Rate Setting Template Instructions

1. Run the necessary IUIE reports to pull the needed information for the template and save the output into different tabs of the rate setting template. For detailed instruction on how to run each of the reports, please refer to Reports Needed for Rate Setting Template document.

2. Enter responses to the questions on the Asset & Depreciation tab. (These questions are designed to help the reviewer determine what depreciation costs may be recoverable in your upcoming rate.)

3. Enter the header information into the rate calculation template (COA, Organization Name, Account Number, Enter the building code and room numbers occupied by this activity and the activity name).

4. **Column B:** Enter FY 15 YTD revenue and expense in the Rate Calculation tab for the 66 account.
   a. Using the income statement for the 66 account associated with this internal activity; enter in the revenue at the object code level. This column needs to tie to the income statement exactly.
   b. Using the income statement for the 66 account associated with this internal activity; enter in the expense at the object code level. This column needs to tie to the income statement exactly.
   c. Using the balance sheet for the 66 account associated with this internal activity; enter in the fund balance information.
      i. 2015 Beginning Fund Balance – the prior year ending fund balance on the balance sheet.
      ii. Net Income – This value should be automatically populated based on the revenue and expense information provided above. The user should make sure this equals the Net Income figure listed in the Fund Balance section of the balance sheet.
      iii. Adjustments- This is any value in the fund balance section of the balance sheet that is not the beginning balance, net income or net transfers.
      iv. Transfers In Total- This value should be the sum of any transfer in values in the fund balance section of the balance sheet.
      v. Transfers Out Total- This value should be the sum of any transfer out values in the fund balance section of the balance sheet.

5. **Column C:** Using the detailed transactions for the 66 account, remove any external activity recorded in the 66.
   a. Identify if any external activity is occurring within the 66 account by filter for Financial Object Type Code = IN or IC and Document Type Codes not equal to IB, SB or IDXX (except for ID09 which is IUF and considered external). If any AV** document types exist in the 66 account, the user will need to analyze the activity and exclude the transactions associated with external activity.
   b. Enter revenue totals for any detailed transactions associated with Financial Object Type Code = IN or IC and Document Type Codes not equal to IB, SB or IDXX (except for ID09 which is IUF and considered external) into the revenue section of the Rate Calculation tab. These numbers should be entered as negative numbers.
   c. If external sales exist within the 66 account, the department will need to allocate the appropriate expenses and enter them as negative numbers in this column. The user can use any reasonable allocation method except a method based on total revenue (i.e., space, percentage of time, quantity sold).

6. **Column D:** Enter any unallowable expenses as a negative number.

7. **Column E:** Fiscal Year Adjust Profit (Loss) - This column is automatically calculated by template.

8. **Column F:** FY 16 Forecast: Using the Forecast Report for FY 2016, the user should review the output to determine if total revenue and total expense are essentially the same for FY 2016 as they were in FY 2015. If the answer is yes, the user does not need to enter in revenue and expense at the object level. If revenue and/or expense have materially changed from the previous year, the user should enter revenue and expense from the Forecast Report into the Projections for FY 16 (column G).

9. **Column G:** Projections for FY 16 Fiscal Year- The user should also enter any material changes in revenue and expense associated with operational changes. Examples of operational changes include: changes in FTE, change in customer base or change in products or services offered. Please update Projected FY 16 & FY 17 Changes tab.

10. **Column H:** Projections for FY17 Fiscal Year - The user should also enter any material changes in revenue and expense associated with operational changes. Examples of operation changes include: changes in FTE,
change in customer base or change in products or services offered. Please update Projected FY 16 & FY 17 Changes tab.

11. **Column I:** FY 17 Cost Recovery: The Recoverable Cost for FY 17 is the total amount the unit can charge across the various goods/services it provides. If this amount is negative, please contact your auxiliary consultant or cost accounting.
   a. This column is automatically calculated by the template with the exception of the Depreciation Adjustment and the Other Adjustments to Fund Balance.
   b. The Depreciation Adjustment can be used if the department is transferring cash from the 66 account to the 92 account in the amount of FY 15 annual depreciation or less during FY 16 or the department is making a prior year accumulated depreciation adjustment during FY 16. Please refer to RSOP 2.0: Including Annual Depreciation Expense in Recoverable Rate Calculation for more information.
   c. The Other Adjustments to Fund Balance should include any necessary adjustments to fund balance that do not fit into any other section. Include supporting documentation for any amount entered in this field on the adjustments tab of the template.

12. **Column K:** Enter FY 15 YTD revenue and expense for the 91 account in the Rate Calculation tab.
   a. Using the income statement for the 91 account associated with this internal activity; enter in the revenue at the object code level. This column needs to tie to the income statement exactly.
   b. Using the income statement for the 91 account associated with this internal activity; enter in the expense at the object code level. This column needs to tie to the income statement exactly.

13. **Column L:** Enter FY 15 YTD revenue and expense for the 95 account in the Rate Calculation tab.
   a. Using the income statement for the 95 account associated with this internal activity; enter in the revenue at the object code level. This column needs to tie to the income statement exactly.
   b. Using the income statement for the 95 account associated with this internal activity; enter in the expense at the object code level. This column needs to tie to the income statement exactly.

14. **Column M:** Using the Asset Reconciliation (Payment) Detail, determine if any of the assets were funded by a sponsored project, federal pass through account or a cost share sub-account.
   a. To determine if any of these cases exist, the user needs to review the output for the following values
      i. Sub-Account = CS (column N in the Asset Reconciliation report)
      ii. Fund Group = CG (column O in the Asset Reconciliation report)
      iii. Fed Pass Through Indicator = Y (column Q in the Asset Reconciliation report)
   b. If any of these situations exist, the user will need enter in the FY 15 annual depreciation amount (column K in the Asset Reconciliation report) for the specified assets as a negative amount in the FY 15 Adjustments to Depreciation (column M) in the depreciation row on the Rate Calculation tab.
   c. Review the document types in column S of the Asset Reconciliation report. If any of the document types are AT, an additional step will need to be done to determine if the original funding for the assets was funded by a sponsored project. If this situation exists, please email auxacct@iu.edu and they will help you identify if the asset was originally funded by a sponsored project.

15. **Column M:** If any of the assets are shared by other accounts within the organization, use a reasonable method to allocate the depreciation In column L of the Rate Calculation sheet to the appropriate accounts. Enter the depreciation allocated to the other accounts within the organization as a negative amount in Column M.

16. In the lower section of the template is the Federal Cost Required Rates for Approval. In this section, the user will enter in the name of each product or service that it offers the proposed rate per unit and the projected volume (in sales unit). The spreadsheet will enter in the total cost recovery allowed per service. The template will calculate a total cost recovery allowed for all services. This number should equal the Recoverable Cost for FY 17.