

**SELF-SUPPORTING ACTIVITIES  
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS  
FISCAL YEAR 2017-2018**

**FINAL**

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**SELF SUPPORTING ACTIVITIES  
FISCAL CLOSING SPECIAL ITEMS INSTRUCTIONS  
FOR FISCAL YEAR 2017-2018**

BLINK, "Overview of Self-Supporting Activities," <http://blink.ucsd.edu/finance/accounting/SSA/> 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 BLINK site 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 2017-2018." 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. **Before the Preliminary Ledger cut-off date on July 13<sup>th</sup> of 2018, activities should review their deposit 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.

Persons responsible for reconciling the account are required to prepare and complete entries to zero out the account balance as of June 30.

Because of more stringent reconciliation requirements from the UC Office of the President (UCOP) and external auditors, we will also need a confirmation of the validity and accuracy of June 30 Preliminary 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 **Central Accounting (e-mail: [balsheetacts@ucsd.edu](mailto:balsheetacts@ucsd.edu))**, General Accounting via fax (858-246-0780), on or before **July 20**. See Exhibit C for a copy of the confirmation letter.

**2. Clear Credit Card Accounts**

**Before the Preliminary Ledger cut-off date, July 13<sup>th</sup> of 2018,** 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, 1105XX, 1106XX & 1107XX) at June 30 Preliminary Ledger 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. **Bank deposits can be verified against transactions –credits- to the clearing account posted by General Accounting during the first 5 working days of July, journals identified as FMGA.** GA will verify and reclassify these debit balances for Fiscal year end, as Deposits in Transit,

**OR**

- b. Reconciled zero balance. 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 Preliminary Ledger should result in a zero balance. No action is required.
- c. By principle these accounts cannot have ending 'credit balances'. **A 'credit balance' means that there is funding outstanding in the clearing account that has not been transferred to departmental revenue accounts.**

**Persons responsible for reconciling the account are required to prepare and complete entries to have the balance of the account aligned to a "debit" or "zero" final balance according with those explained in a. and b. above.**

Please **do not process entries into the Deposits in Transit Account 110100** unless authorized by BFS-General Accounting, Banking and Cash Accounting.

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 Preliminary ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), or General Accounting via fax (858-246-0780) on or before **July 20**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.

### 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.

The inventory report should be a report of 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.

- b. **Activities must complete their on-line financial journal to record inventories on or before July 13.** The journal must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19. 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 2018-19 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 being 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 17-18 inventory amount.*

Debit:      CCS1234-62xxxA-436428-638016-435070  
Credit:                      62xxxA                      114XX0

*To reverse FY 16-17 inventory amount.*

Rule Class: FG53; Journal Date: June 30, 2018

Or you can make a two-line entry for the **difference** between what was recorded at 6/30/17 and the new inventory amount at 6/30/18. Example:

**Index      Fund      Org      Acct      Prog**

Debit/Credit:                      62xxxA                      114XX0  
Credit/Debit:      CCS1234-62xxxA-436428-638016-435070

*To adjust inventory to reflect the FY 17-18 inventory amount.*

Rule Class: FG53; Journal Date: June 30, 2018

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. On or before July 20, 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](mailto: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](mailto: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 Preliminary Ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before **July 20**. 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 on or before July 13**. 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 2018/19.

- 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, 2018

- (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, 2018

- 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](mailto:SelfSupportAct@ucsd.edu) on or before **July 20**. 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 Preliminary Ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before **July 20**. 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, **2018**, two months of FY **2017/18** benefit from the contract and ten months benefit FY **2018/19**. The \$10,000 which benefits FY **2018/19** should be recorded as a prepaid expense on the June **2018** ledger.
- b. **Activities must complete their on-line financial journal to record prepaid expenses on or before July 13.** The journal must have a June “TRANS DATE” even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19. 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, **2018**

- c. A copy of the on-line financial journal along with the report listing individual contracts and their value for **FY 2018/19** must be electronically submitted via email to BFS-GA at [SelfSupportAct@ucsd.edu](mailto:SelfSupportAct@ucsd.edu) on or before **July 20**. 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 Preliminary Ledger balance. The confirmation must be signed by the account manager and his/her supervisor. The reconciliation and signed confirmation must be submitted to Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before **July 20**. 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 prior year purchase order invoices is July 1 through **July 12**. During this accrual period, Disbursements will strive to process all prior year purchase order invoices **received in their office on or before June 30**.
  - (2) **MyTravel** documents should be **received by Travel on or before June 15** for FY **2017/18**. **MyEvents** processed through **MyPayments** should be **received by Entertainment on or before June 15** for FY **2017/18**.



- (3) Disbursements will approve online payment authorizations (MyPayments) on or before **June 15. Scrip and Visa gift card requests are due on or before June 15.**

Immediately after July 1, activities should review June ledger activity using the Financiallink 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) on or before July 13.**

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 13**, 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 19** as follows:

- (i) SIO activities, to Joni Ciarletta, [jciarletta@ucsd.edu](mailto:jciarletta@ucsd.edu). Accrual journal must be done by Susie on or before **July 19** 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 Dan Ronquillo, [dronquillo@ucsd.edu](mailto:dronquillo@ucsd.edu). Accrual journal must be done by Dan on or before **July 19** 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](mailto:SelfSupportAct@ucsd.edu) copies of journals on or before **July 25**.
- (iv) All other recharge and income producing funds, to BFS-GA at [SelfSupportAct@ucsd.edu](mailto: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 Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before **July 20**. See Exhibit C for a template of the Confirmation of Review of Balance Sheet Account.



## 7. Process Recharges

### a. Process Recharges - interdepartmental

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

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

Manual recharges sent to GA (affecting OPAFS funds)	June 29
Manual recharges sent to GA ( <b>not</b> affecting OPAFS funds)	July 12
ITS Production Control (automated recharges)	July 13 by 1:00 p.m.
IFIS On-line recharges prepared by departments (affecting OPAFS funds)	July 13
IFIS On-line recharges prepared by departments ( <b>not</b> affecting OPAFS funds)	July 13

An activity that encounters a problem in meeting the deadlines should immediately contact BFS-GA at [SelfSupportAct@ucsd.edu](mailto:SelfSupportAct@ucsd.edu).

### b. Process Recharges - intercampus

In general, an intercampus recharge reflects goods or services OR an expense reimbursement by an activity to another UC campus.

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

Intercampus Recharge Form sent to GA (may <b>not</b> affect OPAFS funds)	June 8
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An activity that encounters a problem in meeting the deadlines should immediately contact BFS-GA at [financialcontrol@ucsd.edu](mailto:financialcontrol@ucsd.edu).

## 8. Record Accrual of Income

- a. ISIS Invoices. Invoices received at Student Business Services by **June 15<sup>th</sup>** 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 **1:00 p.m., June 29**, will be recorded in June. Deposits for FY **2017/18** cash receipts that do not meet this date should be accrued. **On-line financial journals to accrue cash receipts must be completed on or before July 13. The journal(s) must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19.** 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, 2018

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, 2018

Due to requests from our 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](mailto: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 on or before July 20.

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 Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before July 20. 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 on or before July 13. The journal(s) must have a June "Trans Date" even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19. 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. For

Service Enterprises and other Income Producing activities, Account 218000-XXXXXA, where XXXXXA is the activity's fund number, should be credited. For Auxiliary Enterprises (fund range between 70000A-74999Z), Account 218030-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:	CCS1234-62xxx	A-436428-562XXX			435030
Credit:		62xxx	A	218XXX	

Rule Class: FX53; Journal Date: June 30, 2018

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 Central Accounting (e-mail: [balsheetaccts@ucsd.edu](mailto:balsheetaccts@ucsd.edu)), General Accounting via fax (858-246-0780) on or before July 20. 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 on or before July 13. The journal must have a June "TRANS DATE" even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19. 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 (+):	CCS1234-62xxx	A-436428-720500			435030
Credit (-):	CCS5678-76xxx	A-436428-723050			435030

Rule Class: FB08; Journal Date: June 30, 2018

- b. On or before July 20, a copy of the on-line journal and the depreciation schedule must be sent via electronic email to BFS-GA at [SelfSupportAct@ucsd.edu](mailto: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.

## 11. Record Differential Income

- a. 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 unless the activity has an exemption approval from remitting the full Differential Income. Exemption is defined as an activity whose granting agency prohibits paying overhead. Exemptions are final approved by the Vice Chancellor Chief Financial Officer. Consult the Financial Analysis Office for more details on exemptions.

The standard distribution for overhead cost recovery generated is as follows:

Full Differential Income Distribution					
Activity Location	Central Administration		Departmental Support		Full Differential Income Rate
On Campus	16%	+	29%	=	45%
Off Campus	8%	+	14%	=	22%
Ship Use	6%	+	12%	=	18%

<b>Minimum Differential Income Distribution*</b>					
Activity Location	Central Administration		Departmental Support		Minimum Differential Income Rate
On Campus	16%	+	0%	=	16%
Off Campus	8%	+	0%	=	8%
Ship Use	6%	+	0%	=	6%

In most cases, the overhead, a.k.a. Differential Income, is to be distributed in two parts:

- (1) to central administration and (2) to departmental support or to the Vice Chancellor responsible for the activity. When an activity has obtained approval from its Vice Chancellor to charge the minimum overhead rate for non-UC sales, **the portion related to central administration must still be remitted to central administration.** For those activities having an overhead factor in excess of full Differential Income rate, the entire excess is distributed as directed by the Vice Chancellor responsible for the activity.

b. Listed below in the tables are the standard Differential Income calculations. Consult your Vice Chancellor if an additional Vice Chancellor Differential Income overhead portion needs to be remitted.

<b>FULL DIFFERENTIAL INCOME CALCULATION</b>	
<b>Calculation of On-Campus Full Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.45) \times .16$
Departmental Support Portion	$(\text{Total Revenue}/1.45) \times .29$
<b>Calculation of Off-Campus Full Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.22) \times .08$
Departmental Support Portion	$(\text{Total Revenue}/1.22) \times .14$
<b>Calculation of Ship Use Full Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.18) \times .06$
Departmental Support Portion	$(\text{Total Revenue}/1.18) \times .12$
<b>MINIMUM DIFFERENTIAL INCOME CALCULATION*</b>	
<b>Calculation of On-Campus Minimum Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.16) \times .16$
Departmental Support Portion	NA
<b>Calculation of Off-Campus Minimum Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.08) \times .08$
Departmental Support Portion	NA
<b>Calculation of Ship Use Minimum Differential Income</b>	
Central Administration Portion	$(\text{Total Revenue}/1.06) \times .06$
Departmental Support Portion	NA

**\*Please note that the tables on minimum Differential Income distribution and calculation list only the minimum Differential Income that is required for central administration. Each Vice Chancellor area may also require a minimum Differential Income portion to be remitted to the Vice Chancellor responsible for the activity. Consult your Vice Chancellor's office for more information.**

c. For internal control and **audit** requirements, the final distribution for FY **2017/18** Differential Income **MUST** be recorded on or before **July 13**, 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.

d. **Activities must complete their on-line financial journal to record Differential Income on or before July 13.** The journal(s) must have a June "Trans Date" even if prepared in July; otherwise, the journal will post in July for fiscal year 2018/19. 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. Two lines are needed for credit (-) side of the entry as follows:

(1) Remit the central administration portion to RMGDIFI (index), 660439 (organization), 661000 (program), 75451A (central administration Differential Income reserve fund), using transfer account 720702.

(2) Remit the departmental support portion to the index, organization, program and Differential Income reserve fund (75XXXX) of the activity, using transfer 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 (2) above. ***This credit should be a separate line on the journal and it should NOT be combined with item (2).***

e. On or before **July 20**, a copy of the financial journal for the distribution of FY **2017/18** Differential Income and a **copy of the report** should be electronically sent via email to BFS-GA at [SelfSupportAct@ucsd.edu](mailto: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) 5xxxxx.

(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 **2017/18** to central administration and to the activity.

**\*Please note, SOM activities are assessed DI on a monthly basis by the VCHS controller's office. SOM activities do not need to process a DI journal for fiscal close. If you have any questions please contact Dan Ronquillo, [dronquillo@ucsd.edu](mailto:dronquillo@ucsd.edu).**

## **12. Clear Labor Clearing Funds**

Labor clearing funds should zero out at June 30<sup>th</sup>. 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 on or before **July 13 noon** 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 2018/19. 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**

If a review of an activity's June final ledger shows **significant/material** recording **errors or omissions** that may impact UCSD financial statements, please notify and obtain your VC's business office approval; then send an email describing the **errors or omissions** to BFS-GA at [SelfSupportAct@ucsd.edu](mailto:SelfSupportAct@ucsd.edu) on or before **July 27** for approval.

#### 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 **2017/18**. It is recommended that, as time allows, you begin gathering the information previously provided as we will be requesting it by December **2018**. 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](mailto:SelfSupportAct@ucsd.edu) on or before **July 27** 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:

Tickets to attend a community event, such as a sporting event, concert or other similar entertainment venue are considered special entertainment and are processed under MyEvents.

Cost for a table or ticket (cash contribution) to a UC San Diego fundraiser or an outside non-profit event requires an explanation of the business purpose and a statement showing the difference between the table fee and the cost of meal/ refreshments. In addition, the following documentation as it relates to the specific event is required:

- (1) For a UC San Diego fundraiser or ticketed events, process as a recharge and use the [justification for recharge form](#).
- (2) For a non-UC San Diego entity, process under MyEvents and attach a transmittal letter to the recipient organization.

You may also refer to the following blink page for more information:

<http://blink.ucsd.edu/travel/entertainment/overview/special/#Tickets-to-community-events-and>

##### f. ASSA Administrative Overhead

The ASSA Administrative Overhead is an assessment on select Self Supporting Activities, processed by the Campus Budget Office. Effective fiscal year **2018/19**, the rate assessed on revenues for Academic/Educational will remain at 3.4% while the rate for Auxiliaries will increase to 4.5%. The assessment is recorded in account code 637258-campus administrative recharges.

For more information on the ASSA Administrative Overhead, please contact Alice Ku at [ahyku@ucsd.edu](mailto:ahyku@ucsd.edu).

g. **Equipment/Renewal and Replacement funds**

For activities with Renewal and Replacement funds (funds beginning with a 76XXXXA), review the Renewal and Replacement funds to ensure that they only contain expenditures for equipment (accounts beginning with 649XXX) and supplies and expenses (accounts beginning with 63XXXX). Any payroll (accounts beginning with 60XXXX,61XXXX,62XXXX,66XXXX) or travel (accounts beginning with 65XXXX) expenditures should be transferred to the operating fund. Review operating funds to ensure that there are no expenditures for equipment. Any such expenditure should be transferred to the Renewal and Replacement fund.



**SELF SUPPORTING ACTIVITIES  
2017/18 CLOSING DATES**

<b>DUE DATE</b>	<b>DUE IN / TO/ BY</b>	<b>DEPARTMENTAL ACTION</b>	<b>STEP #</b>
8-Jun	General Accounting	Intercampus recharges send to General Accounting (may not affect OPAFS funds)	7b
8-Jun	Disbursements Office	Invoices must be received by this date to post to the June Ledger	6
15-Jun	Disbursements Office	MyTravel documents must be received by this date to post to the June Ledger	6
15-Jun	Student Business Services	ISIS invoices to be submitted to Student Business Services.	8
15-Jun	Disbursements Office	MyEvents processed through MyPayments must be received by this date to post to the June Ledger	6
15-Jun	Disbursements Office	MyPayments documents must be received by this date to post to the June Ledger	6
29-Jun	Cashier's Office	By 1:00 p.m., deposits of cash receipts to be received by Cashier's Office for June	8
29-Jun	General Accounting	Interdepartmental recharges send to General Accounting (affecting OPAFS funds)	7a
30-Jun	Departments	Take physical inventory	3
12-Jul	General Accounting	Interdepartmental recharges send to General Accounting (not affecting OPAFS funds)	7a
13-Jul	IFIS	By noon, IFIS on-line journals to clear labor clearing funds; use June transaction date.	12
13-Jul	ITS Production Control	By 1:00 p.m., interdepartmental recharges (automated); use June transaction date	7a
13-Jul	IFIS	By 5:00 p.m., IFIS on-line interdepartmental recharges (affecting OPAFS funds); use June transaction date	7a
13-Jul	IFIS	By 5:00 p.m., IFIS on-line interdepartmental recharges (not affecting OPAFS funds); use June transaction date	7a
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to record physical inventories; must have June transaction date	3
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to record work-in-process; must have June transaction date	4
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to defer income; must have June transaction date	9
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to record final depreciation; must have June transaction date	10
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to record prepaid expenses; must have June transaction date	5
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to record differential income; must have June transaction date	11
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to accrue cash receipts; must have June transaction date	8
13-Jul	IFIS	By 5:00 p.m., On-line financial journal to accrue payments; must have June transaction date	6a.2
19-Jul	Contact in section 6.b.(2)	By 1:00 p.m., expenditure accruals	6b.2
20-Jul	SelfSupportAct	Copies of the July deposit advice forms and a copy of the online journal	8
20-Jul	SelfSupportAct	Ensure departmental accounts are zero balance in deposit clearing accounts	1
20-Jul	SelfSupportAct	Inventory report and a copy of the on-line journal	3
20-Jul	SelfSupportAct	A copy of work-in-process jobs and a copy of the on-line journal	4
20-Jul	SelfSupportAct	A copy of prepaid expense report and a copy of the on-line journal	5
20-Jul	SelfSupportAct	A copy of the depreciation schedule and a copy of the on-line journal	10
20-Jul	SelfSupportAct	A copy of the differential income distribution report and on-line journal	11
20-Jul	SelfSupportAct	Ensure departmental credit card accounts are zero or debit balance, and ensure there are no credit balances in credit card accounts	2
20-Jul	General Accounting	Confirmation of balance sheet accounts (accounts that start with 1XXXXX or 2XXXXX) at Preliminary. Steps: 1 thru 6, 8, 9	vrs
27-Jul	SelfSupportAct	By 1:00p.m., obtain VC business offices' approval; submit significant/material recording errors/omissions that may impact UCSD financial statements for GA's approval.	13

**GENERAL ACCOUNTING CONTACTS AND REFERENCES**

**VCAA, VC CFO, VCHS, VCMS, VCRMP, VCSA Recharge and Other Income Producing Activities**

Haoyue Xu, x44502, mail code 0953, [hax010@ucsd.edu](mailto:hax010@ucsd.edu)  
Lizette Ou, x44995, mail code 0953, [lmou@ucsd.edu](mailto:lmou@ucsd.edu)

**REFERENCES**

**BLINK, GUIDELINES FOR RECHARGE AND OTHER INCOME-PRODUCING ACTIVITIES**

<http://blink.ucsd.edu/finance/accounting/SSA/index.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>

**BALANCE SHEET ACCOUNT RECONCILIATION TUTORIAL & FORM**

<http://blink.ucsd.edu/sponsor/BFS/divisions/general-accounting/balance-sheet.html>

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## CONFIRMATION OF REVIEW OF BALANCE SHEET ACCOUNT

FOR THE PERIOD ENDING JUNE 30, 2018

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Please submit on or before **Friday, July 20th, 2018** to:

[BALSHEETACCTS@UCSD.EDU](mailto:BALSHEETACCTS@UCSD.EDU)

Balance Sheet Coordinator

General Accounting, Business & Financial Services

Mail code 0953

FAX x60780 or (858) 246-0780

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

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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, 2018 are properly stated and supported by the appropriate documents or reconciliations.

Preparer Signature	Supervisor's Signature
Name (print or type)	Name (print or type)
Telephone number	Telephone number

## 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 numerical 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 numerical 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 numerical such as 001, 002, etc.



