the **difference** between what was recorded at **6/30/10** and the new inventory amount at **6/30/11**. Example:

<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit/Credit	62xxxA		114XX0	
Credit/Debit	CCS1234-62xxxA-436428-638016-435070			

To adjust inventory to reflect the **FY 10-11** inventory amount.
Rule Class: FG53; Journal Date: June 30, **2011**

Note: If you record your inventory on a monthly basis, you may do a reversing journal at 6/30. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry should be used.

- c. By **July 22**, the PDF copy of the inventory report and a copy of the on-line journal recording the inventory must be electronically submitted via email to BFS-GA at SelfSupportAct@ucsd.edu. However, if you are not able to send the documents via email, the original hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953. The inventory report should include items actually on hand on June 30. Activities that find it necessary to take their physical inventory before June 30 must submit a transmittal with their inventory showing the physical inventory value on the day(s) the inventory actually was taken, any increased value for items received after the physical inventory but prior to July 1 and any decreased value for items sold during the same period. Please include your activity's fund number in the inventory report.
- d. Guidelines for Taking Inventory:
- (1) Valuation. Normally inventory items are to be listed at invoice cost, including sales tax. If the current value of an item is less than the original cost, the current value should be used.
 - (2) Shrinkage. Inventory shrinkage refers to unrecorded decreases in inventory resulting from such factors as breakage, spoilage and theft.
 - (3) Obsolete Items. Obsolete items should be segregated from other items in the inventory report and listed at current value if less than cost, with a notation indicating the approximate cost.
 - (4) Small Unit Value Items. The value of inventory items held in large quantity with unit values of less than fifty cents, such as screws and cotter pins, may be estimated.
 - (5) Inventory Method. Under the Cost Accounting Standards (CAS) guidelines, the University is required to report the valuation method for taking inventories. The preferred method to use is FIFO (First In, First Out). Selected activities, such as Bookstore, have been granted exceptions. If you are not using the FIFO method, please inform to BFS-GA at SelfSupportAct@ucsd.edu prior to taking inventory.

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil,

General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

4. Record Work-in-Process

- a. Activities, such as machine shops, illustration services, printing services and so on, which produce or fabricate items for sale, may have items in the production or fabrication process at June 30. If the items in process are for UC customers and no recharges have been processed for the items, **then activities must complete an on-line financial journal to record work-in-process by July 15**. A similar but separate entry should be completed for items in process for non-UC customers who have not been invoiced for the items. The entries may be made using the same journal. The journal must have a June "TRANS DATE" even if it is prepared in July; otherwise, the journal will post in July for fiscal year 2011/12.
- b. The value of work-in-process is the cumulative June 30 cost of labor provided to items in process and the cost of material used for items in process. A template, Exhibit F, has been provided for your convenience.
- c. The entries to record total work-in-process are:

(1) For UC recharge customers. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used. The index, organization, program and fund used to record recharge income should be credited, normally using account 693900. Account 114680-XXXXXA, where "XXXXXA" is the activity's fund number, should be debited. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:		62xxxA		114680	
Credit:	CCS1234-62xxxA-	436428-	693900-	435030	
Rule Class:	FX53; Journal Date: June 30, 2011				

(2) For non-UC customers. The entry is the same as that for UC customers, except the activity's appropriate 5xxxxx income account should be used for the credit. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:		62xxxA		114680	
Credit:	CCS1234-62xxxA-	436428-	562XXX-	435030	
Rule Class:	FX53; Journal Date: June 30, 2011				

- d. A copy of the on-line financial journal along with a report listing individual items or jobs-in-process and their value at June 30 must be electronically submitted via email to BFS-GA at SelfSupportAct@ucsd.edu by **July 22**. However, if you are not able to send the documents via email, the original hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953. The report should be sub-totaled by UC customers and non-UC customers.

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

5. Record Prepaid Expenses

- a. Prepaid expenses are costs incurred in the current fiscal year that may, entirely or in part, benefit the subsequent fiscal year or years. For example, if an annual maintenance contract was purchased for \$12,000 on **May 1, 2010**, two months of FY **2010/11** benefit from the contract and ten months benefit FY **2011/12**. The \$10,000 which benefits FY **2011/12** should be recorded as a prepaid expense on the June ledger.
- b. **Activities must complete their on-line financial journal to record prepaid expenses by July 15.** The journal must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2011/12. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used. The index, organization, program, fund, and expenditure account used when the expense was incurred should be credited. Account 114XXX-XXXXXA, where "XXXXXA" is the activity's fund number, should be debited. For Service Enterprises and other Income Producing activities (funds beginning with a 6xxxxA), use Account 114480 for short term (up to 12 months) prepaid expenses and/or use Account 114479 for long term (longer than 12 months) prepaid expenses. Auxiliary Enterprises (fund range between 70000A-74999Z), use Account 114500 for short term (up to 12 months) prepaid expenses and/or use Account 114499 for long term (longer than 12 months) prepaid expenses. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:		62xxxA		114XXX	
Credit:	CCS1234-62xxxA-	436428-	638XXX-	435030	
Rule Class:	FX53; Journal Date: June 30, 2011				

- c. A copy of the on-line financial journal along with the report listing individual contracts and their value for **FY 2011/12** must be electronically submitted via email to BFS-GA at SelfSupportAct@ucsd.edu by **July 22**. However, if you are not able to send the documents via email, the original hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953.

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

6. Record Accrual of Expenditures

- a. Expenditure accruals represent the cost for goods and services **received before July 1 but which have not yet been recorded in the June ledger**. Expenditure accruals do not apply to encumbrances (liens) so encumbrances should be ignored when determining expenditure accruals.
- (1) Disbursements' accrual period for regular June purchase order invoices is July 1 through **July 14**. During this accrual period, Disbursements will strive to process all regular June purchase order invoices **received in their office by June 30**.
 - (2) Disbursements will approve online payment authorizations, non-purchase orders and travel documents **received in their office by June 24** for **FY 2010/11**. Disbursements will strive to approve online documents for the period **June 24 through 30** for **FY2010/11**. Immediately after July 1, activities should review June ledger activity using the using the Financialink operating ledger detail transaction report to determine if there are any missing payments. If no

payment(s) have been processed, **then activities must complete an on-line financial journal to record the payment(s) by July 15.** Accrual journal must be done and must have a June transaction date). The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used. The Financial Journal Template must include the amount to be accrued; the index number, organization, fund, account and program codes for recording the accrual. Offset balance sheet account number is 215430 (Audited Vouchers Accts Payable)-XXXXXA, where the XXXXXA represents the activity's fund number.

b. Activities will **NOT** be recording their own expenditure accruals after the June preliminary ledger cutoff. Instead, activities will determine whether they have accruals and will report them to a central office as follows:

- (1) Immediately after the preliminary ledger cutoff of **July 15**, activities should review June preliminary ledger activity using the Financiallink operating ledger detail transaction report to determine if there are any missing June invoices.
- (2) Expenditure accruals should be reported on the Financial Journal Template and sent via email **by 1:00 pm on July 20** as follows:
 - (i) SIO activities, to Susie Pike Humphrey, spike@ucsd.edu. Accrual journal must be done by Susie **July 22** and must have a June transaction date. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used.
 - (ii) SOM (Health Sciences) activities, to Deborah Seidle, dseidle@ucsd.edu. Accrual journal must be done by Deborah **July 22** and must have a June transaction date).The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used.
 - (iii) SOM and SIO central office will provide to BFS-GA at SelfSupportAct@ucsd.edu copies of journals by **July 26**.
 - (iv) All other recharge and income producing funds, to BFS-GA at SelfSupportAct@ucsd.edu.
- (3) The Financial Journal Template must include the amount to be accrued; the index number, organization, fund, account and program codes for recording the accrual. Offset balance sheet account number is 215430 (Audited Vouchers Accts Payable)-XXXXXA, where the XXXXXA represents the activity's fund number.

c. Through the end of July, General Accounting will be accruing selected items and will notify the activities affected.

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

7. Process Recharges

In general, a recharge reflects the sale, at approved rates, of goods or services by an activity to other campus departments/units. Recharges normally are processed either by an electronic batch load process via ACT Production Control or by IFIS on-line journal.

An activity must complete final fiscal year recharge processing by the following dates and times:

ACT Production Control (automated recharges)	July 13 by 1:00 p.m.
IFIS On-line recharges prepared by departments Affecting OPAFS funds	July 13
Manual recharges sent to GA	July 13
IFIS On-line recharges prepared by departments (Not affecting OPAFS funds)	July 15

An activity that encounters a problem in meeting the deadlines should immediately contact BFS-GA at SelfSupportAct@ucsd.edu.

8. Record Accrual of Income

- a. ISIS Invoices. Invoices received at Student Business Services by **June 17, 10:00 a.m.** with an **effective date of June 30 or prior** will appear in the June ledger. **Note: the effective date on the invoices must be the date when the services were provided or the goods shipped. June invoices processed in the A/R ISIS subsystem by Student Business Services as July transactions will be accrued by General Accounting** after the June Preliminary ledger. The entries will credit the same index, organization, program, fund, and account that will be credited when the invoices are processed. Account 112679-XXXXXA, where XXXXXA is the activity's fund number, should be debited for Service Enterprises and other Income Producing Activities (funds beginning with a 6xxxxA). Account 112773-XXXXXA, where XXXXXA is the activity's fund number, should be debited for Auxiliary Enterprises (funds between the range 70000A-74999Z).
- b. Cash Receipts. Deposits of cash receipts received at the campus Cashier's office by **2:00 p.m., June 30**, will be recorded in June. Deposits for FY **2010/11** cash receipts that do not meet this date should be accrued. **On-line financial journals to accrue cash receipts must be completed by July 15.** The journal(s) must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2011/12. Deposits may be grouped and the total for the group may be accrued. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry should be used. The on-line financial journal should credit the same index, organization, program, fund, and account that will be credited when the deposits are processed. Account 112679-XXXXXA, where XXXXXA is the activity's fund number, should be debited for Service Enterprises and other Income Producing Activities (funds beginning with a 6xxxxA). Account 112773-XXXXXA, where XXXXXA is the activity's fund number, should be debited for Auxiliary Enterprises (funds between the range 70000A-74999Z). Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:		62xxxA		112679	
Credit:	CCS1234-62xxxA-		436428-562xxx-	435030	
Rule Class:	FX53; Journal Date: June 30, 2011				

If you use a clearing account for the cash deposits, the on-line financial journal will be a four-line

entry as shown in the example below. The debit should be to the 112679-XXXXXA for Service Enterprises and other Income Producing Activities (funds beginning with a 6xxxxA) or 112773-XXXXXA for Auxiliary Enterprises (funds between the range 70000A-74999Z), where XXXXXA is the activity's fund number and credit 219XXX-XXXXXA where 219XXX is the activity's account number and XXXXXA is the activity's fund number. You will then need to debit 219XXX-XXXXXA and credit the same index, organization, program, fund, and account that will be credited when the deposits are processed. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry should be used. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:		62xxxA		112679	
Credit:		62xxxA		219XXX	
Debit:		62xxxA		219XXX	
Credit:	CCS1234-	62xxxA-	436428-	562XXX-	435030
Rule Class:	FX53; Journal Date: June 30, 2011				

Due to requests from PwC external auditors, we are requiring that journals accruing cash receipts **must** be sent with copies of the July deposit advice forms electronically via email to BFS-GA at SelfSupportAct@ucsd.edu. However, if you are not able to send electronic copies, the hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953 by **July 22**.

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

9. Record Deferral of Income

- a. During the current fiscal year, activities occasionally will receive and record income that relates to future periods. For example, during the current fiscal year a shop might receive \$10,000 to do a job for a non-UC entity, but not start work on the job until next fiscal year. A journal entry to record income in the proper fiscal year is required; this is referred to as deferred income. Please note that an activity having only recharge income should never have income to defer, since University policy permits recharging only when goods or service actually have been provided. Recharging in advance of providing goods or services is not allowed. For large jobs extending over several months, policy does permit recharging job costs actually incurred to date.
- b. Activities must complete their on-line financial journal to defer income **by July 15**. The journal(s) must have a June "Trans Date" even if prepared in July; otherwise, the journal will post in July for fiscal year 2011/12. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used. The journal should debit the same index, organization, program, fund, and account that were credited when the income was recorded. Account 218000-XXXXXA, where XXXXXA is the activity's fund number, should be credited. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit:	CCS1234-	62xxxA-	436428-	562XXX-	435030
Credit:		62xxxA		218000	
Rule Class:	FX53; Journal Date: June 30, 2011				

A reconciliation report is required for all balance sheet accounts. In addition, we will need a Confirmation

of Review of the June Prelim ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Edna Mendivil, General Accounting via fax (858-246-0780) by **July 25**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

10. Record Equipment Depreciation

- a. Activities which depreciate equipment, must process an on-line financial journal to record final fiscal year depreciation by **July 15**. The journal must have a **June** “TRANS DATE” even if prepared in July; otherwise, the journal will post in July for fiscal year **2011/12**. The template, rule class, and sequential document numbering discussed in Exhibit D, 3, Financial/Budget (FB) Entry, should be used. The index, organization, program and operating fund of the activity should be debited (+), using transfer account 720500. The index, organization, program and equipment replacement reserve fund (76XXXA) of the activity should be credited (-), using transfer account 723050. Example:

	<u>Index</u>	<u>Fund</u>	<u>Org</u>	<u>Acct</u>	<u>Prog</u>
Debit (+):	CCS1234-62xxxA-		436428-	720500-	435030
Credit (-):	CCS5678-76xxxA-		436428-	723050-	435030
Rule Class:	FB08; Journal Date: June 30, 2011				

- b. By **July 22**, a copy of the on-line journal and the depreciation schedule must be sent via electronic email to BFS-GA at SelfSupportAct@ucsd.edu. However, if you are not able to send electronic files, the hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953. A template sample for the depreciation schedule is provided for your convenience, see Exhibit G.

11. Record Differential Income

- a. Per PPM 300-40, rates for sales made by Academic Support, Service Enterprise and similar self-supporting activities (primarily funds 62xxxx, 64xxxx and 66xxxx) to the general public must include an overhead rate factor approved by the Recharge Rate Review Committee. In most cases, the overhead, a.k.a. differential income, is to be distributed in three parts: (1) 65% as directed by the Vice Chancellor responsible for the activity, (2) 25% as directed by the Vice Chancellor of External and Business Affairs and (3) 10% as directed by the Vice Chancellor Resource Management and Planning. For those activities having an overhead factor in excess of the standard recovery rate, currently 45%, the entire excess is distributed as directed by the Vice Chancellor responsible for the activity. For those activities having an overhead factor less than the standard rate, please see Section V.A.2.d (2) (b) (iv) of PPM 300-40.
- b. For internal control and **audit** requirements, the final distribution for FY **2010/11** differential income **MUST** be recorded by **July 15**, the June Preliminary ledger cutoff. **Failure to record the differential income distribution in the same FY as the revenue was received may result in the distribution being recorded by the Budget Office for the June Final ledger.** It is strongly recommended that differential income distribution be recorded routinely throughout the year.
- c. **Activities must complete their on-line financial journal to record differential income by July 15.** The journal(s) must have a **June** “Trans Date” even if prepared in July; otherwise, the journal will post in July for fiscal year **2011/12**. The template, rule class, and sequential document numbering discussed in Exhibit D, 3, Financial/Budget (FB) Entry, should be used. The index, organization, program and operating fund where the receipt of differential income is recorded should be debited (+) for 100% of the differential income, using transfer account code 720702. Three lines are needed for

credit (-) side of the entry as follows:

- (1) 65% of standard differential income to the index, organization, program and differential income reserve fund (75XXXXA) of the activity, using transfer account 720702.
- (2) 25% of standard differential income to VBADIFI, 660400, 661000, 75347A, using account 720702.
- (3) 10% of standard differential income to VCADIFI, 660403, 661000, 75345A, using account 720702.

For each of the entries above, please note operating fund (6xxxxx) in the “Document Reference” field of each entry.

If an activity has excess differential income, the entire excess is credited according to item (1) above. ***This credit should be a separate line on the journal and it should NOT be combined with item (1).***

- d. By **July 22**, a copy of the financial journal for the distribution of FY **2010/11** differential income and a **copy of the report** should be electronically sent via email to BFS-GA at SelfSupportAct@ucsd.edu. However, if you are not able to send electronic files, hard copies can be sent to Self Supporting Activities, General Accounting mail code 0953. The report must indicate the following:

- (1) The overhead factor(s) used during fiscal year.
- (2) The activity's fiscal year total income recorded in account(s) 5xxxxxx.
- (3) The portion of total income representing overhead (differential income).
- (4) The calculation or methodology used to determine the amount of overhead (differential income).
- (5) A calculation supporting the distributions of differential income for FY **2010/11** to the activity, to the VCE&BA and the VCR&MP.

Please be cautious in calculating differential income. For example, if total income recorded in account 5xxxxxx is \$100,000 and the overhead factor is 45%, differential income is **NOT** \$100,000 multiplied by 45%. The \$100,000 includes both regular income and differential income. If x is regular income and .45x is the differential, then $x + .45x = \$100,000$ and regular income is \$100,000 divided by 1.45, or \$68,966. Differential income is \$100,000 minus \$68,966, or \$31,034.

12. Clear Labor Clearing Funds

Labor clearing funds should zero out at June 30th. Every effort should be made to arrive at zero or near zero. If applicable, accrual journals should be processed to accrue June payroll activity not yet recorded or distributed to appropriate funds. Activities must complete their on-line financial journal to record the accruals by **July 13** OPAFS cutoff. The journal(s) must have a **June** “Trans Date” even if prepared in July; otherwise, the journal will post in July for fiscal year **2011/12**. The template, rule class, and sequential document numbering discussed in Exhibit D, 2. Reversing Financial Entry, should be used.

13. Report Adjustments to the Final Ledger

The June final ledger will be distributed by the second week in August. If a review of an activity's June final ledger brings to light significant recording errors or omissions, please send an email describing the errors or omissions to BFS-GA at SelfSupportAct@ucsd.edu by **August 15**.

14. Miscellaneous

a. Unrelated Business Income

For those activities that submit data for the Unrelated Business Income Tax reporting, please be aware that we will need information based on FY **2010/11**. It is recommended that, as time allows, you begin gathering the information previously provided as we will be requesting it by December **2011**. We will send you a separate notice later in the year indicating the due date.

b. Intercollegiate Reporting for the NCAA

Please do not submit the NCAA report prior to General Accounting (GA) approving the report. Also let GA know the approximate date when the report will be ready. Please ensure that all entries are appropriately recorded in the ledger prior to the June final ledger close. Contact BFS-GA at SelfSupportAct@ucsd.edu by **July 29** if you are experiencing problems with entries in the ledger.

c. Editorship Funds

Editorship funds were established for professional journals. The funds cannot be used for editing service contracts. Please make sure to review the funds for compliance to policy.

d. Corporate Sponsorships

In earlier years, we treated corporate sponsorships as additional income for conferences and other activities. A few years ago, UCOP determined that almost all corporate sponsorships are gifts. Please review conference and similar funds for activity which should be recorded as gifts.

e. Payments to Campus Departments for Fund Raising Events

The following guidelines need to be followed:

1. When tickets or tables are purchased by departments in conjunction with fundraisers, the department who is sponsoring the event should process an ENPET for the entire amount of the ticket or table charge(s); Felicia Sumler should be copied on the ENPET.
2. The department buying the tickets or tables must complete the "Justification and Approval for Recharging Food/Beverage Expense(s)" form a.k.a. "tracker recharge form" that can be found at: <http://blink.ucsd.edu/go/rechargemeals>. Click on Recharge Approval to open the form. The donation (cost sharing) portion and entertainment (dinner) portion must be broken out separately on the form.
3. The form, the guest list and the transmittal letter, if applicable, should be completed in their entirety and submitted to Felicia Sumler, mail code 0955 for review.

Recharge and other Income Producing Activities
2010/11 Closing Dates

DUE DATE	DUE IN / TO/BY	DEPARTMENTAL ACTION	STEP#
June 17	Student Business Services	By 10:00 a.m., ISIS invoices to be processed by Student Business Services.	8
June 24	Disbursements Office	Disbursements will discontinue processing Payment Authorization, Purchase Order payments and Travel payments to the June Ledger	6
June 30	Cashier's Office	By 2:00 p.m., deposits of cash receipts for June	8
June 30	Departments	Take physical inventory	3
July 13	ACT Production Control	By 1:00 p.m., recharges (automated); use June transaction date	7
July 13	IFIS	IFIS on-line recharges affecting OPAFS funds; use June transaction date	7
July 13	OPAFS	Final cutoff for entries affecting OPAFS funds; use June transaction date	7
July 13	General Accounting	Manual recharges send to General Accounting (no OPAFS funds)	7
July 13	IFIS	IFIS on-line journals to clear labor clearing funds; use June transaction date.	12
July 15	IFIS	Recharges processed by departments (on-line); must have June transaction date	7
July 15	IFIS	On-line financial journal to record physical inventories; must have June transaction date	3
July 15	IFIS	On-line financial journal to record work-in-process; must have June transaction date	4
July 15	IFIS	On-line financial journal to defer income; must have June transaction date	9
July 15	IFIS	On-line financial journal to record final depreciation; must have June transaction date	10
July 15	IFIS	On-line financial journal to record prepaid expenses; must have June transaction date	5
July 15	IFIS	On-line financial journal to record differential income; must have June transaction date	11
July 15	IFIS	On-line financial journal to accrue cash receipts; must have June transaction date	8
July 15	IFIS	On-line financial journal to accrue payments; must have June transaction date	6a.2
July 20	Contact in section 6.b.(2)	By 1:00 p.m., expenditure accruals	6b.2
July 22	SelfSupportAct	Copies of the July deposit advice forms and a copy of the online journal	8
July 22	SelfSupportAct	Activities with nonzero balance in deposit clearing accounts	1
July 22	SelfSupportAct	Inventory report and a copy of the on-line journal	3
July 22	SelfSupportAct	A copy of work-in-process jobs and a copy of the on-line journal	4
July 22	SelfSupportAct	A copy of prepaid expense report and a copy of the on-line journal	5
July 22	SelfSupportAct	A copy of the depreciation schedule and a copy of the on-line journal	10
July 22	Self SupportAct	A copy of the differential income distribution report and on-line journal	11
July 25	Armando Carlsson	Activities with non-zero balance in credit card accounts	2
July 25	Edna Mendivil	Confirmation of balance sheet accounts (accounts that start with 1XXXXX or 2XXXXX) at Prelim. Steps: 1 thru 6, 8, 9	vrs
July 29	SelfSupportAct	Athletics Department final ledger correction entries for NCAA report	14
August 15	SelfSupportAct	Adjustments to the Final Ledger; significant recording errors/omissions	13

GENERAL ACCOUNTING CONTACTS AND REFERENCES

VCAA, VCE&BA, VCHS, VCMS, VCRMP, VCSA Recharge and Other Income Producing Activities

Alice Ku, x44502, mail code 0953, ahyku@ucsd.edu
Clayton Egan, x44673, mail code 0953, cegan@ucsd.edu
Julie Staffiero, x44995, mail code 0953, jstaffiero@ucsd.edu

REFERENCES

PPM 300-40, GUIDELINES FOR RECHARGE AND OTHER INCOME-PRODUCING ACTIVITIES

<http://adminrecords.ucsd.edu/ppm/docs/300-40.HTML>

FISCAL CLOSING 20YY-20YY: Overview

<http://blink.ucsd.edu/go/fiscalclosing>

RECHARGE & OTHER INCOME-PRODUCING ACTIVITIES
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS FOR FISCAL YEAR 20YY-YY

<http://blink.ucsd.edu/go/fiscalclosing>

CONFIRMATION OF REVIEW OF BALANCE SHEET ACCOUNT

_____, **2011**

Account Number(s) and Account Title(s) – please list all account numbers

I have performed a review of the accounts listed above. My review included:

- monitoring transactions in the account and general oversight of the account
- review of account for accuracy
- preparation of reconciliation of account (copy attached)
- processing of corrections and adjustments as necessary.

The account balances at June 30, **2011** are properly stated and supported by the appropriate documents or reconciliations.

_____ Signature	_____ Signature	_____ Date
_____ Name (print or type)	_____ Name (print or type)	
_____ Telephone number	_____ Telephone Number	

Please send or FAX by **July 25, 2011** to:

Edna Mendivil
Balance Sheet Coordinator
General Accounting, Business & Financial Services
FAX 858-246-0780

JOURNAL ENTRY FORMATS

1. Permanent Financial Entry:

The journal must have a **June** "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for NEXT fiscal year. The journal should be prepared by using the "GEN" template, rule class FG53 and document number FGiiinnn, where "iii" is the alpha prefix of the activity's index number and "nnn" is sequential numerals such as 001, 002, etc.

2. Reversing Financial Entry:

The journal must have a **June** "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for NEXT fiscal year. The journal should be prepared by using the "GEN" template, rule class FX53 and document number FXiiinnn, where "iii" is the alpha prefix of the activity's index number and "nnn" is sequential numerals such as 001, 002, etc. Please note that the use of rule class FX53 results in a June entry which automatically reverses itself in the July ledger.

3. Financial/Budget (FB) Entry:

The journal must have a **June** "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for NEXT fiscal year. The journal should use the "GEN" template, rule class FB08 and a document number FBiiinnn, where "iii" is the alpha prefix of the activity's index number and "nnn" is sequential numerals such as 001, 002, etc.

EXHIBIT G																							
Depreciation Schedule																							
Dept: Machine Shop																							
Fund #'s: 6XXXXX/76XXXX																							
Custodial Code: 0810																							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(7)	(9)	(10)	(11)	(7)	(12)										
						92/93	6/92	92/93	6/93							92/93							
Fiscal			Exp		Cust	EQ 300	Add	EQ 300	Cost/Per	Add	Cost Per	Cost	Month	Depr	Begin	Cum	Depr	Cum	Depr	Cum	Rem		
Year	UC ID #	Description	Fund	P.O.	Acct	Code	Cost	Delete	Cost	Ledger	Delete	Ledger	Depr	Life	Month	Depr	Depr	Depr	Depr	Depr	Life		
	816001086	Spray Unit		G32653	64XXX	0810	1,458		1,458	1,458	0	1,458	1,458	120 mos	12	6/81	1,458	0	1,458	0	1,458	0	
	816001192	Dry Honing System		G32663	64XXX	0810	4,359		4,359	4,359	0	4,359	4,359	120 mos	36	6/81	4,359	0	4,359	0	4,359	0	
	826000224	Hydraulic Jack		G33708	64XXX	0810	599	(599)	0	599	(599)	0	0	60 mos	10	7/90	120	120	240	120	(360)	0	
	826001032	Sewer Rotor		G34145	64XXX	0810	744		744	744	0	744	744	60 mos	12	7/90	144	144	288	144	432	24	
	826001156	Hydrostatic Pump and Gauge		G34212	64XXX	0810	800		800	800	0	800	800	60 mos	13	7/90	156	156	312	156	468	24	
	876096199	Forklift	19900A	G39383	64XXX	0810	13,674		13,674	13,674	0	13,674	13,674	60 mos	228	7/90	2,736	2,736	5,472	2,736	8,208	24	
	886002515	Wire/Sleeve Marker	76XXXX	G30119	64XXX	0810	2,024		2,024	2,024	0	2,024	2,024	60 mos	34	7/91	408	408	816	408	1,224	36	
	896004573	Electro Drill	75XXXX	G31006	64XXX	0810	1,389		1,389	1,389	0	1,389	1,389	60 mos	23	7/91	276	276	552	276	828	36	
91/92	Aquisitions																						
	926001718	Forklift 60%	75XXXX	10018251	64XXX	0810	13,900		13,900	14,400	0	14,400	14,400	60 mos	240	4/92	0	720	720	2,880		3,600	54
	"	Forklift 40%	76XXXX	10018251	64XXX	0810	9,266		9,266	9,600	0	9,600	9,600	60 mos	160	4/92	0	480	480	1,920		2,400	54
	NONE	Borland Scanning Software	76XXXX	10025761	63XXX	NONE	1,100		1,100	1,100	0	1,100	1,100	60mos	18	5/92	0	36	36	216		252	46
92/93	Aquisitions																						
	926001718	Continental Air Tool, Inc. (Accessory to 926001718)	76XXXX	10041923		0810		1,184	1,184		1,184	1,184	1,184	54 mos	22	7/93	0	0	0	0		0	54
Total all items							49,313	585	49,898	50,147	585	50,732	50,732				9,657	5,076	14,733	8,856	(360)	23,229	352
<p>(1) Indicates fiscal year in which cost appears in ledger.</p> <p>(2) If item does not have "UC ID #", state "NONE". If UC ID # is unknown, state "UNK".</p> <p>(3) The description of an item including an accessory to an existing item should be annotated. Normally, the useful life of an accessory will be equal to the remaining useful life of the existing item.</p> <p>(4) Indicates funding source of item.</p> <p>(5) Expense account 64XXX indicates inventoriable equipment item. Expense account 63XXX indicates NON-equipment item costing more than \$500 and having a useful life of 2 years or more.</p> <p>(6) If item does not have a custodial code, state "NONE". If custodial code is unknown, state "UNK".</p> <p>(7) Indicate additions and deletions.</p> <p>(8) An item's cost per ledger may differ from its capitalized cost which appears in official equipment inventory EQ300 reports; eg, in the case of donated items, trade-ins, and certain other extraordinary items. An item's cost per ledger should include sales/use tax. Normally, freight is not included.</p> <p>(9) An item's cost to be depreciated normally should be equal to the item's cost per ledger. However, cost to be depreciated and cost per ledger may differ; eg, in the case of donated items, items involving trade-ins, and certain other extraordinary items. Please contact general accounting if you have such items.</p> <p>(10) Indicates an item's useful life in months determined by the activity's management. Management must be prepared to substantiate useful lives less than or greater than five years.</p> <p>(11) The date depreciation begins is the first day of the first full month following the month when an item was placed in use. If information about use is not available, the date depreciation begins is the first day of the first full month following the month when an item's complete cost appears in the ledger.</p> <p>(12) Indicates remaining life to be depreciated.</p>																							
Note:	Items which are no longer being used by an activity should be removed from the depreciation schedule once they are fully depreciated.																						
Note:	The threshold for capital equipment and accessories expenditures is at \$5,000 per item effective 7/1/2002.																						

Seq	T E	Description	Reference	Amount	D/C	Coa Code	Index	Fund	Org	Acct	Prog
1	FX53				D	A					
2	FX53				D	A					
3	FX53				D	A					
4	FX53				D	A					
5	FX53				D	A					
6	FX53				D	A					
7	FX53				D	A					
8	FX53				D	A					
9	FX53				D	A					
10	FX53				D	A					
11	FX53				D	A					
12	FX53				D	A					
13	FX53				D	A					
14	FX53				D	A					
15	FX53				D	A					
16	FX53				D	A					
17	FX53				D	A					
18	FX53				D	A					
19	FX53				D	A					
20	FX53				D	A					
21	FX53				D	A					
22	FX53				D	A					
23	FX53				D	A					
24	FX53				D	A					
25	FX53				D	A					
26	FX53				D	A					
27	FX53				D	A					
28	FX53				D	A					
29	FX53				D	A					
30	FX53				C	A					