

Fund Balance in Recharge Centers

FIN-ACC-I-370



About This Policy

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07-01-1996

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Responsible University Office:
Financial Management Services

Responsible University Administrator:
Vice President and Chief Financial Officer

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Related Information

- * [I-400, Formula for Setting Recharge Center Rates](#)
- * [I-410, Recharge Center Transfers](#)

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Policy Statement

The total dollars in the fund balance of a recharge center and the corresponding fund balance of any replacement accounts that exceed the amount of total accumulated depreciation must be approved by the office of the campus Fiscal Officer and the Chief Accountant of Indiana University.

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Reason For Policy

The federal government will only reimburse Indiana University for historical costs. For example the federal government will not reimburse IU for replacement costs that are greater than the original purchase price. The fund balance amounts in recharge centers greater than the dollars charged for straight line depreciation may be subject to reimbursement to the federal government for the portion charged to federal contract and grants.

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Procedure

The different types of fund balances must be segregated. The first type will not exceed the dollar amount of the organizations accumulated depreciation. The second type will represent the additional dollars that have been set aside in excess of the accumulated depreciation amount. This second type must be documented in writing and approved by the appropriate Fiscal Officer and the Chief Accountant of Indiana University. The segregation of the balance can be accomplished by using an unique object code with a fund balance type.

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Definitions

Accumulated Depreciation: The amount of dollars that have been amortized to date.

Historical Costs: The net cash paid for an expenditure or the capitalized value of an asset.

Recharge Center: An entity whose primary mission is to provide a good or service for the convenience of Indiana University.

Replacement Account: An account that is established to accumulate dollars for the replacement or renovations of capital items.

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History

The source to this policy is:

Cost Accounting Standards (CAS) 9905.501, Consistency in estimating, accumulating and reporting costs by educational institution, CAS 9905.502, Consistency in allocating costs incurred for the same purpose by educational institutions, and Chief Accountant