# University of Oregon

# Managing a Recharge Operation

The intent of this policy is to provide guidelines for establishing, costing, pricing, and administering University of Oregon (UO) Recharge Operations. These policies and procedures have been established to achieve three goals:

**Establish consistent business practices**

Federal cost accounting standards such as OMB Circular A-21 require that all UO Service Centers operate using consistent business practices in the treatment of revenues, costs, pricing, and reporting.

**Comply with federal government regulations**

University activities that charge sponsored programs under federal government contracts and grants are required to adhere to certain government regulations. This policy translates those regulations into business practices which can be more easily understood by departments and monitored by the Administration.

**Comply with other standards and regulations, including:**

Generally Accepted Accounting Principles

State of Oregon Administrative Rules

Oregon University System Fiscal Policy Manual

OMB Circular A-21 establishes principles for determining costs applicable to grants, contracts, and other agreements with educational institutions. In other words, it provides guidance on such topics as determining what will be considered an acceptable direct or indirect charge to a federal agreement, the proper method for preparing the University's facilities and administrative costs proposal, and what items are unallowable charges. Because of the potential for over charges relating to rate setting, inappropriate depreciation practices, and double billing through charging costs both as direct and indirect, recharge operations have emerged as a target for further investigations. The policies and procedures relating to recharge centers are directed at improving the university's monitoring of its recharge operations, assuring compliance with federal regulations, elevating departmental understanding of this often complicated topic, and being assured of full implementation of the Circular A-21.

There is a close relationship between the University's facilities and administrative costs rate and recharge operations. For instance, both are concerned with the issue of costing. Certain costs such as the cost of capitalized equipment should be included in the facilities and administrative costs proposal or in the rates of a recharge operation. If the cost for the same piece of equipment is included in both the proposal and a recharge operations rate there is the potential that the federal government could be double charged for the same cost.

**Recharge Operations**

A Recharge Operation is a facility, center, operation, function, or activity whose output is measureable on a workload or other quantitative basis and the costs associated with these activities are separately accounted for and charged to users in proportion to services rendered. The primary purpose of a recharge operation is to provide specific services to the university community although services may be provided on an incidental basis to external users.

**Categories** **of Recharge Operations**

The University's Recharge Operations will be divided into three categories: Recharge Centers, Service Centers, and Specialized Service Facilities. Each recharge operation will be notified by the Recharge Operations Committee, described later in this document, of its proper classification.

When the term “recharge operation” or “recharge activity” is used in this policy it is referring to recharge centers, service centers, and specialized service facilities, collectively. It is being used to eliminate the repetitiveness of stating all three activities continually throughout this policy.

While there will be a review of all applications for a recharge center to determine the most appropriate classification, the following chart can be used as a guideline.

|  |  |  |  |
| --- | --- | --- | --- |
| Type | Annual Recharge Range | Short Description | Example |
| Recharge Center | Normally less than $50,000.00 | primary purpose of providing goods and services to the university community for a fee | departmental charges for use of the FAX and copy machines |
| Service Center | Usually $50,000 to $1,000,000 | Centers specifically in operation to sell goods and services | Printing & Mailing, Organized inventory storerooms,  |
| Specialized Service Facilities | *must meet all three criteria listed in the short description* | 1) A-21 Section J.49 defines "specialized service facilities" as "institutional services involving the use of highly complex or specialized facilities such as electronic computers, wind tunnels, and reactors ....."2) Highly complex operations often with revenues in excess of $1M and that "materially" affect University's on-campus Organized Research facilities and administrative costs rate. Those recharge operations which materially affect the University's facilities and administrative costs rate will be notified by BRP;3) The same services must not be easily available from an outside vendor. | Central Power Station, MRI center |

**Establishing a Recharge Operation**

Before a recharge operation is established, there must be a determination made that a valid need exists for such a unit by reviewing the following criteria:

1. The activity can comply with the definition of a recharge operation.
2. A demand exists for the products and/or services to be provided by the recharge operation. This demand should be by more than one other department/unit/activity.
3. A significant volume of recharging, both in dollar amount and number of transactions, will occur.
4. The product or service is provided on a regular and continuing basis.

**The Application Process**

Once the RU had determined that a valid need exists in accordance with the four criteria above, the application process can begin.

1. Complete a Request for Recharge Operation Addition/Change Form found on the web at: <http://brp.uoregon.edu/service-centers>
2. Include with the request form the following:
	1. A guarantee fund (RU FOPAL) for cash or working capital deficits. Working Capital is defined later in this document.
	2. A Business Plan which includes detailed information to satisfy the criteria used to determine a valid need (see a-d in the section “Establishing a Recharge Operation”). Although not required, it is *highly* recommended that a BRP analyst be involved from the beginning of this process to avoid wasted efforts in developing the business plan.
		1. Explain the activity and management of the operation in such a way as to identify compliance with the policies and procedures related to recharge operations as identified in this handbook.
		2. List known and expected customers and the source of funding including both start-up funding as well as on-going operation funding. Are the customers mainly funded through sponsored activity?
		3. Explain the nature of the activity, how often it will take place, approximate revenues and expenses annualized.
		4. Estimate the length of time that the proposed recharge operation will need to be in service. Consider what factors or events could obviate the need or viability. (The planned business life of all recharge operations must exceed a contiguous 12 months)
		5. The following items should also be addressed within the Business Plan:
			1. Unfair Competition: Describe the benefits to the university of establishing the proposed operation rather than acquiring the services directly from commercial sources. Explain the business practices that will be employed to avoid unfair competition with commercial enterprises which offer the same services. Identify the availability of similar services at the university.
			2. Environmental Health and Safety considerations: Identify the nature of any hazardous materials, controlled substances, or other products that may pose a handling, storage, or disposal hazard which are covered by any regulatory requirements. Identify any procedures, structures, or devices that may pose hazards to property or personnel. For all new operations dealing with hazardous or radioactive materials, special review and written approval is required by Environmental Health and Safety to ensure proper procurement, delivery, inventory management, staff training, handling, and disposal.
			3. Compliance with practices and standards: All applicable compliance issues, such as animal care, ethics, human subjects, must be identified and the methods for compliance with those standards must be described. The costs of meeting compliance standards must be included in the business plan.
			4. Unrelated Business Income Tax (UBIT): The university discourages any activity not related to its mission. All applications will be reviewed for potential Unrelated Business Income Tax liability by the Business Affairs Office. Both the State of Oregon and the federal government require that tax-exempt organizations, including the Oregon University System, pay tax on income derived from “unrelated business activities”. For an activity to be considered an “unrelated business activity” all three factors must be present (1) a trade or business, (2) conducted regularly (the IRS has indicated an annual event is considered regular), and (3) not substantially related to the university’s tax-exempt.
	3. Rate development worksheets and supporting materials. Please see the next section regarding Recovery of Costs and Rate Setting, A rate development worksheet is available on the BRP website at: <http://brp.uoregon.edu/service-centers> - UO Service Center Rate Calculator
3. Submit all of the above materials to the BRP office. BRP will review the materials and when the application is complete, will forward to the Recharge Operations Review Committee. The Review Committee is comprised of representatives from Budget and Resource Planning (BRP), Business Affairs Office (BAO) and the Office of Research Services and Administration (ORSA). The committee may:
	1. Recommend the operation as viable and necessary to the VPFA,
	2. Request additional information from the submitting department, or
	3. Recommend to the VPFA that the application be denied giving specific reasons for this conclusion.

**Recovery of Costs and Rate Setting**

Non Discriminatory Rates – Rates charged to internal users must be nondiscriminatory, and all users must be billed for services received. “Nondiscriminatory” means that all users are charged the same rate for the same level of services or products purchased in the same circumstances. Therefore, rates should not differentiate between University of Oregon users (which includes federal and non-federal-sponsored projects when calculating carry forward on an annual basis.) The use of special rates, such as for high volume work, are allowed, but they must be equally available to all users who meet the criteria. (The Federal Government does not prohibit charging external users a higher rate than that charged to internal users.

Billing Period – Services must be billed on no less than a monthly basis after the service has been rendered; pre-payments are not appropriate. Billings must occur at least five working days before the close of the each period to ensure timely posting to Banner. The center will operate on the same fiscal year as the university, July 1 through June 30. Centers should handle year-end billings consistently each year, to ensure that twelve months of revenue are associated with twelve months of incurred costs.

Break Even (Revenues equal Expenses/Costs) – Centers should target break-even through budgeting and rate setting, but normally revenues and expenses do not exactly match. OUS 05.713 defines break-even as working capital not to exceed 60 days of annual operating expenses, computed as of the close of period 12. Under or over recovery of costs should be calculated based on actual revenues and expenditures, without regard to budget. The compliance worksheet can be found on the BAO website here: <http://ba.uoregon.edu/sites/ba/files/forms/servicecentercomplianceworksheet.xlsx>

If the Center expects to end the year in deficit, the following actions must take place:

(a) If the deficit is equal to 5% or less, rates must be increased and/or a transfer made from other sources or

(b) If the deficit is greater than 5%, a transfer must be made before year end to bring the deficit within 5% of 60 days expenses and the rates increased according to procedure.

Any exception to (a) or (b) above requires a written work-out plan approved by the Service Center’s responsible VP as well as the VP of Finance and Administration.

**ALLOWABLE COSTS & RATE CALCULATION**

Calculation of annual operating expenses should ***exclude***:

Increase in inventory: A physical count of inventory must be taken annually and reported to the Business Affairs Office by the close of period 12 or as otherwise requested by BAO in the closing of the books annual instructions.

Current Year Capital Equipment Purchases: Only the annual depreciation expense is to be included in calculating profit or loss.

Federally-funded equipment: Depreciation of equipment purchased with federal funds Federal Funds or other non-Federal sponsored funds, cannot be included in user rates.

Unallowable Cost: Unallowable costs may **not** be budgeted or expensed on Center accounts and they may **not** be included in the user rate calculations as prohibited by OMB Circular A-21. Each Service Center and Specialized Service Center (ISC) that incurs unallowable cost must have a second index established and all unallowable costs must be posted to that index. The index must use a funding source other than revenue from internal sales of the ISC.

 Typical unallowable costs include, **but are not limited to**:

* Advertising and public relations costs (§ J.1)
* Alcoholic beverages (§ J.2)
* Bad debts (§ J.4)
* Contingency provisions (§ J.9)
* Entertainment costs (§J .15)
* Fines and Penalties (§ J.18)
* Insurance and indemnification (§ J.21)
* Memberships, subscriptions, and professional activity costs of a social or individual nature (§ J.28)
* Selling and marketing costs (§ J.42)

See OMB Circular A-21, Section J for a complete list of unallowable costs.

**Costs included in billing rates**

* Costs should be **reasonable** and necessary for the proper and efficient operation of the Service Center.
* Costs should be consistent with federal, state and university policies, and generally accepted accounting principles.
* Costs should be consistently applied, i.e., a cost may not be treated as direct in one instance and a similar cost in a similar circumstance treated as indirect.
* Costs should be properly **allocable** to the final cost objectives (e.g., billed customer, unit, department, or program) in accordance with the relative benefit received or other equitable relationship. Cost allocation should be approximated through the use of reasonable methods.
* Costs should be **allowable** under provisions of OMB Circular A-21 (2 CFR, Part 220.)
	+ Examples of costs typically included in billing rates are salaries/pay, OPE, services & supplies, travel, overhead assessments, and depreciation, whether direct or indirect.
	+ Unallowable costs (see section below) may not be included in the billing rates charged to institutional funds.
* Costs may not also be used to meet cost sharing or matching requirements.

Rate Calculation: Billing Units are based on how the service is offered (e.g., hours, unit price, per FTE, percentage etc. The rate is usually computed by dividing the annual cost of a service by the total number of units expected to be provided to the users for the year.

**On-Going Operations**

It is not the intent of this policy and procedure guide to offer “best practices” for the management of a recharge center but rather to outline and define regulatory and institutional policies for compliance issues.

**Cash, Working Capital, Replacement Reserve Funds and Rate Adjustments**

Cash: OUS Fiscal Policy 105.100 (<http://www.ous.edu/cont-div/fpm/trea.105.100.php>) requires UO to maintain positive cash balances in all funds at all times. Cash balances will be monitored by the BAO.

Working Capital: Centers are permitted to retain cash and cash equivalents (accounts receivable, pre-paid expenses, etc.) an amount less than or equal to 60 days of operating expenses. OUS Policy 05.713, if working capital is in a deficit position greater than 5% of total annual expenses, a transfer of funds to the service center will be made prior to fiscal year-end closing, sufficient to bring the deficit equal to 5% or less of total annual expenses. *Any exceptions must be approved by the institutional Vice President for Finance and Administration, or designee and documentation justifying the exception will be retained for audit*.

Working capital compliance will be reviewed at midyear and at fiscal year-end or as otherwise deemed necessary by the BAO. Centers with a working capital deficit will be notified. A corrective action plan must be submitted to the BAO for review and approval by the VPFA. A Working Capital calculation template can be found on the BAO website at: <http://ba.uoregon.edu/sites/ba/files/forms/servicecentercomplianceworksheet.xlsx>

Mid- Year Treatment of Over/Under Recoveries: When it appears that a Center is going to end a given fiscal year with a 12-month operating surplus or deficit exceeding the above working capital guidelines, this surplus or deficit should be remedied. If it appears a rate adjustment is necessary, contact BRP to review and discuss options.

Corrective Action Plans: After period 9 close of every fiscal year, the Business Affairs Office will notify Service Center managers of centers with fund balance deficits or surpluses that require a corrective action plan. Departments and colleges are responsible for resolving deficit balances within their area.

Corrective action plans shall include the steps (actions) to be taken and the expected time frame to resolve the deficit or surplus and outline planned resolution steps such as:

Possible corrective actions for a *Deficit*:

* Billing rates may be increased to a level that will recover the deficit amount over a defined time frame from a customer base consistent with the activity that generated the deficit.
* Operating costs (supplies, personnel, etc.) may be reduced to a level that will resolve the deficit over a defined time frame and/or to reflect the current customer base demands for services.
* Funds from other non-sponsored accounts within the department or college may be used as a subsidy or loan to resolve the deficit.
* Ending the activity and closing the fund. The department or college will identify an account(s) to fund the remaining deficit.

Possible corrective actions for a *Surplus*:

* Billing rates may be decreased to a level that will return the surplus over a defined time frame from a customer base consistent with the activity that generated the surplus.
* Deposits to the capital equipment replacement reserve
* If the equipment used by the service center qualifies, then the surplus may be deposited in the capital equipment reserve, in accordance with the policy for funding those reserves.

Building and Equipment Replacement Reserve Funds: All self-sustaining proprietary funds are required to accumulate reserves for the purpose of funding the replacement of depreciable equipment if the capital value of assets owned by the department exceeds $150,000. The appropriate level of reserves required is based on a Capital Asset Management Plan (CAMP) that is prepared and updated annually. This plan will be based on a minimum five-year planning horizon and will estimate the funding needed for anticipated purchases of replacement equipment over the five years.

Generally funds are moved to the equipment reserves at the same rate as depreciation. It is possible to delay starting an equipment reserve fund during the start-up phase however; under no circumstances may the reserve fund exceed the accumulated depreciation for assets individually or collectively. OUS policies and UO accounting procedures regarding funding reserves can be found on the BAO website at: <http://ba.uoregon.edu/staff/buildingequipment-reserves>.

Rate Adjustments: rates and rate justification are required to be updated and submitted annually to the BRP office no later than December 31. Cash balance, working capital and reserve funding are all elements to consider when applying for a rate change. It is advisable that the center work closely with BRP during rate development and adjustment processes. BRP will submit significant rate change requests to the Recharge Operations Committee for review and recommendation to the VPFA.

**Discontinuing a Recharge Operation**

A recharge operation may be discontinued or the category changed for various reasons including, but not limited to:

1. The responsible department or RU no longer feels the activity is necessary or viable.
2. The Recharge Operations Committee recommends the activity be stopped based on performance, policy change, compliance or viability
3. The activity has changed, revenue and cost has exceeded or failed to meet expectations, the operation has become substantially more or less complex.

When it is a Departmental Decision (1 or 3 above):

* Contact BRP to discuss closing the fund and removing any excess or deficiencies from the fund.
* If the center has any fixed assets, BRP will contact the Property Control Office in BAO.
* If there are or has been any sponsored activity in the center, BRP will contact ORSA.
* BRP will forward the request to the Recharge Operations Committee for review to ensure no other areas will be adversely affected by the closure.

When the Recharge Operations Committee Recommends Discontinuing or changing (1 or 3 above): Recommending the closure of a center would be a last resort and would only happen after repeated attempts to bring the center into compliance.

* A BRP representative will contact the various parties responsible for the operation
* All parties will be invited to discuss with the Recharge Operations Committee the reasons for the recommendation and additional steps that can be taken to make the operation viable.
* If no final resolution can be reached, the Committee will outline the reasons for the recommendation and forward to the VPFA for consideration.

**Roles and Responsibilities**

Recharge Operations Committee – This committee is comprised of representatives from Budget and Resource Planning (BRP), Business Affairs Office (BAO) and the Office of Research Services and Administration (ORSA) and reports to the Associate VPFA. Responsibilities include:

* Overseeing the formation of Recharge Operations and the establishment of their accounts (FOAPAL Indices)
* Performing an annual review to determine the continued need and viability of the center
* Review annual schedule of rates and supporting documentation
* Recommending proposed rate structures for the Fee Review process
* Working with centers to establish and monitor work-out plans when not in compliance.
* Recommend to continue or discontinue center operations based on performance, policy change, institutional risk, compliance or viability

Responsible Units – Ultimate responsibility for review of the need for and feasibility of a Service Center rests with the Responsible Unit (RU). The RU must:

* Fully review and approve the establishment of each new operation, prior to a fund being requested from BRP (See Request form for new Recharge Operation). Factors such as consistency with the University Mission and Academic Plan, availability of similar service (particularly on campus) and the ability to identify separate costs should be considered before approving requests
* Review and approve the rate calculation and supporting documentation for newly requested Centers, prior to submission to the Committee.
* Review and approve the annual rate calculation and budget.
* Establish procedures to ensure the center will operate in accordance with federal cost principles and university policies and procedures
* Respond to all audit findings related to the center
* Monitor financial position with the respect to ‘break-even’ status minimally twice per year
* Provide a guarantee account (approved by the RU’s Dean, Director, VP or designee) to be charged if cash and/or fund balance is in a deficit at fiscal yearend

Department Head/Research Center or Institute Director – Responsibilities include:

* Serving as a liaison between the Center Manager, Dean, and Vice President(s)
* Providing oversight for the activities of the Center.

Center Manager – The Manager is responsible for the day-to-day operations of the Center, which includes monitoring the operation and taking corrective action as needed. Responsibilities include:

* Submitting an annual schedule of rates, with supporting calculations, to BRP for review by the Committee, with detailed supporting documentation available for audit upon request
* Developing a fiscally prudent financial plan. The plan must include amounts for contributions to an equipment replacement reserve fund.
* The financial position is reviewed no less than quarterly with respect to ‘break-even’ (see prior section on break-even).
* Ensuring equipment for which depreciation costs are included in the Service Center rates are identified as Service Center capital assets in Banner. Contact the Business Affairs Property Control Office for more information.
* Identifying all building space in the space study performed by Campus Planning and Real Estate.
* Ensuring the approved rate schedule is applied uniformly to all users/customers.
* Performing billings and receivables on a monthly basis and reconciling the Banner Financial Information System.
* Maintaining records of the details contained in all Center charges for audit as long as the grants or contracts they charge remain subject to audit and in accordance with Records Retention Laws.
* Documenting and maintaining records for each Center activity to support expenditures, billings and cost transfers including:
	+ Salary and wage documents for seven years
	+ Rate calculation work papers
	+ Written justification of the selected activity base for rate
	+ Reports or documentation of actual costs of operations (personnel and operating)
	+ Written approval of the rate from the review committee, if applicable
	+ Annual records documenting and measuring sale of the services or products
	+ Annual reconciliation of the inventory system

Budget and Resource Planning (BRP) – BRP within VPFA has been designated oversight responsibility for Recharge Operations. Acting as the point of first contact for all Recharge Operation requests, rate activity and change in structure. It is responsible for:

* Providing assistance to units throughout the rate calculation and review process
* Periodically reviewing financial status of Recharge Operations with respect to budget vs. actual expenditures
* Coordinating the rates for approval under the Managing Recharge Operations Policy and if necessary under the OUS Fee Review Process and include these rates in the Fee Book
* Notifying units of approved and disapproved rates and methodologies
* Assist in keeping Recharge Operation Policies accurate and up to date

Business Affairs Office (BAO) -

* Assisting Recharge Operation managers with policy and procedural matters related to accounting operations
* Periodically reviewing financial status of Recharge Operation and annual reporting
* Reviewing the performance of all Recharge Operations with respect to cash balance and working capital compliance at midyear and at fiscal year-end or as otherwise deemed necessary
* Maintaining depreciation calculations and posting depreciation estimates on the BAO website for incorporation in the rate development
* Assisting in determining appropriate reserves for equipment replacement by updating the Capital Asset Maintenance Plan (aka 5 year plan) annually or upon request
* Assist in keeping Recharge Operation Policies accurate and up to date

Campus Planning and Real Estate (CPRE) -

* Collecting information regarding the building space assigned to each Recharge Operation as part of their space usage study

Office of Research Services and Administration (ORSA) - As a member of the Committee, assists Center managers with policy and procedural matters related to OMB A-21 and other sponsored activity policies. Responsibilities include:

* Represents ORSA to ensure grant proposals include current Recharge Operations rates
* Active partner in all phases of the Recharge Operations Committee
* Assist in keeping Recharge Operation Policies accurate and up to date

## Definitions

**Applicable Credits**

Transactions that offset or reduce costs, such as purchase discounts, rebates, allowances, refunds, etc. For purposes of charging Center costs to federally sponsored programs, applicable credits also include any direct federal financing of Center assets or operations (e.g., the direct funding of Center equipment by a federal program).

**Billing Rate**

The amount charged to a user for a unit of product or service. Billing rates are usually computed by dividing the total annual cost of a service by the total number of billing units expected to be provided to users of the service for the year.

**Billing Unit**

This is the unit of service provided by a Center. Examples of billing units include hours of service, animal care days, tests performed, machine time used, etc.

**Budget and Resource Planning (BRP)**

BRP within VPFA has been designated oversight responsibility for Recharge Operations. BRP is the initial point of contact for all Center requests and will assist departments with development of rates and rate structures.

**Business Affairs Office (BAO)**

The Business Affairs Office within VPFA will review and monitor accounts for compliance with GASB, GAAP, OUS and UO accounting requirements.

**Capital Asset Replacement Reserve (CAMP)**

An account administered by Business Affairs on behalf of Centers for the purpose of funding the purchase maintenance and repair of equipment used by the Center.

**Cost of Goods Sold/Merchandise for Resale (COGS)**

The direct cost of materials and services used to create products or services for which the Recharge Operation receives revenue.

**Deficit**

Where the costs of providing a service exceeds the revenue generated by the service during a fiscal year.

**Depreciation**

The systematic allocation of the cost of a capital asset over the period the asset is expected to be used.

**Direct Operating Costs**

These include all costs that can be specifically identified with a service provided by a Recharge Center. These costs include the salaries, wages, and OPE of university faculty and staff directly involved in providing the service; materials and supplies; purchased services; related travel expenses; equipment rental or depreciation; interest associated with equipment acquisitions; etc.

**Equipment**

Equipment is a movable tangible asset to be used for operations, the benefits of which extend beyond one year from date of acquisition and rendered into service.

**Goods and Services**

Items recharged through a Designated Operations, Service Center or Specialized Service Facility. They can include such activities as hiring a security officer, paying for a cell phone or desk phone, renting a microscope, requesting printing services, charging for space via rent, utilities and other charges.

**Indirect Costs**

All costs that can be specifically identified with a Center, but not with a particular service provided by the center, such as the salary and OPE of the administrative Center director or related administrative support personnel.

**Manager**

Responsible for day-to-day operations of the Recharge Center. Job titles may vary throughout campus and centers**.**

**Recharge Operations**

A recharge operation is a financially self-sustaining entity that exists to provide services to others within the university for a fee. Centers offer goods and services that are unique, benefit the effectiveness of the university when conveniently available, require special control, are subject to federal and/or state regulations, or are not readily available from external sources. As defined in this policy, there are three types of recharge operations: Recharge Centers, Service Centers, and Specialized Service Facilities.

**Scientific Equipment**

Capital equipment used in scientific instruction, scientific research, or used to fabricate instruments, chemicals, or other materials used in scientific instruction or research.

**Specialized Service Center**.

This is a Service Center with highly complex or specialized facilities (examples Wind Tunnel and Reactors) and which are required by a very limited number of research activities.

**Surplus or Operating Surplus**

This is the amount of revenue generated by a service exceeding the costs of providing the service during a fiscal year.

**Unallowable Costs**

Costs that cannot be charged directly or indirectly to federally sponsored programs. These costs are specified in OMB Circular A-21. Common examples of unallowable costs include, but are not limited to, alcoholic beverages, bad debts, charitable contributions, entertainment, fines and penalties, goods and services for personal use, interest (except interest related to the purchase or construction of buildings and equipment), and contingency reserves.

## Chart of Account codes used within the Recharge Centers

 Operating FOPAL

 56 – Sales and Services Revenue – External Customers

 59 – Internal Sales – Internal Customers

 60 – Labor – Salaries, Payroll and OPE

 70 – Service and Supplies (excluding unallowable costs)

 75 – Merchandise for Resale

 78 – Depreciation Expense

 General Ledger

 11 Cash

 20 Liabilities

 40 Fund Balance

Capital Equipment Replacement Reserves are established in a new fund. Contact BAO Accounting 6-3524 for assistant with establishing and contributing to the reserve fund.

Examples of UO Service Centers

 Telephone Services

 Computer Center

 Printing and Mailing Services

 Central Power Station

 Institute of Molecular Biology

 CAMCOR

 Transgenic Mouse Facility

 Oregon Wide Area Network