

# Replacement Funds

## Quick Reference Guide

Version 24.x

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## Overview

A replacement fund is a pool of money that a department can use to buy more units. Another way to think of a replacement fund is like a checking account. Each period, when billing is run, units contribute a fixed sum of money to a replacement fund account, and unit acquisitions make withdrawals from the replacement account. In addition to creating billing transactions, M5 maintains balances on the funds and records a separate log of contributions and withdrawals.

- The amount is set at the unit level on the Unit Account Frame.
- It includes the name of the fund to receive the money.
- Money is spent by withdrawals entered on the Unit Replacement Fund Manager Frame on the History tab.
- Withdrawals are not billed themselves -- presumably, the money was spent to buy other units, and those fiscal transactions are not processed through the billing program.
- The contributions start at in-service time, or when the unit gets a billing code whose sources include REPL FUND, or when the unit has been assigned a replacement fund and contribution amount. Whichever is latest.
- The contribution amount is billed until the unit is sold, even after the end of the unit's expected life.
- Unlike depreciation, replacement fund contributions and billings continue if the unit is in service, not sold.
- It is through using M5 Billing that the Billing Run will determine the amount to bill. Billing Close updates the replacement fund balances.
- Generally, replacement funds are used in conjunction with a larger replacement strategy.

### Setup:

- Setting System Flags
- Setting up the Unit Replacement Fund Codes
- Establishing the replacement funds contribution at a unit level
- Setting up billing code to *bill* for replacement funds

# Replacement Funds Functionality Setup

## System Flags

Please refer to the *System Flags Table* for a complete listing of all the flags.

SAVE

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REFRESH

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### System Flags

**System Flags Information**

Flag No:

5051

Description:

Auto update Repl Fund for sold units.

System Module:

ASSET MANAGEMENT

Format:

Character

M5 Release:

Default Value:

Y

User Value:

N

System Flags Notes:

When a unit is sold, should the dollar amounts be automatically updated in its replacement fund.

## Unit Replacement Fund Manager Setup

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### Unit Replacement Fund Manager

**Replacement Information**

Code:

Disabled:

☐
No

**Transaction Date Range**

Start Date:

End Date:

Retrieve

+
Detail
History

**Account Number:**

Account Number:

**Balance Information:**

Current Balance:	Previous Year:
\$11,600.00	\$11,240.00

**Contributions / Withdrawals**

CONTRIBUTIONS	WITHDRAWALS
Current Period:	
\$0.00	\$0.00
Current Year:	
\$360.00	\$0.00
Previous Year:	
\$3,240.00	\$0.00

Field	Description	Notes
Code	Must be a unique value to identify the fund.	Limit 10 alphanumeric characters.
Description	Description for the fund.	Limit 30 alphanumeric characters.
Disabled	Yes or No dropdown.	Used to disabled active codes or enable inactive ones.
Transaction Date Range	Start Date and End Date must be entered.	Functions as a query mechanism for the replacement fund's history.

Field	Description	Notes
Account Number	Direct account number.	Enter the revenue account to be used as the revenue account for the Replace Fund transaction during billing. If no account is filled in, M5 will search for the revenue accounting according to the Billing Codes Repl Fund Billing Item Source frame.
Current Balance	Current amount in the fund.	Read-only, updates automatically.
Previous Year	Balance from the previous year.	Read-only, updates automatically.
Contributions/Withdrawals	Contributions and withdrawals to and against the account will appear here. The current period, year, and previous year will display.	Read-only, updates automatically.
History tab	This tab allows you to make manual contributions and withdrawals to the fund.	Each row must have the transaction type designated.

## Unit Accounting Setup

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ATTACH
RELATED ▾

### Unit Accounting

**Unit Information**  
 Unit: 32218 2002 F350 4X4 PICKUP Status: Active Unit

+
General
Capitalized
Depreciation
Replacement
Lease

**Replacement Fund**  
 Replacement Status: Active ▾  
 Replacement Fund: 123 FUND FOR 2010  
 Replacement Cost: \$45,000.00 Current Contribution: \$500.00  
 LTD Contributions: \$0.00 Periods Contributed: 36

**Category**  
 Category: 27 HD FULL SIZE TRUCK - 4X4  
 Expected Life in Year(s): 30.00 Months In Service: 213  
 Expected Usage 1: 0 Meter 1 LTD Usage: 10041013  
 Expected Usage 2: 0 Meter 2 LTD Usage: 0

Field	Description
Replacement Status	Use the dropdown to select Active, Finished, or None.
Replacement Fund	Enter a valid replacement fund or use the List of Values Button to select one.
Replacement Cost	Vehicle's replacement cost.
Current Contributions	Enter the amount that will be billed each month to the replacement fund. This represents how much money is collected to replace the current unit - it does not account for adding units.
LTD Contributions	This will display the Life To Date Contributions. Read-only.

Field	Description
Periods Contributed	This will display the number of periods where contributions have been made.
Category section	Displays Category information setup for a unit. Data is automatically pulled from Category Main.

## Billing Items Setup

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### Billing Items

Billing Items (Loaded 79 records)

Bill Item	Description	Bill this charge	Fixed Charges
REPL FUND	Replacement fund	<input checked="" type="checkbox"/>	<input type="checkbox"/>

If you are billing replacement funds, make sure the **Bill this charge** checkbox is selected on the **Billing Items** frame.

## Billing Items Source Setup

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### Billing Item Source

**Bill Code**  

Code:  NEW BILLING CODE

Effective Date:

**Bill Item Source (Loaded 71 records)**

Billing Item	Department to Bill	Revenue Accounts Source	Expense Account Source
REPL FUND	Using Department	Unit, then Owning Department	Unit, then Using Department

For each billing code that will bill Replacement Funds, you must specify how you want M5 to bill the Department and where to locate the Revenue Account Source and Expense Account Source.

### Department to Bill

This column determines whose billing report the charge will appear on. The choices are: **Using Department; Owning Department; Chargebacks** (described later), **Maint. Loc's Owning Department, Inv Loc's Owning Department**, and **Don't Bill**.

**Don't Bill** is a way to avoid billing a charge altogether for billing items that do not have Don't Bill options on other frames.

### Revenue and Expense Account Sources

Money flows from one account to another. M5 calls the direct account that pays the **expense account** and the direct account that receives the money the **revenue account**.

Usually, the expense account is the debit (DR) side of a given financial transaction and the revenue account being the credit (CR) side of the same transaction.

Accounts are completely optional – even if no accounts are set up anywhere, the transactions will still bill, though interfaces or reports might show blank accounts.

Failure to set up an account will not prevent a transaction from billing.

The Billing Item Source frame tells FleetFocus M5 billing where to find a given account number, for a given transaction type (Bill Item).

These are the different sources for accounts:

- **Don't Bill** - The transaction is billed, but the revenue account is left blank. This is available for both revenue and expense accounts.
- **Using department** - The account comes from the unit's using department's billing item. Typically, this option is used for the expense account, but may be used for the revenue account
- **Owning department** - The account comes from the unit's owning department. Typically, this option is used for the revenue account, but may be used for the expense account.
- **Unit, then using department** - First, the billing program looks to see if the unit has its own account defined. If that is blank, the account comes from the unit's using department. This is available for both revenue and expense accounts.
- **Unit, then owning department** - First, the billing program looks to see if the unit has its own account defined. If that is blank, the account comes from the unit's owning department. This is available for both revenue and expense accounts.
- **Using department** - The account comes from the unit's using department's billing item. Typically, this option is used for the expense account, but may be used for the revenue account
- **Maint. Loc's Owning Dept** - The revenue from transactions stemming from work orders may flow to the owner of the location providing the work. A location is assigned the owning department, and the account comes from that department. If chosen for MOTOR POOL, the revenue goes to the department where the motor pool ticket was opened. This is available only for revenue accounts.
- **Employee's dept** - The revenue from labor transactions may flow to the employee's owning department. This is available only for revenue accounts.
- **Inv Loc's Owning Dept** - The revenue from transactions involving parts or fuel may flow to the owning department of the location providing the parts or fuel. This is available only for revenue accounts.

You can use any account source for any billing item. However, certain sources would not be useful in certain cases.

For example, Inv Loc's Owning Dept would not be useful for an ordinary LEASE RATE charge. However, because the Product Main frame allows for any billing item to be used for any product, even LEASE RATE, the source screen must allow for the possibility.

Sources are established for each billing code, and as with other billing code parameters, are used by each of the billing code's units. The sources apply to all units in the billing code and cannot be modified for each unit.

## Billing

### Running and Closing Billing

SAVE

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## Batch Process Manager

Batch Process:

ABC Class Assignments  
Allocation  
Archiver  
Close Billing Period  
End Of Day  
End Of Period  
Forecaster  
Part History  
Parts Requisitions  
Planned Absence  
Repeat Work  
Run Billing period  
Sold Units Archive  
Unit/Component Record Purge  
Work Request Planner

Exclude weekends and holidays:  
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Current Execution Schedule (Loaded 0 records)

ID	Description	Status	Schedule Date	Last Run	Frequency	Exclude Holidays	Submitted By	Run Desc	
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- You must run the Run Billing Period batch process to calculate the amounts to bill for replacement funds.
- To update the replacement fund balances in M5, run the Close Billing batch process.

## Updates

Release	Section	Description
24.0	Replacement Funds Functionality Setup – System Flags	Added reference to System Flags Table.