

University of Mississippi – Service Centers

Definitions:

- Breakeven – The point at which annual revenues and expenses are equal; where no surplus or deficit exist.
- Breakeven Threshold – An amount no more than 10% of surplus or deficit that may be carried forward to the subsequent fiscal year.
- Capital Equipment – Any unit item with a life expectancy of at least one year and having an acquisition cost of at least \$5,000.
- Depreciation – A means of allocating the costs of capital equipment over the estimated useful life of the asset.
- General Expenses – Expenses that are directly related to the service center but are incurred regardless of production volume within the center.
- Operating Expenses – Costs that are directly charged and consumed by the service center for production of billable items.
- Service Center Effort – The percentage of billable hours to total hours for each service employee.
- Service unit – A measureable unit by which customers may be charged for services, either in units of tangible items produced or the time required to produce an item within the center.
- Subsidy – A financial contribution made to a center in order to reduce the rates to be charged to center users or to offset deficits over the breakeven threshold.

Procedure:

After approval has been obtained from the Office of the Vice Chancellor for Research and Sponsored Programs, all shaded areas of the [Service Center Rate Request form](#) are to be completed by the requesting department. Once the request form is approved by the departmental chair, it should be forwarded to the Office of Accounting at accounting@olemiss.edu for review. Once the Office of Accounting approves the rate, a separate Fund 25 account will be established for the service center. The department is responsible for posting all revenues and expenses including personnel charges to the service center's Fund 25 account. At no time shall center expense or revenue be posted to a non-service center account. The service center Fund 25 account is to be reconciled on a monthly basis to ensure all applicable revenues and expenses are properly recorded with the SAP enterprise system.

All applicable sales taxes must be applied and collected by the service center in accordance with University policy. Departments must submit completed sales tax returns to the Office of Accounting no later than the 15th of the following month. Service centers generating unrelated business income will be responsible for all applicable income taxes in accordance with University policy.

The department is responsible for timely invoicing and collections. All invoices must include, at a minimum, the customer name, invoice date, service center number, dates of service, type of service, quantity of units, price per unit, total amounts due, names of both the service center preparer and approver, and the address where payments should be remitted. An [invoice template](#) is available from the Office of Accounting for any center that does not have an established invoicing system.

At each fiscal year end:

- Revenue greater than the breakeven threshold shall be utilized to reduce the subsequent year's rate.
- Deficits greater than the breakeven threshold shall be covered by the department.
- Any invoices over 90 days outstanding will be reviewed during development of the subsequent fiscal year's rate.
- Rate renewal requests are required to be submitted annually by June 1 to the Office of Accounting for approval.