

BUSINESS OPERATIONS  
REVENUEGENERATING SERVICES

Accounting Procedures for FeeBased Services

Revenues

Revenues for the feebased services are shown as booked values and not necessarily as total contracts signed. Our accounting firm has established that only that amount of the contract which has been completed and billed may be accrued in any year.

Expenditures may be shown differently for each feebased service in progress. Each item to be charged to the feebased service is weighed by the Executive Office and determined to be essential to the needs of the service before incorporation into the auditing procedure. Many charges considered "normal" to a profitmaking organization have been determined by Executive approval to be nonessential charges to the feebased services provided by the Association. Such charges are: utilities, maintenance and rental costs. If, in fact, the nature of the services changes in context or complexity, these fees may be attached to the service at some time in the future. Certain changes which could perpetuate auditing changes would be growth of a service beyond the Association's ability to house it.

Expenditures by account item will be discussed separately for the feebased service where the situations differ enough to have diverse methods of accounting for such an item; i.e., salaries, equipment costs, etc.

A. Salaries

Each month the director of each service causes to be made a report of all hours used in the performance of the feebased service. The Finance and Operational Services Department takes these reports, evolves them into salary costs and charges them to the service in the regular Association accounting journals, thereby showing a consistency between the services' actual salaries and the Association's normal salary accounts.

B. Fringe Benefits

Fringe benefit costs include: PERS, Social Security, LongTerm Disability, Worker's Compensation, tuition reimbursement and A D and D Insurance. During interim quarterly reports, these costs will be booked at a percentage rate established by custom to be the closest to actual available, this is 20% of salaries, except in the case of work study staff used where fringe benefits are nil. At the year end accounting, actual fringe benefits costs will be used.

C. Telephone Costs

It has been determined that although utility costs would not be charged to the services, telephone costs were essential to the needs of the feebased entities and would be charged by the following method: Total telephone costs are divided by total Association staff to arrive at a per person cost. This per person cost is

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multiplied by the percentage of time spent by each staff member on the service each month. Although shown on the accounting reports, telephone costs are not broken out and charged to the services in the total monthly financial statement of the Association.

Accounting Procedures for FeeBased Services (continued)

**D. Copying Costs**

The number of copies multiplied by the per copy cost of each model of the machines used are charged to the service. Paper costs are also added in this category.

**E. Office Supplies**

Office supplies are prorated in the same manner as telephone costs, except that the percentage factor of all staff utilized is used.

**F. Travel, Material, Staff Training**

All of these costs are actual and are shown under the costs for the services in the Association's Financial Statement. Actual usage of that inventory will be charged in the years used in accordance with standard accounting practice.

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