

Best Practices for Self-Supporting Units

Office of Business and Financial Services
University Accounting and Financial Reporting

What is a Self-Supporting Fund?

- Self-supporting funds record revenues and expenses related to approved income-generating activities. This revenue may come from:
 - Other University units
 - Faculty, Staff, and Students
 - General Public

Types of Self-Supporting Funds

- **Storeroom and Service Activities**
 - Fund Type 3E
- **Auxiliary Enterprises not under Indenture**
 - Fund Type 3J
- **Auxiliary Enterprises under Indenture**
 - Fund Type 3M
- **Departmental Activities**
 - Fund Type 3Q

The Fund Hierarchy

- Level 1 3Q—Departmental Activities
 - Level 2 340—Educational Activities
 - Level 3 3410—Professional Development Activities
 - Level 4 301442—742 Rev Ctr For Literacy

FTIFNDH—Fund Hierarchy Query

Oracle Developer Forms Runtime - Web: Open > FTIFNDH

File Edit Options Block Item Record Query Tools Help

ORACLE

Fund Hierarchy Query FTIFNDH 7.0 (BANPROD) (1UIUC)

COA: 2 Fund: 301442 742 Rev Ctr For Literacy

Predecessor Fund: 3410 Professional Development Activities

Fund Level 1	3Q	Departmental Activities
Fund Level 2	340	Educational Activities
Fund Level 3	3410	Professional Development Activities
Fund Level 4	301442	742 Rev Ctr For Literacy
Fund Level 5		

Record: 1/1 | | | | <OSC>

What is a Service Plan?

- Service plans record revenues and expenses related to health care professional services rendered in conjunction with a University health care program. These services are rendered by:
 - University of Illinois Hospital
 - University faculty that are health care professionals

Types of Service Plans

- Medical Service Plan
 - Fund Type 4S
- Occupational Health Service Plan
 - Fund Type 4T
- Dental Service Plan
 - Fund Type 4U
- Nursing Service Plan
 - Fund Type 4W

The Fund Hierarchy

- Level 1 4S—Medical Service Plan
 - Level 2 650—Medical Service Plan
 - Level 3 6510—Chicago Programs
 - Level 4 623004—916 MSP Otol HNS Phys Bi

Self Supporting vs. Service Plans

- **Self Supporting Funds:**
 - Subject to the State Legislative Audit Commission University Guidelines
 - Fund range 300000-399999
- **Service Plans:**
 - Subject to administrative allowance by the Dean's Office
 - Fund range 620000-699999

Rate Calculation Methodology

How to Calculate User Fees

Total costs

- +Estimated fiscal year operating expenses
- +Annual depreciation expense for all equipment assigned and used by the service activity
- +/-Prior year under/over recovery (within limit specified for level of revenue)

User fee base

=Projected number of service units which result in a reasonable allocation of costs to the various users, for example, labor hours, machine hours, CPU time, and computer network connect fees

User fee

- +Total costs/ User fee base

Rate Calculation Methodology

- Operating Expenses – examples
 - Operating materials and supplies
 - Maintenance and repair of equipment assigned to the activity
 - Salaries and wages of any individuals involved in the activity

Rate Calculation Methodology

- Annual Depreciation Expense
 - Recorded in Banner Fixed Asset module
 - Calculated annually
 - Identified with entity code if not purchased with self-supporting funds
- Query Clearinghouse
 - Service Activity Fixed Assets report
 - <https://www.ds.uillinois.edu/reports/QCH/browse.aspx>
 - Finance>Fixed Assets>Service Activity Fixed Assets

Operating Ledger vs. General Ledger

- Operating Ledger
 - Records only current year expense and revenue activity
 - Funding recorded throughout the year instead of the beginning of the year
- General Ledger
 - Fund balance shows the accumulation of all inception to date revenue, expense, and transfer activity
 - Revenue and expenses automatically update Claim on Cash and Fund Balance

Where's My Fund Balance?

FIGL_Detail_General_Ledger
Version: 5-DEC-2005

University of Illinois
Detail General Ledger Statement
FY 07 Period 08

As of 05-MAR-2007
Page 1 of 1
Printed: 05-MAR-2007

Fiscal Year: 07 Period: 08
Fund Code: 385442 Chart of Account: 2 - University of Illinois - Chicago Fund GL Rept: *

Chart	2	University of Illinois - Chicago	Level	Status	Principal Investigator	Fund Term Dt	Grant Code
Fund	301442	742 Rev Ctr For Literacy	4	A		Fund Exp End Dt	Financial Manager Casey, Loretta Foote
Fund Type	3Q	Departmental Activities	2	A		Project Start Dt	
Sponsor						Project End Dt	

Account	Description	PM Ending Bal	CM Change	CM Ending Bal	PY Ending Bal
51000	Claim on Cash	158,942.18	1,481.12	160,423.30	150,273.09
Total Assets		158,942.18	1,481.12	160,423.30	150,273.09
61050	Other Payables	0.00	0.00	0.00	-0.01
61600	Accrued Payroll	0.00	0.00	0.00	-2,077.75
Total Liabilities		0.00	0.00	0.00	-2,077.76
71500	FBal Departmental Activities	-148,195.33	0.00	-148,195.33	-152,613.25
85000	Revenue Control	-70,920.77	-40.00	-70,960.77	-80,802.42
86000	Expense Control	60,173.92	-1,441.12	58,732.80	85,220.34
Total Fund Balance		-158,942.18	-1,481.12	-160,423.30	-148,195.33
Budget/Encumbrance Controls					
81000	Budgeted Revenue Control	70,000.00	0.00	70,000.00	70,000.00
82000	Budgeted Expense Control	-70,000.00	0.00	-70,000.00	-70,000.00
88000	Encumbrance Control	38,815.28	-3,416.29	35,398.99	10,551.40
88200	Reserve for Encumbrances	-38,815.28	3,416.29	-35,398.99	-10,551.40

Beginning Fund Balance

Current Fund Balance

Current Cash Balance

Interpreting Balances

- A desirable fund balance:
 - Is a credit balance
 - Indicated as a negative number on the Detail General Ledger Statement
- A desirable cash balance:
 - Is a debit balance
 - Indicated as a positive number on the Detail General Ledger Statement

Using Banner for Billing Customers

■ External Customers

- Accounts Receivable system
- Information available at the University Student Financial Services & Cashier Operations website

- <http://www.obfs.uillinois.edu/obfshome.cfm?level=2&path=usfsco&xmldata=usfsco1>

■ Internal Customers

- Journal Vouchers
- Information available at the Training Center website

- <http://www.obfs.uillinois.edu/obfshome.cfm?level=1&path=training&xmldata=training1>

Excess Funds

- Based on entity totals
 - If the entity has excess funds then each fund within the entity is analyzed to determine the problem fund(s)
 - University Accounting Services contacts the appropriate financial managers
 - If the entity does not have excess funds then the individual funds are not analyzed even if individual funds have an excess

Excess Fund Computation

- Amount of cash and investments that can be carried over to the next fiscal year
 - Highest Month Expenses
 - Accounts Payable and Accrued Payroll
 - Encumbrances
 - Deferred Revenue and Deposits
 - Average Transfers and Administrative Allowance Expense
 - Accrued Sick/Vacation
 - Margin of Compliance

How to Avoid Excess Funds

- Match revenues and expenses
 - Salaries and wages of any individuals involved in the activity
 - Charge customers with the intent of break even
- Record Payables and Deferred Income
 - Recorded at year end on Fact Sheets
 - Sent to University Accounting Services

FACT Sheets

- Annual Fiscal Year closing procedures
- Due mid-July
- Items reported
 - Source of Revenue
 - Merchandise Inventory values
 - Deferred Revenue
 - Additional Accounts Receivable
 - Additional Accounts Payable

Unrelated Business Income Tax (UBIT)

- Unrelated business income tax (UBIT) is the federal income tax imposed on income from an activity meeting all of the following criteria:
 - The activity must be a “trade or business”
 - It must be regularly carried on
 - It must not be substantially related to an IRC section 501 (c)(3) exempt purpose.

Unrelated Business Income Tax (UBIT)

- OBFS Business and Financial Policies and Procedures Manual
 - Section 18.13
 - http://www.obfs.uillinois.edu/manual/central_p/sec18-13.html
- Questions about UBIT may be directed to:
 - University Accounting Services
 - Office of University Tax

Training Opportunities

- **GL 101 Journal Voucher Processing**
 - **This course provides instructions on how to perform basic General Ledger transactions in Banner. This includes how to complete journal voucher entries, perform error handling, work with suspended documents, and perform queries to review journal entry results.**

Training Opportunities

- GL 104 Understanding University Financial Statements and the Reconciliation Process
 - This course provides an understanding of University financial statements and how to utilize them to reconcile your unit's Funds and locate budget balances.

Training Opportunities

- **GL 105 Managing Self-Supporting Funds**
 - This course provides an understanding of how to manage self-supporting funds including Service Plan funds. The course design follows the life cycle of a self-supporting fund, from the request to establish a fund to the completion of the annual year-end Fact Sheet document.

(currently under development)

Who To Ask

- Self Supporting Fund Experts

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