

To: Notes to File
From: Michael F. Murphy
Date: June 20, 2003
Re: Allocation of Depreciation and O&M expense

This memo is simply to keep my thoughts refreshed in the case I need to refer back.

Basically what is to be accomplished is that the above two expense categories must be spread over remaining functional classifications as defined by structure #7. This is performed all within Microsoft Access and it requires the F45 space file and a copy of structure #7 "10-xxxx-xxx" centers with their functional classification. Below is a step by step process in pulling together the necessary data.

F45 Space File

This file is of a size that it can be captured from the FMS screen and written to your hard drive. I used my winsnap program to scrape the 14,000+ detail transactions. I then take the text file into Excel and this is where I will parse the data apart. Once parsed it is simply a matter of copying and pasting the data into an Access table. The space file is amended with a single field for the final summary level and this step will be explained below.

G50 Structure #7

The same procedures would be followed in capturing the data from the FMS system. Simply run a G50 query and winsnap – Excel - Access.

Amend the Space File

Once both the space file and structure #7 are in the database I needed to create a field that the space records could summarize. The main reason for this field is that initially it is OK to use the structure #7 summary level, however, I need to pull out research space. By using an update query I first populate this new field with the summary levels. Next I modify the criteria and wherever on the space file there is a function code of '200', I overwrite the summary level with a summary level 'xxBxx'.

Captured Data

Now that the data is residing within the database you can begin to prepare the data extraction and reporting so as to satisfy the needs. Basically what will happen here is that I must take the space file and each room is the numerator of a fraction. As for the denominator, there must be some room elimination's and below are the records eliminated.

- ❖ 10-80xx-xxx & 10-81xx-xxx & 10-0295-000 & 10-1161-000 this is facilities space and you cannot allocate costs to O&M for it is not a financial statement functional classification. Tag the "smCode" as *Eliminate*.

- ❖ 10-9000-100 vacant space, on a summary reporting level does not have an owner so it is eliminated. Tag the “smCode” as *Eliminate*.
- ❖ 10-9000-400 this immaterial amount of space represents commonly used space which is basically a lunch room, etc. . . Tag the “smCode” as *Eliminate*.
- ❖ 10-9000-600 this space is occupied by non-University operations such as rented space. Tag the “smCode” as *Eliminate*.
- ❖ 10-9000-800 this space is owned or occupied by Temple University Hospital. Tag the “smCode” as *Eliminate*.
- ❖ Finally, not as an elimination but as a center needing a home, the space file has room records charged to 10-9000-900 & 10-9000-901. These rooms are shared classroom's, however they support the instructional function so I have to create two records on the database structure #18 table and code them as ‘xxAxx’ functional classification. This way they will roll up into the 'A' {instructional} category.
- ❖ Any Functional code of ‘200’ on the space file will be considered research space so I must modify the ‘smCode’ to “xxBxxx”.
- ❖ The Financial Reporting crew request that the library books depreciation be held out separately from the other depreciation expense allocation. The justification for this is that they want to send this amount directly to Academic Support.
- ❖ Cooney dormitory - as of this writing the individual room records square footage is NOT on the space file so I have to impute a square footage. Now the gross square footage is 331,139 and we use a 65% net to gross ratio. So -- $331,139 \times 65\% = 215,240$ is what I will have to add onto a space record.
- ❖ Any space that carries a function code of 480 is to be tagged as ‘xxPxxx’ for Patient care is a final cost objective so amend their summary code. Now when allocating out the O/M cost, I do not what any function 480 records because the CFPP pays rent to Facilities so they have paid their way. I do want to allocate building and equipment depreciation to CFPP space records.
- ❖ Shared Athletics space in Pearson & McGonigle Halls. Refer to the prior years FREES report for the rooms in question. On the F45 space file these are tagged as center 10/5199/000, but be careful for now structure #7 does have a valid center 10/5199/000 and they see it as Department of Bands. Split apart the room records in question according to the FREES matrix. The allocation statistics come from Jeanette Butkiewicz @ 1-8704 or jeanette.butkiewicz@temple.edu.
- ❖ Regarding the Liacouras Center and the IBC Recreation Center there are room records of “vast” areas that we remove from the basis. Note, for fiscal 2001 the Draft Horse rooms R100 – R103A are now considered occupied by 10/8418/000.
 - LC_100_ this is the arena first floor seating area.
 - LC_200_ this is the arena second floor seating area.
 - LC_300_ this is the arena third floor seating area.
 - LC_A01_ this is the actual arena floor area.
 - LC_A02_ this is the arena ground floor storage area.
 - IBC B001_ this is the loading dock/graduation staging area.

Now once this is all set up you are going to have to summarize the space file so as to obtain the square footage excluding the above reverenced centers within F45 space file. This will provide you the denominator to the fraction. All that is left if the costs to be allocated.

Finally, in conclusion you must review the space records to insure that all modifications to the smCode are correct. Remember that initially I match center to center (F45 to #7) and this brought over the structure summary codes however when you modify based upon use or function codes, it can overwrite data you did not expect.

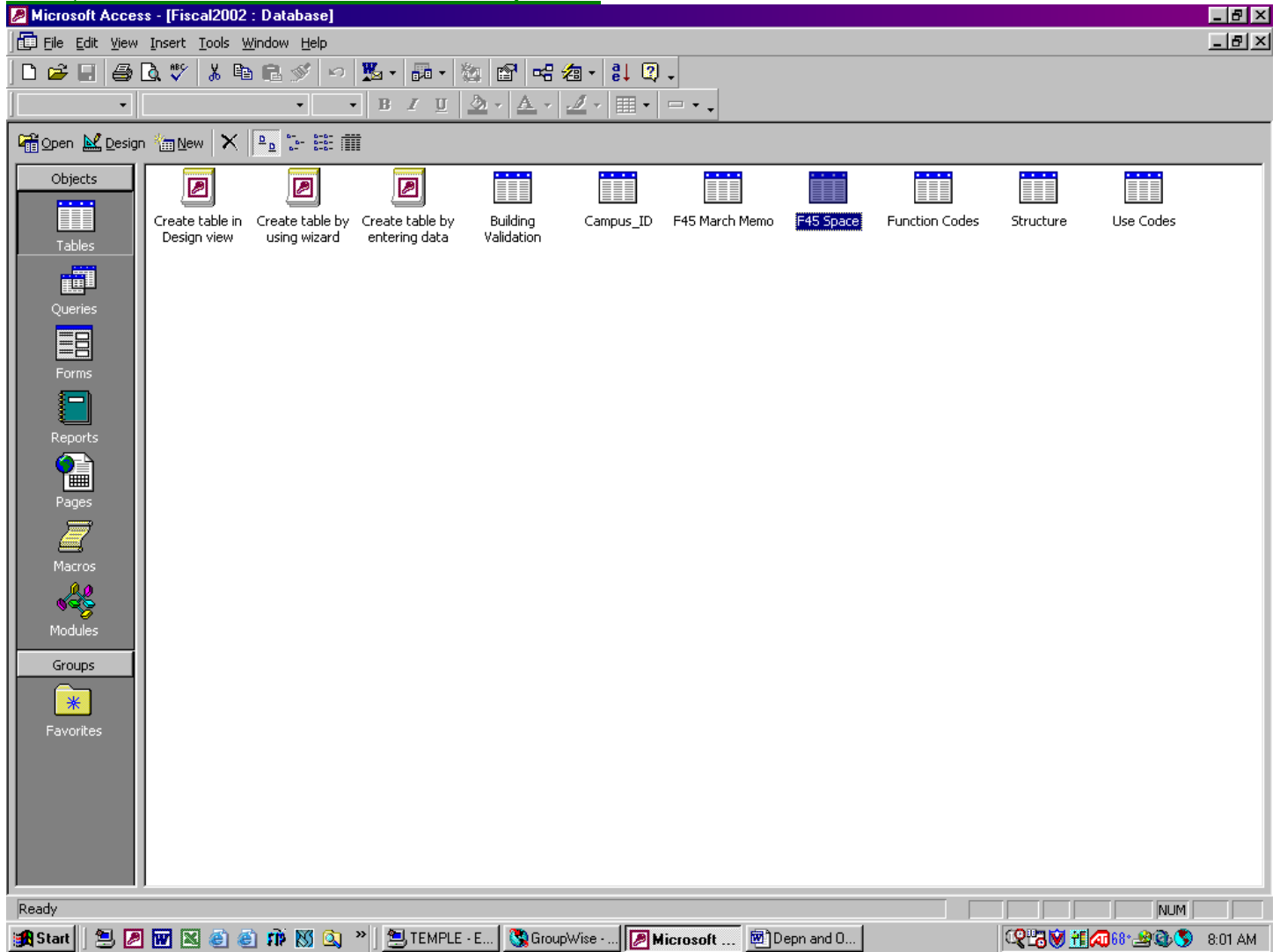
Allocation of the costs

I have set up a parameter query within the database and all it is in essence is a query question. When you run the query or report that is associated with the query, two boxes will pop up asking you for total square footage and the costs to be allocated. All you have to do is to input these two amounts and the database does the rest of the work. Now there are three allocations going on here and below they are explained in detail

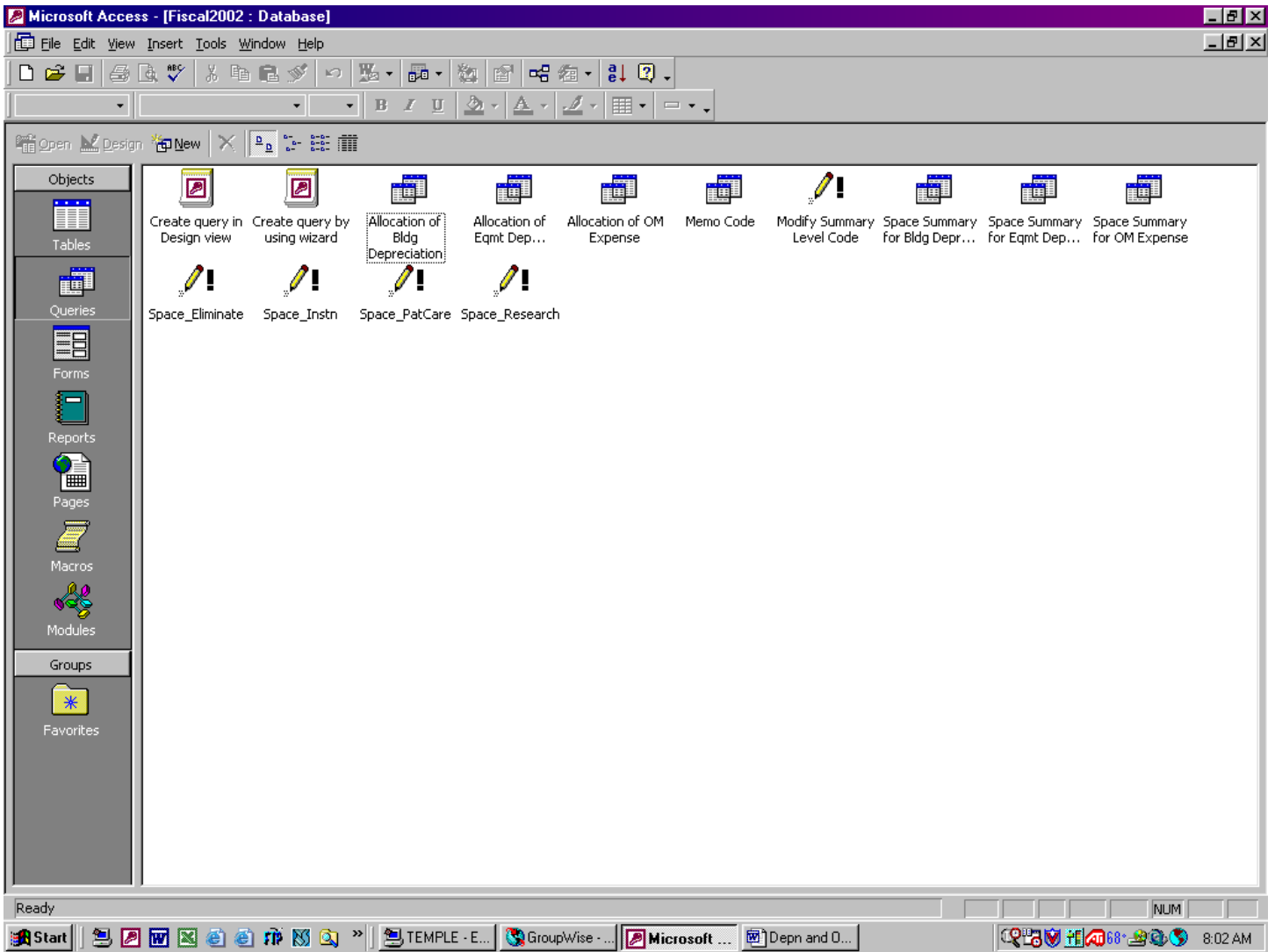
- ❖ *Operations & Maintenance Allocation* - all of the above bullets are respected and the housing centers 10-50xx-xxx are also eliminated since housing pays for its own facilities costs. Additionally, since CFPP pays rent to TUH for its space within buildings those buildings are not included in the allocation pool.
- ❖ *Building Depreciation Allocation* - all of the same bullets are also respected and once again the CFPP is eliminated, but Housing is now a part of the allocation pool. As for depreciation expense, it is to be all equipment codes starting with 0 except the 0108 Telecom.
- ❖ *Movable Equipment Allocation* - finally all of the above bullets and both Housing and CFPP are included. Movable depreciation expense is all non-0 equipment codes plus the 0108 Telecom.
- ❖ *Library books* – there is no allocation for this depreciation, for it is directed straight to Academic Support.

In conclusion it is necessary to mention that there are two separate mechanisms employed in determining whether a space record is included or excluded. The first method is that of center elimination whereby you specify a center or wild carded range of centers. The second method utilized is placing a switch onto a building. How this is used is to simply have a table of all of the building numbers, and a field is created. A value is placed into the field and depending upon the query criteria, the data is either included or excluded. I have attached such a table that is used for this year's allocation and in this instance a value of 'Y' indicated that the building can be included and a value of 'N' excludes that entire building.

Here you can see the tables involved and required :



Here are the queries involved:



And finally the reports:

