

N[®]

Service Centers

UNIVERSITY *of* NEBRASKA–LINCOLN

Business & Finance, Accounting

April 1, 2026



Overview

General Understanding of a Service Center

- Benefits
- Types
- Principles

Creating a Service Center

- Questions to ask
- Budgeting
 - Single rate vs Multiple rates
- Depreciation Schedule

Accounting for Internal vs. External Customers

New in Fiscal Year 2027

What Type of Cost Center Should I Use?

- **Auxiliary (AUX)** – self-supporting entity, furnishing goods or services primarily to external consumers

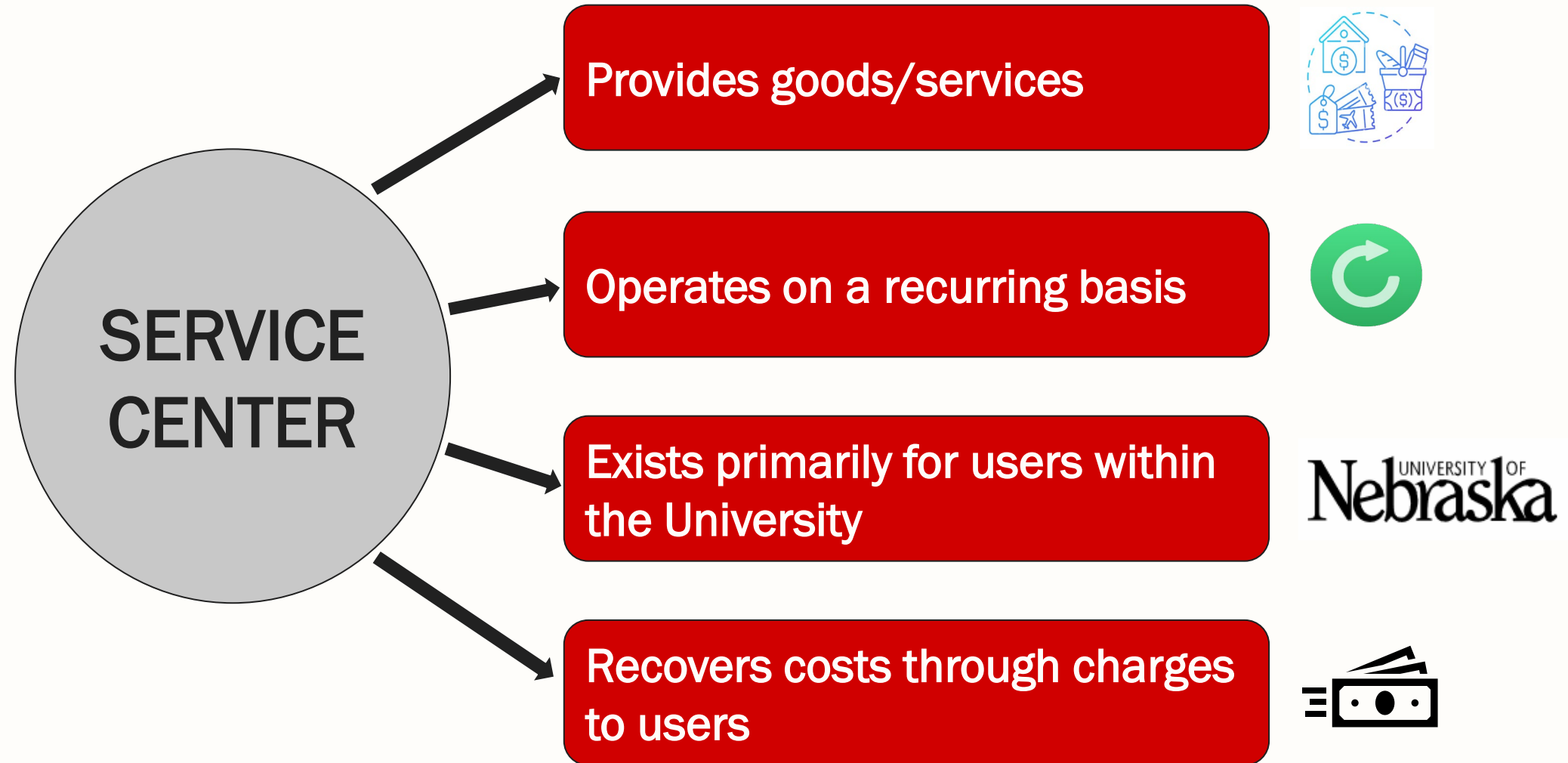
Examples include Athletics, Housing, Parking, and Lied

- **Revolving (REV)** – self-supporting cost center whose primary mission is academic but incidentally earns revenue

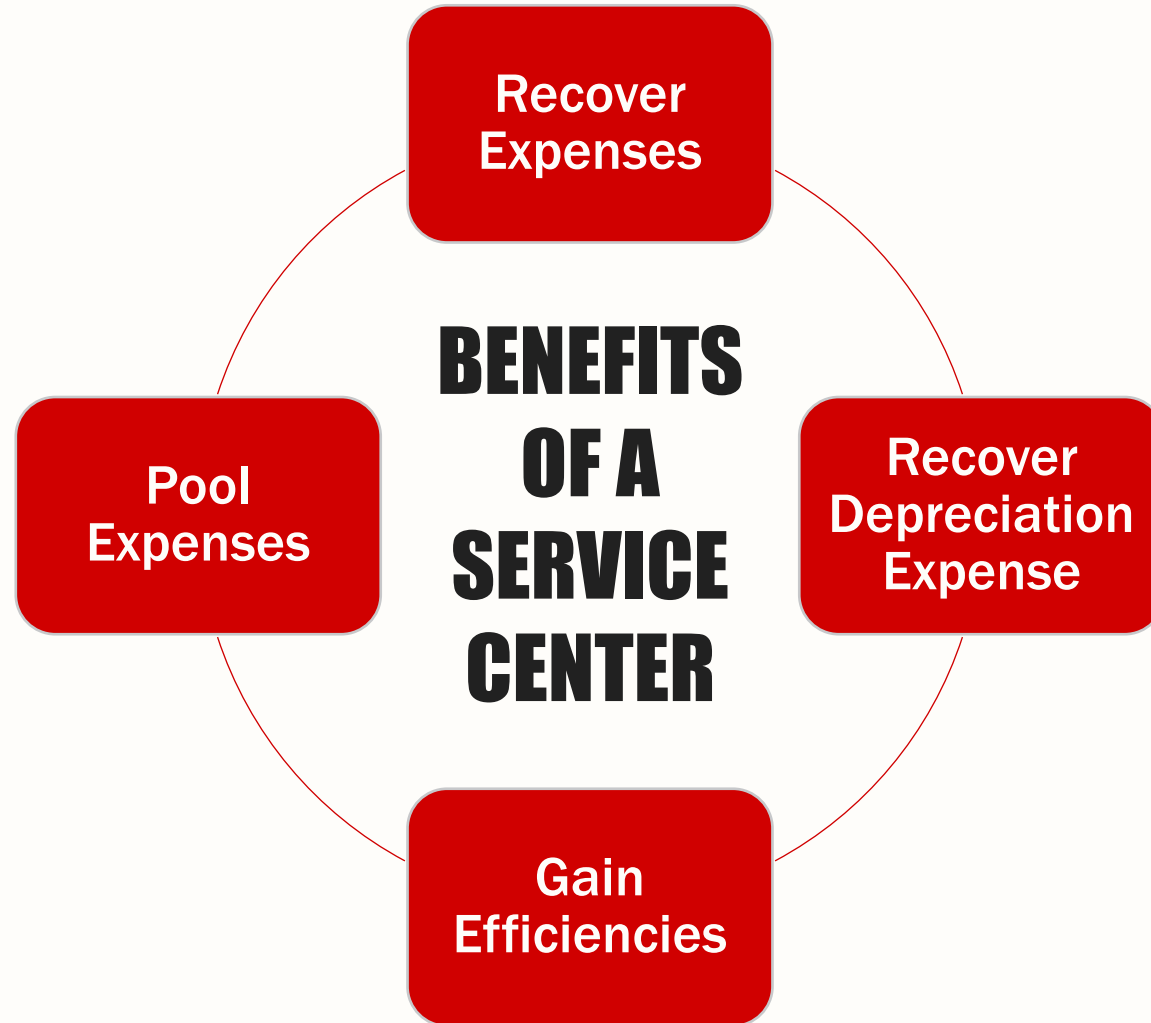
Examples include workshops and conferences

- **Service Centers (SSC, SRC, SRV)** – charging a cost center or WBS for goods or services

What is a Service Center?



Why Create a Service Center?



Two Service Center Types

Specialized Service Center (SSC)



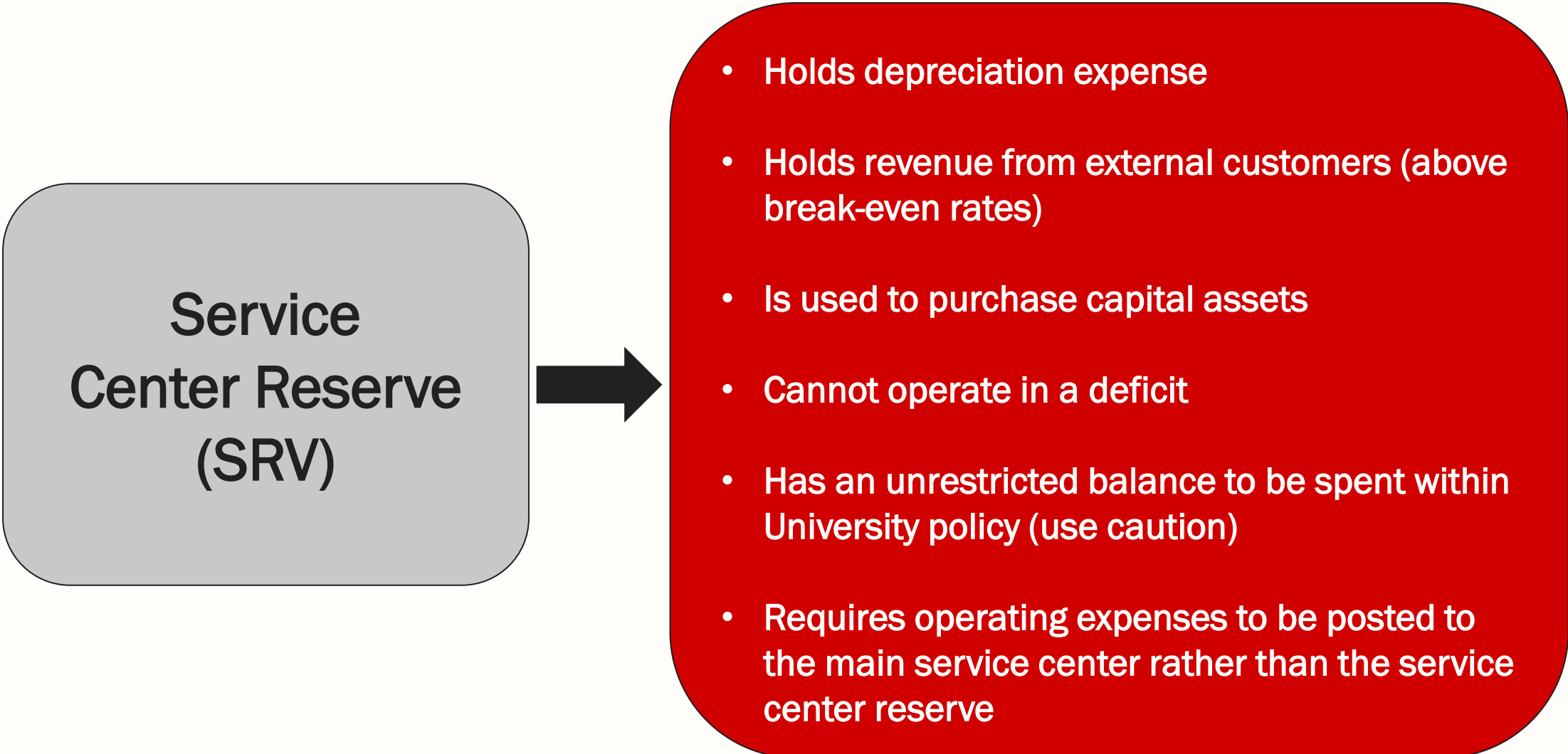
- Generate more than \$1M in annual charges or generate significant charges to federal grants
- Provide highly complex or specialized services

Reviewed Service Center (SRC)



- All other service centers that do not meet the Specialized Service Center definition
- ★ MOST COMMON

Service Center Reserve



**Service
Center Reserve
(SRV)**

- Holds depreciation expense
- Holds revenue from external customers (above break-even rates)
- Is used to purchase capital assets
- Cannot operate in a deficit
- Has an unrestricted balance to be spent within University policy (use caution)
- Requires operating expenses to be posted to the main service center rather than the service center reserve

Basic Principles

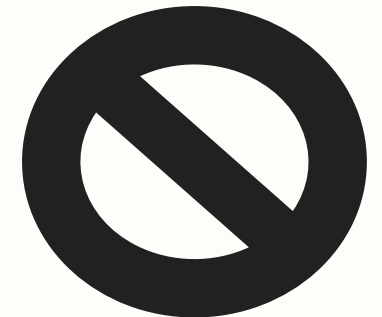
Costs of providing the good/service

- Allowable
- Allocable
- Reasonable



Unallowable Costs

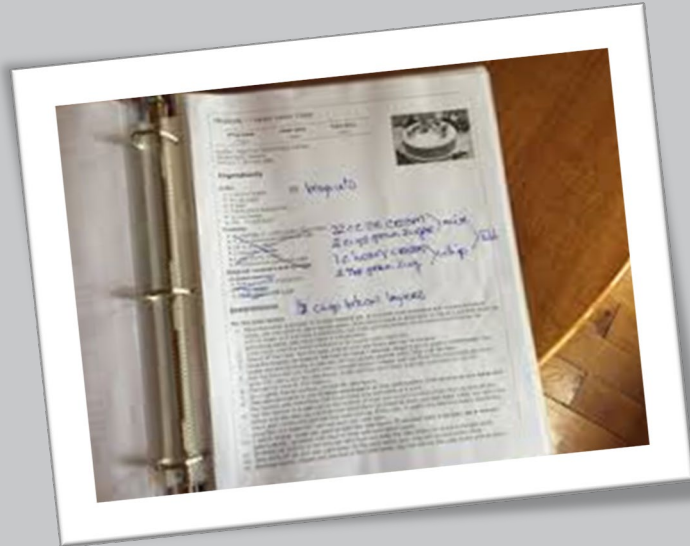
- 2 CFR, Part 200 Uniform Guidance, Subpart E – Cost Principles, Sections 200.400 -200.475
- Examples: Advertising (public relations), Lobbying, Alcohol, Bad Debts, Costs of Contributions/Donations, Entertainment Costs, Capital Expenditures, Fines/Penalties, Selling & Marketing Costs



Basic Principles (continued)

Determine whether you are...

Developing a Recipe



- NOT a service center
- Contact: Office of Sponsored Programs
- Cost Object Type: WBS

-OR-

Baking the Cookie



- Service center
- Contact: Accounting
- Cost Object Type: Cost Center

Basic Principles (continued)

- Service Centers must break even
- Rates may recover no more than actual costs
- Only allowable costs may be included in rates
- Rates must be reviewed and approved every two years
- Rates must be adjusted when the ending balance exceeds the tolerable threshold

Establishing a Service Center

1. Develop a Budget using the template available on the Service Center website

(<https://accounting.unl.edu/financial-processes/service-center-manual/forms-and-resources/>)

2. Complete a New Service Center Request Form through the Business Central website

(<https://businesscentral.unl.edu/online-forms/>)

3. Submit to Accounting



Questions to ask Faculty

- What is the purpose of the service center?
- What goods or services are being provided?
- Why should this service center be created (justification)?
- Who are the customers (internal or external)?
- What % of the revenue will be collected from external sources?
- Who will cover a deficit if the service center closes?
- Where is the good/service located (rented space)?
- What assets are used to provide the good or service?
- Are expenses being subsidized? If so, which expenses and from where?

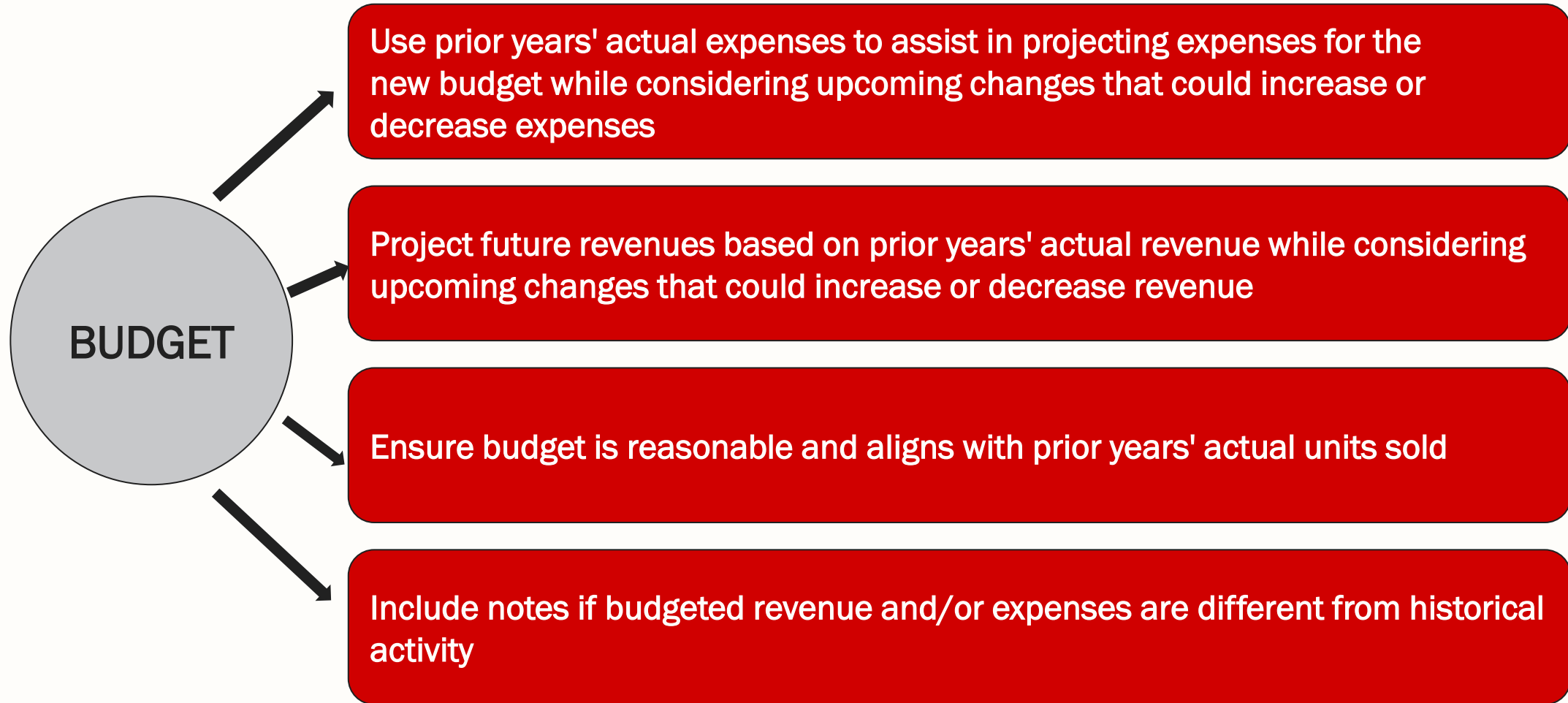


Measuring Unit

Select a measurement basis that ensures costs are distributed equitably among all users – such as per mile, test, acre, hour, etc.



Budget Development



Budget Development – Single Rate

<u>Expected Personnel Expenses</u>		Service
Processing labor		
Johnnie Walker (Personnel #12345)		1000
Bruce Buffer (Personnel #54321)		2000
Benefits		840
Total Personnel Expense		3,840
<u>Operating Expenses</u>		
Office Supplies		1,000
Conference		800
Total Operating Expenses		1,800
<u>Depreciation</u>		
From Depreciation Schedule (Tab 2)		-
Total Depreciation		-
Subtotal Chargeable Items		5,640
Add - Deficit Carry forward		-
Less - Surplus Carried Forward		-
Total Billable Items		5,640
Less: Department Supplement (if applicable)		(1,000)
Net Chargeable Items		4,640
Divided by Projected Hours		100
		Test/Service
Calculated Rate	\$	46.40
Proposed Rate per hour	\$	46.00
Projected Revenue	\$	4,600

Budget Development – Multiple Rates

			25%	50%	25%			
		Total	X-ray Machine	X-ray Photo Developer	X-ray Shredder	Yearly Salary	Time Spent in Service Center	Salary to Service Center
<u>Expected Personnel Expenses</u>								
Processing labor								
	Johnnie Walker (Personnel #12345)	25,000	6,250	12,500	6,250	50,000	50%	25,000
	Bruce Buffer (Personnel #54321)	12,500	3,125	6,250	3,125	50,000	25%	12,500
	Benefits	3,751	938	1,875	938			
	Total Personnel Expense	41,251	10,313	20,625	10,313			
<u>Operating Expenses</u>								
	Service Agreement	30,500	5,000	25,000	500			
	Lab Supplies	26,650	10,000	16,500	150			
	Total Operating Expenses	57,150	15,000	41,500	650			
<u>Depreciation</u>								
	From Depreciation Schedule (Tab 2)	22,960	8,250	10,150	4,560			
	Total Depreciation	22,960	8,250	10,150	4,560			
	Subtotal Chargeable Items	121,361	33,563	72,275	15,523			
	Add - Deficit Carry forward							
	Less - Surplus Carried Forward							
	Total Billable Items	121,361	33,563	72,275	15,523			
	Less: Department Supplement – Personnel Exp.	2x-xxxx-xxxx 10,000		10,000				
	Net Chargeable Items	111,361	33,563	62,275	15,523			
	Divided by Projected Machine Hours		1,000	2,700	1,500			
	Calculated Rate		\$ 33.56	\$ 23.06	\$ 10.35			
	Proposed Rate per hour		\$ 33.50	\$ 23.00	\$ 10.00			
	Projected Revenue	\$ 110,600	\$ 33,500	\$ 62,100	\$ 15,000			

Depreciation Schedule

TO RECOVER DEPRECIATION:

- Use the Depreciation Schedule template available on Accounting's Service Center website

(<https://accounting.unl.edu/financial-processes/service-center-manual/forms-and-resources/>)

- List all Service Center assets on the Depreciation Schedule
- Ensure the schedule aligns with depreciation amounts recorded in SAP

Service Center Name		Cost Object Number		Date Updated		A	B	A+B	SAP Useful	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	Total Recovered
SAP Asset #	Inventory # (Optional)	Asset Description	Capitalized Date	Capitalized Value	Less: Federal Funds	Depreciable Value	Life															
900000040160		GEOPROBE HYDRAULIC	3/2/2017	25,794.00	(14,999.38)	10,794.62	8		-	-	449.88	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	897.25	-	10,794.62
									-	-	449.88	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	1,349.64	897.25	-	10,794.62

Note: Only fill in the highlighted cells. The remaining cells are calculations.
 All information should be obtained from SAP
 SAP TRAN CODES: AR02 or AS03

✓ SAP Checked

Depreciation Schedule (continued)

- Depreciation cannot be recovered on assets purchased with federal funds
- Assets not assigned to the Service Center will be added by Accounting during the rate approval process
- Remember to recover depreciation: "Use it or lose it!"
- Depreciation information in SAP can be accessed using Transaction Codes:
 - AS03
 - AR02

AS03 – Display Asset

STEP 1:

1. Enter the 'Asset' number
2. Select 'Asset values'

Display Asset: Initial screen

Master data Depreciation areas **Asset values** ^{2.}

^{1.} Asset: 900000047547

Sub-number: 0

Company Code: 1000

STEP 2:

1. Select the 'Comparisons' tab
2. The 'Ordinary Depreciation' column provides the data needed to complete the Depreciation Schedule template
3. Ensure proper 'Fiscal Year' range is selected

Company Code: 1000 University of Nebraska
Asset: 900000047547 0 BOBCAT S74 T4 SKID STEER LOADER

Fiscal year: 2026 To 2031 ^{3.}

Planned values Posted values **Comparisons** Parameters

<01> 10 ^{1.}

Book depreciation: 2026 -2031 ^{2.}

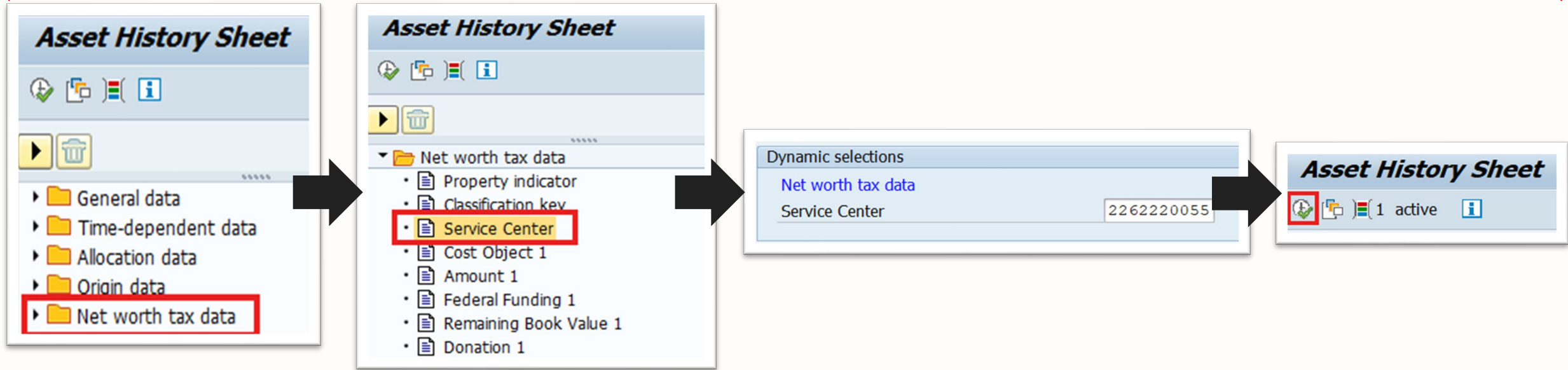
Fiscal year	APC transactions	Acquisition value	Ordinary deprec.	Net book value	Crcy
<2026	31,558.96	31,558.96	12,886.96-	18,672.00	USD
2026		31,558.96	3,156.00-	15,516.00	USD
2027		31,558.96	3,156.00-	12,360.00	USD
2028		31,558.96	3,156.00-	9,204.00	USD
2029		31,558.96	3,156.00-	6,048.00	USD
2030		31,558.96	3,156.00-	2,892.00	USD
2031		31,558.96	2,892.00-		USD
	31,558.96		31,558.96-		USD

AR02 – Asset History

1. Select the 'dynamic selections' icon
2. Open the 'Net worth tax data' folder
3. Double click 'Service Center' to open the 'Dynamic selections' box and enter the cost object in the 'Service Center' field
4. Update the 'Report date'
5. Select the 'Execute' icon

The screenshot shows the 'Asset History Sheet' interface. It features a left-hand navigation pane with a tree view containing folders like 'Net worth tax data' and 'Service Center'. A toolbar at the top left includes an 'Execute' icon (a play button) labeled '1.'. The 'Service Center' folder is highlighted in yellow, labeled '3.'. A 'Dynamic selections' dialog box is open on the right, showing a text field for 'Service Center' with a dropdown arrow, labeled '3.'. Below the navigation pane are input fields for 'Company code' (1000), 'Asset number', and 'Subnumber'. A 'Selections' section contains fields for 'Asset class', 'Plant fund business area', 'Plant fund cost center', 'Plant', 'Location', and 'Asset super number', each with a 'to' field and a dropdown arrow. A 'Settings' section at the bottom includes a 'Report date' field (06/30/2026) labeled '4.', 'Depreciation area' (01), 'Sort Variant' (0001), and 'Translation method'. At the bottom, there are radio buttons for 'List assets', '... or main numbers only', and '... or group totals only'.

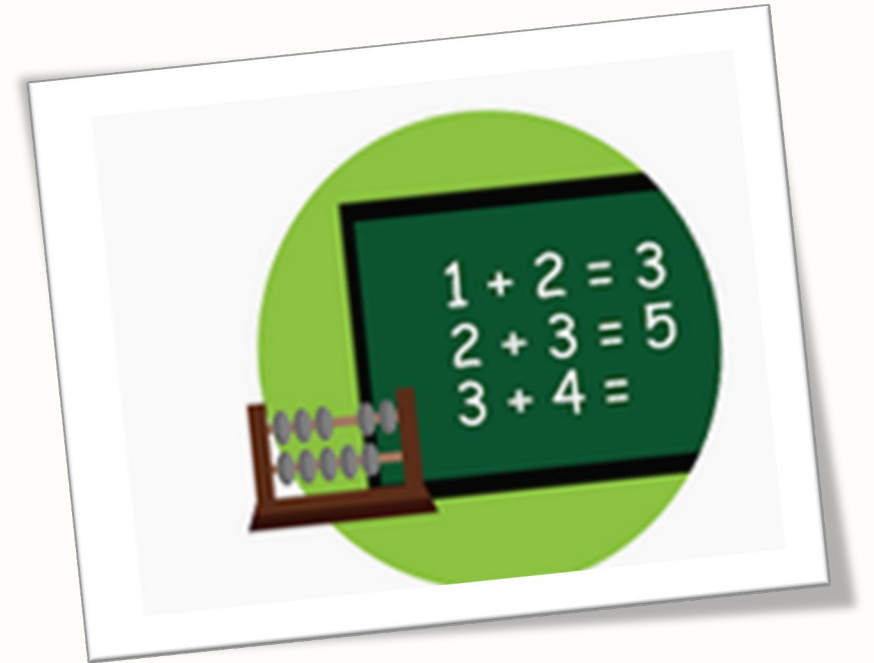
AR02 - Asset History



Asset History Sheet											
Report date: 06/30/2025 Asset History Sheet - 01 Book deprec. Created on: 04/08/2025 University of Nebraska Custom History Sheet (incomplete)											
CompanyCode	BusinessArea	Bal.sheetitem	Bal.sh.acctAPC	AssetClass							
1000	2580	??????????	194100	40000008							
Asset	SNo.	Invent.	Asset Description	PrpC	Dept	Cap.date	Manufacturer	Current	Dep. for y	Serv Ctr	Cost Object 1
900000038669	0	34383500	O I ANALYTICAL TOTAL ORGANIC CARBON ANALYZER	SER	261220	10/28/2016	O I ANALYTICAL	27,897.20	865.00-	2262220055	2762220001001
900000039012	0	34406000	TIMBERLINE TL-2800 AMMONIA ANALYZER W/ NITRATE...	SER	261220	12/16/2016	TIMBERLINE INSTRU...	27,274.32	1,415.00-	2262220055	2762220001001
*Dept description Agronomy/Horticultu								55,171.52	2,280.00-		

Tolerable Threshold

- Service Centers must establish budgets that ensure rates break even
- The tolerable threshold is +/- 15% of operating expenses
- Operating expenses include:
 - Total Personnel Services
 - Total Operating & Supplies
 - Utilities
 - All Travel Domestic & Foreign
 - Cost of Goods Sold
- Do not include Expenditure Credits & Depreciation Expense in the calculation



Tolerable Threshold Calculation

Cost Center:Rev/Exp Summary w/ PY Bal Fwd
SAP Tran Code: Y_UN_83000139

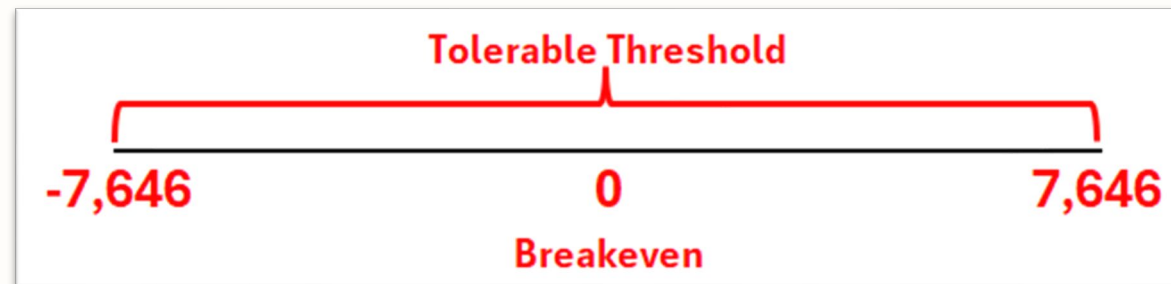
Cost Elements	Plan	Period 14	Cumulative Act.	Commitments	\$ Variance	% Remain
*** Total Personal Services	0.00	0.00	22,228.87	0.00	22,228.87-	0
** Total Operating & Supplies	25,159.00	0.00	22,662.43	0.00	2,496.57	10
** All Travel Domestic and Forei	0.00	0.00	6,084.03	0.00	6,084.03-	0
** Expenditure Credits	0.00	0.00	48,570.68-	0.00	48,570.68	0
*** Total Non-Personal Services	25,159.00	0.00	19,824.22-	0.00	44,983.22	179
**** Total Direct Costs	25,159.00	0.00	2,404.65	0.00	22,754.35	90
***** Total Expenditures & Other De	25,159.00	0.00	2,404.65	0.00	22,754.35	90

Current Yr Rev (over)/under Exp	Plan	Period 14	Cumulative Act.	Commitments	\$ Variance	% Var.
Current Yr Rev (over)/under Exp	0.00	0.00	2,404.65	0.00	2,404.65-	0

Prior Yr Bal Forward			Cumulative Act.	Commitments	Surpl/(Deficit)	
310000 Prior Yr Bal Forward			6,110.95	0.00	6,110.95-	

Total Balance			Cumulative Act.	Commitments	Surpl/(Deficit)	
Total Balance			8,515.60	0.00	8,515.60-	

CALCULATION:	
+ Total Personnel Services	\$ 22,229
+ Total Operating & Supplies	22,662
+ All Travel Domestic and Foreign	6,084
= TOTAL (Basis for Threshold):	\$ 50,975
x 15%	15%
= Tolerable Threshold	\$ 7,646



Surplus/Deficit Calculation

Scenario 1 – FY26 Surplus

Total Balance per SAP	97,021	
Tolerable Threshold	90,486	
	<hr/>	
Subtract from FY27 Proposed Budget (reduce operating expenses)	6,535	SURPLUS

Scenario 2 – FY26 Deficit

Total Balance per SAP	-97,021	
Tolerable Threshold	-90,486	
	<hr/>	
Subtract from FY27 Proposed Budget (increase operating expenses)	-6,535	DEFICIT

Surplus

Including a
SURPLUS in
the Budget
Template

<u>Expected Personnel Expenses</u>	Total	X-ray Machine	X-ray Photo Developer	X-ray Shredder
<u>Processing labor</u>				
Johnnie Walker (Personnel #12345)	25,000	6,250	12,500	6,250
Bruce Buffer (Personnel #54321)	12,500	3,125	6,250	3,125
Benefits	3,751	938	1,875	938
Total Personnel Expense	41,251	10,313	20,625	10,313
<u>Operating Expenses</u>				
Service Agreement	30,500	5,000	25,000	500
Lab Supplies	26,650	10,000	16,500	150
Total Operating Expenses	57,150	15,000	41,500	650
<u>Depreciation</u>				
From Depreciation Schedule (Tab 2)	22,960	8,250	10,150	4,560
Total Depreciation	22,960	8,250	10,150	4,560
Subtotal Chargeable Items	121,361	33,563	72,275	15,523
Add - Deficit Carry forward				
Less - Surplus Carried Forward	6,535	1,257	3,393	1,885
Total Billable Items	114,826	32,306	68,882	13,638
Less: Department Supplement (if applicable)	10,000		10,000	
Net Chargeable Items	104,826	32,306	58,882	13,638
		19%	52%	29%
Divided by Projected Machine Hours	5,200	1,000	2,700	1,500
Calculated Rate		\$32.31	\$21.81	\$9.09
Proposed Rate per hour		\$32.25	\$21.75	\$9.00
Projected Revenue	\$105,150	\$32,250	\$58,725	\$13,500

Deficit

Including a
DEFICIT in
the Budget
Template

Expected Personnel Expenses	Total	X-ray Machine	X-ray Photo Developer	X-ray Shredder
<u>Processing labor</u>				
Johnnie Walker (Personnel #12345)	25,000	6,250	12,500	6,250
Bruce Buffer (Personnel #54321)	12,500	3,125	6,250	3,125
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Subtotal Chargeable Items	121,361	33,563	72,275	15,523
Add - Deficit Carry forward	6,535	1,257	3,393	1,885
Less - Surplus Carried Forward				
Total Billable Items	127,896	34,820	75,668	17,408
Less: Department Supplement (if applicable)	10,000		10,000	
Net Chargeable Items	117,896	34,820	65,668	17,408
		19%	52%	29%
Divided by Projected Machine Hours	5,200	1,000	2,700	1,500
Calculated Rate		\$34.82	\$24.32	\$11.61
Proposed Rate per hour		\$34.75	\$24.25	\$11.50
Projected Revenue	\$118,100	\$34,750	\$65,475	\$17,250

Rate Changes Available

- Monitor rates throughout your biennial cycle, especially for newer service centers
- Adjust rates by submitting a Service Center Rate Change Form through the Business Central website (<https://businesscentral.unl.edu/online-forms/>)

Charging for Goods/Services

Internal

- University Departments (Cost Centers)
- University Sponsored Programs (WBS)
- IC & IB doc types

External

- Those who do not have a University account
- Industry
- Students, faculty, or staff acting in a personal capacity
- Student Organization Financial Services (SOFS)
- CR & CN doc types

Disclaimer: UBIT customers do not follow the same internal/external mapping

Internal Customers

- Only charge approved break-even rates
- Retain supporting documentation
 - Attach documentation to the entry in SAP
 - Provide detail in the “Text” of the entry (example below)

Text	Amount
July ATV usage 5 hrs @ \$3.30/hr	16.50
July ATV usage 5 hrs @ \$3.30/hr	16.50-
	0.00

External Customers

- Follow the same guidelines as internal customers with a few adjustments
- Recommend charging what the market will bear
- Charges may include F&A rate plus % markup
- Profit (amount above break even rates) should be recorded in the Reserve cost center
- Sales to external customers may be subject to Unrelated Business Income Tax (UBIT)
- Is a contract required? – contact Office of Sponsored Programs

Posting Revenues & Depreciation

External revenue

- GL 45XXXX – split between service center (break-even rates) and the reserve cost center (above break-even rates)

Internal revenue

- 23-XXXX-XXXX use GL 48XXXX
- 22-XXXX-XXXX use GL 59XXXX

(Use Expenditure Credit Reference Table in Sapphire and on next slide)

Depreciation

- Use GL 599212 on both the service center & reserve cost centers
- Transfer depreciation based on the approved rate schedule

Sapphire – Reference Guides – UNL – Finance – Expenditure Credit Reference Table

UNL Expense Credit Reference Table		
Expense Category	Expending Department G/L Account Range	Billing Department G/L Account Range
Supplies & Materials	520000-521199	592100-592119
	521300-524999	592130-592499 and 592692-592899
	530000-549999	593000-593369 and 593371-595269
	554100-554999	599211-599954 and 595100
	582100	599214
Communications	521200-521299	592120
Repair & Maintenance	525000-525999	} 592500-592599 and 595270
	550000-554099	
	555000-559999	
Contractual Services	526000-528999	592600-592693 and 593370
Utilities	529000-529999	592900-592999
Scholarships & Fellowships	560000-569999	596250-596600

Key Compliance Notes



Internal Rates

- Must be reviewed and approved by Accounting
- Must breakeven over time
- May not recover more than the cost of the good or service
- Must be applied consistently and cannot discriminate between users
- Must be based on actual usage; flat fees are not allowed
- Must be rounded down (no rounding up)



Depreciation

- Must include depreciation expense in rates
- Do not include capital equipment acquisition costs in rates

Key Compliance Notes (continued)



Surplus

- Must be incorporated in the rates or refunded
- Cannot be used to fund unrelated activities



Deficit

- Must be incorporated in the rates or another source of funding must be identified



Internal Controls

- Must maintain sufficient internal controls on transactions
 - Activity tracking log
 - Billing calculations
 - Review and approval of transactions

Biennial Review Cycle

Odd Review Cycle

- Applies to service centers with rates effective beginning in an odd-numbered fiscal year (e.g., FY27). Reviews occur in the preceding fiscal year.
- Example: Budget *submitted in May 2026* → *rates approved for FY27-FY28.*

Even Review Cycle

- Applies to service centers with rates effective beginning in an even-numbered fiscal year (e.g., FY28). Reviews occur in the preceding fiscal year.
- Example: Budget *submitted in May 2027* → *rates approved for FY28-FY29.*

Accessing Odd/Even Classification

Master Data – Cost Center – Individual
Processing - Display
SAP Tran Code: KS03

1. Enter the 'Cost Center' number
2. Select 'Add. Fields' tab
3. Review whether 'Even' or 'Odd' box is checked

Display Cost Center: Additional Fields

Drilldown

Cost Center []

Controlling Area 1000 University of Nebraska

Valid From 01/01/1950 to 12/31/9999

Basic data Control Templates Address Communication **Add. fields** History

Balance Sheet GL Account []

Enter Fund if Different than Profit Center []

Cost Share Indicator WBS element []

Reserve Cost Center []

Cost Center Indicator SRC

Last Reviewed Date 07/16/2025

FY Review Year Even Odd Year 2027

Alternate Fields for HR Benefits

Alternate Cost Center for FICA []

New in Fiscal Year 2027



- No Unreviewed Service Centers
- Updated Service Center Policy
- Improved Service Center website
- All Service Centers will transition to a biennial (every two years) review cycle, assigned by Accounting to either even- or odd-year reviews

Service Center Review Deadline

- Odd Cycle Submissions due by **MAY 15, 2026**
- All documents are found on Accounting's Service Center website:
(<https://accounting.unl.edu/financial-processes/service-center-manual/forms-and-resources/>)
 - Templates: Service Center Checklist, Budget Template and Depreciation Schedule
 - Service Center Biennial Review Form
 - Service Center Rate Change Form
- Cannot bill service center customers until rates are approved

Key Contacts:

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Melissa Baack - mbaack5@unl.edu

Erica Radach - eradach2@unl.edu

Service Center Information:

<https://accounting.unl.edu/financial-processes/service-center-manual/>

<https://bf.unl.edu/service-centers/>

Business Central Online Forms:

<https://businesscentral.unl.edu/online-forms/>

Service Center Approved Rates:

<https://research.unl.edu/sponsoredprograms/service-center-rates/>

