**Utilities Budgeting and Allocation FSS/PPS No. 03.06 (03.01.09)**

**Issue No. 5
Effective Date: 04/01/2022**

**Next Review Date: 05/01/2026 (E4Y)
Sr. Reviewer: Assistant Vice President for Budgeting, Financial Planning, and Analysis**

**POLICY STATEMENT**

*Texas State University is committed to promoting proper financial stewardship of funds.*

**01. BACKGROUND INFORMATION**

01.01 The purpose of this policy is to provide procedures for the allocation of utilities costs among facilities funded by Texas State University’s primary fund group (funded by appropriations and tuition) and other sources.

01.02 Texas State's central utilities operation functions as a service center. As such, the costs incurred in this service center are allocated among various users funded by multiple sources. Some buildings are not connected to the Texas State utilities infrastructure and purchase their utilities from third parties such as the City of San Marcos.

**02. DEFINITIONS**

02.01 Utility Costs – costs incurred for the provision of electricity, natural gas, water, steam, chilled water, sanitary sewer, solid waste disposal, fire suppression and detection systems, and building management systems. Utility costs are categorized and allocated in one of four ways, depending upon the nature and source:

1. Distributed Utilities – costs associated with generating and distributing utilities on campus. These include:
2. costs of operating and managing the plant facilities, including salaries, wages, and benefits for employees employed in these areas;
3. major repairs, renewals, and replacements to the utility system;
4. debt service on bonds for utilities facilities and infrastructure; and
5. utility reserve contributions (amounts being set aside for future utility projects).

Distributed utilities costs are allocated to buildings on a proportional square footage basis.

1. Utilities Services – costs administered Facilities for all university buildings. Those costs include:
2. waste disposal;
3. fire systems monitoring, maintenance, and repair; and
4. building management.

Utilities services costs are allocated to all applicable university buildings on a proportional square footage basis.

1. Purchased Utilities – Charges for electricity, natural gas, water, and wastewater for university buildings where utilities are managed by the university’s service center and provided by contracted third-party utility providers (such as the City of San Marcos).
2. Direct Billed Utilities – Some buildings receive their electricity, natural gas, water, and wastewater directly from off-campus vendors (such as the City of San Marcos) instead of receiving distributed utilities from the university’s service center. The metered purchased utility costs for those facilities are charged to the appropriate account for that operation.

02.02 Types of Facilities – buildings to which utilities costs are allocated include:

a. Facilities that house educational and general (E&G) functions that are funded by the university’s primary fund group (funded by appropriations and tuition).

b. Other Facilities – auxiliary enterprises, service departments, and other income-generating operations that are expected to pay for their own utilities. Examples include:

1. residence halls and Texas State-owned apartments;
2. the Student Health Center;
3. recreational sports;
4. food service;
5. the LBJ Student Center;
6. Athletics;
7. the Print Shop/Duplicating Services; and
8. the STAR Park

**03. PROCEDURES FOR ALLOCATION PARAMETERS AND METHODOLOGY**

03.01 Distributed utilities and services costs are allocated among various users based on gross square footage. The coordinator of Facilities Inventory maintains the official university inventory of buildings featuring gross and assignable square footage.

The Office of Budgeting, Financial Planning and Analysis (OBFPA) maintains the square footage models used for allocating distributed utilities, utilities services, and purchased utilities costs based on the gross and assignable square footage allocated in the Facilities Inventory.

Assignable square footage – utilized to allocate gross square footage for each split-use building (partially E&G and partially non-E&G). For example, 10,000 gross square feet in a split-use building which has 6,000 square feet of assignable E&G space and 2,000 square feet of assignable Athletics space would be allocated as: 7,500 gross feet to E&G and 2,500 gross square feet to Athletics.

03.02 Buildings under construction are included in the utility calculations (and allocation) if the building has been connected to any utility owned and operated by the university or other utility costs are being incurred by the university directly and not being borne by the construction contractor. The assistant vice president for Budgeting, Financial Planning and Analysis will confirm the treatment of those projects.

03.03 Although gross square footage is determined at the start of each fiscal year, adjustments to the allocation may be needed throughout that year. Changes to the allocation will be coordinated by the assistant vice president for Budgeting, Financial Planning and Analysis.

03.04 Allocation of utility costs will be made monthly in general. The transfers for debt service and initial major repair and rehabilitation are typically done as a single lump sum.

03.05 On a monthly basis, designated General Accounting Office (GAO) staff will extract reports from the financial system of actual purchased and Texas State utility expenditures and apply the percentages based on the gross square footage figures. Staff will also verify if any month-end processing adjustments from the prior period exist. These adjusted amounts will be included in current month’s allocation.

**04. RESPONSIBILITIES**

04.01 The coordinator of Facilities Inventory maintains the official university inventory of buildings. The coordinator will provide the gross and assignable square footage figures to OBFPA on February 1 for budget development for the following fiscal year and inform OBFPA when significant square footage changes occur.

04.02 The assistant vice president for Budgeting, Financial Planning and Analysis determines the overall budget for distributed utilities, utilities services, and purchased utilities after consulting with the director of Utilities Operations, the associate vice president for Facilities, and the vice president for Finance and Support Services. Factors include:

1. changes in the costs (usage and rates) of purchased utilities (including waste disposal);
2. changes in salaries and benefits;
3. changes in scheduled debt service;
4. changes in planned repairs, renewals, and replacements; and
5. changes in staffing.

04.03 OBFPA maintains a model containing the square footage of all university buildings which identifies the function of the building and indicates whether they will be included in the distributed utilities, utilities services, purchased utilities, and direct billed allocations.

OBFPA allocates the budget developed in Section 04.02 to the different departments within the Utilities Service Center that are responsible for the maintenance and distribution of the utilities at the university.

OBFPA also distributes anticipated budget requirements for the E&G and other facilities expenses. Depending on the building’s location and function they may participate in one, two, or all three allocations and may also have a direct bill component.

04.04 The OBFPA provides the GAO with the square footage models for the new fiscal year and after any subsequent changes.

04.05 The Utilities analyst (Facilities) reviews and approves utilities charges prior to payment and notifies the GAO of any outstanding issues, such as delays in payment processing, which might affect the utility allocation.

04.06 The GAO processes the distributed utilities, utilities services, and purchased utilities allocations to different users on a monthly basis. The GAO also pays direct billed metered charges for purchased utilities for different users.

04.07 At or near fiscal year end, the assistant vice president for Budgeting, Financial Planning and Analysis may transfer budget surpluses in other service center accounts to Utilities’ Major Renewal and Replacement Reserve 7000121000/1040000031.

04.08 At fiscal year end, the GAO will book the final allocation of the service center’s cost so that the utilities service center’s year-end available reserves equal zero.

**05. REVIEWERS OF THIS PPS**

05.01 Reviewers of this PPS include the following:

Position Date

Assistant Vice President for May 1 E4Y

Budgeting, Financial Planning and

Analysis

Director of General Accounting May 1 E4Y

Office

Director of Utilities Operations May 1 E4Y

**06. CERTIFICATION STATEMENT**

This PPS has been approved by the following individuals in their official capacities and represents Texas State Finance and Support Services policy and procedure from the date of this document until superseded.

Assistant Vice President for Budgeting, Financial Planning and Analysis; senior reviewer of this PPS

Vice President for Finance and Support Services