



Rate Setting Template Instructions

The Office of the University Controller

Contents

Prerequisites.....	1
Overview.....	1
Retrieve the Current Version of the Rate Setting Template	1
Run the Required Reports to Populate the Rate Setting Template	2
1. Recharge Accounting Compilation Report	2
2. Multi-Year Fund Balance Report Instructions	2
3. Asset Recovery Report Instructions	2
Completing the Rate Setting Template	3
Submitting a Rate Setting Template.....	7

Prerequisites

Prior to reading the rate setting template instructions, it is beneficial to review the following IU Accounting Standards to gain foundational information along with report requirements and best practices:

1. [Accounting Fundamentals Standards](#)
2. [Chart of Accounts and General Ledger Standards](#)
3. [Financial Statements Accounting Standards](#)
4. You will also need to run the [Recharge Accounting Reports Compilation](#). This report can be found in the [Controller’s Office Reporting Tools](#) tile in One.IU. It is under the Other Standard Reports and Compilations tab.

Overview

Recharge/service center billing rates for 66* accounts should be projected to recover no more than allowable and allocable costs. The rate setting template and process provide limited assurance that each account plans to only recover allowable and allocable costs when billing other university accounts per [FIN-ACC-400](#) and IU Accounting Standard [Allocating Costs to Internal and External Activity](#). The department providing the service is responsible for monitoring fund balance (at least quarterly) to minimize the risk of profit and to ensure compliance with Uniform Guidance, IU Policies, and IU Accounting Standards.

Retrieve the Current Version of the Rate Setting Template

The rate setting template is located on [The Office of the University Controller’s](#) website. It can be found under Compliance within the [Reference Material Library](#). From the Reference Material Library, select the ‘Recharge Accounting’ box and scroll down to find the rate setting template, as well as other useful documents and information. Click on the template hyperlink to download a blank version for the current fiscal year.



Rate Setting Template Instructions

The Office of the University Controller

Run the Required Reports to Populate the Rate Setting Template

Prior to completing the rate setting template you will need to run the following three reports. In order to reduce follow up questions in the review process, submitters are encouraged to use financial data that is **no more than two months old** when the rate template is submitted to rates@iu.edu.

1. **Recharge Accounting Compilation Report** The Office of the University Controller (UCO) has created this compilation report to compile all the reports necessary to populate the recharge rate template and streamline the process for fiscal officers.
 - a. Go to [Recharge Accounting Reports Compilation](#) in the Controller's Office Reporting Tools.
 - b. Required Parameters:
 - i. University Fiscal Year = 2024 (or the most recent closed fiscal year)
 - ii. Chart Code = Responsibility Center for the recharge account
 - iii. Organization Code = Organization Code the recharge account reports to
 - iv. 66* Account Numbers = Recharge account number
 - v. Forecast Report: University Fiscal Period Code = The most recently closed period
 - vi. Select the Output Format = Excel
 - vii. Select the Output Destination = Email
 - c. Move or Copy the recharge compilation reports to the rate setting template.

2. **Multi-Year Fund Balance Report Instructions** This report is used to show the five-year trend of the fund balance in a recharge account and aid organizations in determining if their rates need to be adjusted to move the balance closer to zero. Fund balance analysis is important for recharge centers in the rate setting process. The Multi-Year Fund Balance report allows the fiscal officer to analyze the recharge centers' fund balance trends and ultimately aid in setting the appropriate rates. The ending fund balance for a recharge account should stay below 5% of the revenue materiality threshold for a positive fund balance. UCO encourages continuous fund balance monitoring for new activities. If the fund balance trend requires a rate change, the rate change request must be resubmitted to Recharge Accounting for review. Failure to monitor fund balance changes may lead to a misrepresentation of a unit's financial statements and hinder the subsequent rates that a recharge center is able to charge.
 - a. Go to [Multi-Year Fund Balance Report](#) on the Controller's Office Reporting Tools tile under Fund Balance.
 - b. Required Parameters:
 - i. University Fiscal Period Code = 13
 - ii. Account Number = Enter recharge account number
 - iii. Include Current Year = Optional
 - iv. Include Closed Accounts = Unchecked
 - v. Report Style = Consolidated
 - vi. Number of Years to Display = 5 Years
 - vii. Select the Output Format = Excel
 - c. Move or Copy only the Multi-Year Fund Balance Report tab to the rate setting template.

3. **Asset Recovery Report Instructions** This report is used to determine if any of the assets on the balance sheet have been funded by a sponsored project (CG fund group); associated with a federal pass-through account; or, related to a cost share subaccount.



Rate Setting Template Instructions

The Office of the University Controller

- a. In the Master Catalog of UIIE, search for **Asset Recovery Report**, select the Asset Recovery Report for Rate Setting, and then under **Location** select Financial/Auxiliary/Other Reports.
- b. Parameters:
 - i. Select Database= Snapshot 2024
Note: The snapshot will not include any new or transferred assets in FY 2025.
 - ii. Org Plant Fund Chart-Account (XX-95#####) = Enter the COA-plant fund account
 1. Example: BA-9512345
 - iii. Include depreciation through fiscal period = 13
 - iv. Select the Output Format = MS Excel
 - v. Select the Output Destination = Send to Completed Reports
- c. Move or Copy only the Asset Recovery Report tab to the rate setting template.
- d. Once the report has been generated, review the assets in the listing to determine which assets were utilized within the recharge activity and perform the following steps:
 - i. Enter the allocated percentage of time the asset was used during the year in the column AL (Recovery %).
 - ii. In column AM (FY Depreciation), multiply column Q (Calculated YTD Depr Exp) by column AL (Recovery %) to determine the amount of FY Depreciation you can claim for the given year.
 - iii. The total depreciation amount (column AM) on the Asset Recovery Report can be entered into the template on the Rate Calculation tab (cell G35) if your department is recovering depreciation in your rates.
 - iv. If an asset is shared between accounts the maximum amount of depreciation that can be recovered is **100%**. For more information, please email rates@iu.edu prior to submitting the rate.

Completing the Rate Setting Template

The following will provide specific guidance on what is required on each Excel tab of the template:

Department Review Tab

1. Complete the requested information in the **Submission Information, Account Information, and Department Account Questions** sections.

Rate Calculation Tab

Column B: (Use the Income Statement and Balance Sheet for the 66* Account)

1. Using the income statement, enter the revenue and expenses at the financial object level code. The **amounts entered should tie exactly to the income statement.**
2. Using the balance sheet, enter the fund balance information (cells B43-B48). Net income will automatically populate. The amounts entered should tie exactly to the balance sheet.
 - a. It is important that the beginning fund balance amount is entered in cell B43. The number to enter is the ending fund balance for the previously closed fiscal year on the Multi-Year Fund Balance Report.
 - b. If you are unsure of which values to enter in certain cells, feel free to contact Recharge Accounting at rates@iu.edu.

Column C: (Use the Detail Transactions report for the 66* Account)



Rate Setting Template Instructions

The Office of the University Controller

1. To remove external revenue and expenses, enter the external revenue and expenses that were recorded in the 66* account **as a negative amount**. If no external activity occurred in the account, proceed to column D.
2. To identify external activity for column C:
 - a. Filter by Financial Object Type Code **IN** and **IC**, then filter the FDOC Type Code to **INV** and **CR**
3. When external revenue is identified, the revenue and corresponding expenses are entered **as negative amounts** in column C. If applicable, a reasonable allocation method (i.e. space, percentage of time, quantity sold) is required and should be entered by the appropriate object type code. Allocation based on percentage or total revenue is not permitted. For a list of object codes and object code types, refer to the [Object Code Dictionary](#) in the Reference Material Library.

Column D: (Use the Unallowable Report/Detail Transactions report)

Transactions that appear on this report are considered unallowable expenses and **should be entered as a negative amount** in column D. If the report is blank, there are no unallowable expenses. For a list of unallowable costs, refer to the [Unallowable Expenses for Recharge Excel Document](#) in the Reference Materials Library.

Column E: (No action needed.)

Column F: (Use the Forecast Report)

1. Enter the forecast report information from the column labeled 'Forecast (1)+(2).' **The amounts entered should tie exactly to the forecast report.**
 - a. The forecast report will total the actual amounts for closed accounting periods and budgeted amounts for the remaining periods in the fiscal year.
 - b. Units with Depreciation or Right-to-Use Assets & Subscriptions Expenditures should enter the **budgeted** Depreciation and Right-to-Use Assets & Subscriptions Expenditures in cells F35 and F36, respectively. If they were not budgeted, F35 and F36 should be left blank.

Column G: (Use Department Information)

1. This is an optional column to populate and should only be used for **material** operational adjustments when compared to column F at the object level. The amount entered should only be the incremental change (increase/decrease) at the object level.
 - a. For this rate template, a material operational adjustment is defined as a substantial increase or decrease in revenue and/or expenses.
 - i. Some examples include changing the number of FTE, customer base volume, significant price increase for supplies, or change in products or services offered.
 - b. Any item listed in column G requires an explanation in the Projected Changes tab.
2. The Total of column F & G should be comparable to your current estimate for the fiscal year listed.
3. If applicable, **actual Depreciation and Right-to-Use Assets & Subscriptions Expenditures** should be entered in cells G35 and G36:
 - a. Depreciation Adjustment (G35) – This is used for transferring cash from the 66* account to the 92* account. The amount should be equal to or less than the annual depreciation for the prior fiscal year only. The amount entered should be supported by the Asset Recovery Report and explained on the Projected Changes tab.
 - b. **If applicable, Right-to-Use Assets & Subscriptions Expenditures should be entered in (G36)**

Column H: (Summary of FY2024 Financial Data)

This column will sum the information from the Forecast Report in column F and any material changes made in column G. It gives departments the ability to see revenue and expense totals for the rate setting period.



Rate Setting Template Instructions

The Office of the University Controller

Recoverable Cost Calculation (cell H41-H49)

Except for Other Adjustments, the recoverable cost calculation is automatically populated, and the formulas cannot be changed.

1. The FY2024 ending fund balance is adjusted for external activity and unallowable expenses that were captured in FY2024:
 - a. External activity (H42) should not be included in a recharge account. The revenue and expenses associated with external activity will be removed from the recoverable cost calculation.
 - b. Unallowable expenses (H43) are removed from the recoverable cost calculation and should be covered by funds from an account other than a recharge account.
2. Other Adjustments (cell H46) – This is used on a restricted basis for any necessary adjustments that do not fit into another section. Any amount entered should be supported by additional documentation and explained on the Projected Changes tab. These amounts may also require additional approvals from Recharge Accounting (before or after submission).

Rate Calculation (starting on Row 50)

This section of the rate template is to provide limited assurance that the proposed rates for each good and/or service are at or below recoverable cost.

50					
51	Rate Calculation (Rate per unit & Volume)				
	Column A	Column B	Column C	Column D	Column E
52	Rate Calculation	Proposed Rate per Unit	Projected Volume	Sales Unit of Measure	Total Revenue per Service/Product
53	Example Service	10.00	25	widgets	250.00

1. For each good or service that is provided, please enter the following information:
 - a. In column A, enter the specific name of the good or service available.
 - b. In column B, enter the Proposed Rate for the specific good or service listed.
 - i. Units are required to include documentation to support the proposed rate for each good or service listed.
 - ii. Each proposed rate **should** be projected to recover no more than allowable and allocable costs.
 - c. In column C, enter the projected volume for the specific good or service listed.
 - i. Units are required to include documentation to support the proposed volume for each good or service listed.
 - ii. Each rate appearing in this section should have an anticipated volume **based on three to five years of historical data**. If there is a trend upward or downward from the average, the department should make an additional adjustment.
 - iii. For a new good or service being offered, please provide as much support for the volume as possible.
 - iv. Each good or service listed should have volume equal to or greater than 1.
 - v. If a good or service is cyclical or is typically not sold on an annual basis, a zero volume can be included on the Rate Calculation Sheet.
 1. If a good or service has not been sold in the last three to five years, we recommend removing it from the Rate Calculation Sheet.



Rate Setting Template Instructions

The Office of the University Controller

2. Rates that have a zero volume are not reviewed and should not be billed. If the department needs to bill for a rate that was previously not reviewed, contact Recharge Accounting at rates@iu.edu to determine what is needed.
- d. In column D, enter in the Sales Unit of Measure for the specific good or service listed. Common examples of Unit of Measure include each, hours, square feet, gallons, tests.
- e. Column E will populate once Column B and C are populated.
2. Once the entire tab is populated, compare the *Recoverable Cost* to the *Total of All Services*. If cell E86 says “No”, we recommend contacting rates@iu.edu before your submission for additional guidance.

Projected Changes Tab

The projection columns are intended to reflect material operational changes in revenue and/or expense. This tab will automatically populate the amount that requires an explanation/description for the projected change. The department should provide a reasonable explanation for the amounts and have supporting documentation available for review.

Projected Volume [additional tab(s) required]

Departments are encouraged to **use a three to five year average of historical data** to determine projected volume. If there is a trend upward or downward from the average, the department should adjust accordingly and document the change in the rate template. If volumes used in the rate setting template differ from the three to five year average, the department should provide an explanation as to how and why they arrived at this projected volume. Please **review the example** in [Rate Setting Template](#).

Supporting Documentation for Cost Based Rates [additional tab(s) required]

1. All rate submissions require supporting documentation for the cost-based rates on a per service basis.
2. The cost allocation method should be based on the benefits received (or other such equitable or logical association) using cost drivers. It is the responsibility of the department to determine an appropriate allocation method, select appropriate cost drivers, and ensure that these are well documented in the event of an audit. See [Allocating Costs to Internal and External Activity](#) for more information.
 - a. Please note: the allocation of salary between the 66* account and other non-66* accounts should be split funded by individual (position) based on a reasonable estimate of anticipated effort related to recharge activity. Billings of those proportionate salaries from the 66* account to other university accounts may be allocated on a pooled basis, based on cost drivers selected. Split funding by position to the 66* account, rather than by total compensation dollars, will ensure that an individual’s estimated effort related to recharge activity can be reconciled to the labor ledger. Fringe benefits are not an allowable expense and should not be included within rate submissions.
 - b. Any expenses included in overhead must follow University Policy [FIN-ACC-400: Recharge and Service Center Activity](#) which requires departments charge a fee directly related to, and not more than, allowable cost. Ensure expenses do not include items that were previously included as part of direct expenses and that the cost is necessary and will be incurred by the recharge or service center activity.
3. Allocation of expense by percentage of revenue should only be used as a last resort when other logical allocation methodology does not exist or the use of it is not feasible.



Rate Setting Template Instructions

The Office of the University Controller

Variance Analysis on the Income Statement Object Code Tab

On the Income Statement Object Code YTD tab for the 66* account, a variance analysis of the Income Statement is required.

- a. To the right of the column labeled Variance Percent (created by the recharge compilation report), add a column labeled 'Explanation' and provide an explanation and documentation for all variances over 5%.

Submitting a Rate Setting Template

Prior to submitting a rate template, please make sure the following are included in the submission:

- The template is completed according to the above instructions
- The Recharge Accounting Reports Compilation
- Documentation and calculations supporting the rates

When completed, submit the template and supporting documentation to rates@iu.edu. Units may begin utilizing the proposed rate as soon as the rate template and supporting documentation has been submitted to Recharge Accounting. Recharge Accounting may follow up for additional information regarding the rate submission. Please respond timely as a proper review cannot be conducted without assistance from the unit. Lack of a response may result in noncompliance. Please contact Recharge Accounting with any questions.