

ADMINISTRATIVE AND GENERAL—SCHEDULE 5[illegible]

Administrative and General—Schedule 5 illustrates the proper format for reporting the Payroll and Related Expenses and Other Expenses for Administrative and General. Individual properties may delete irrelevant line items, but the *Uniform System* does not provide for the addition or substitution of expense line items. Rather, properties may choose to develop a sub-account/sub-schedule to provide more detail related to a particular expense item. This sub-account/sub-schedule is then to be rolled into the appropriate line item. Additionally, properties may choose to delete some of the columns or to show them in a different order and remain "in conformity with the *Uniform System*."

Expenses

Administrative and General expenses are separated into two major categories: Payroll and Related Expenses and Other Expense.

Payroll and Related Expenses

Payroll and Related Expenses for Administrative and General comprises the expenses associated with Salaries, Wages, and Bonuses and Payroll-Related Expenses for employees classified as Administrative and General. A list of the positions typically included in Administrative and General is shown on pages 176-177.

Salaries, Wages, and Bonuses. This grouping includes (1) Salaries and Wages and (2) Bonuses and Incentives. Salaries and Wages includes only earnings paid to an employee for duties that relate to the operation of the property, such as regular pay, overtime pay, and shift differential pay. If an employee works in a department other than his or her regular home department, his or her earnings are charged as Salaries and Wages in that other department, regardless of the duties being performed. For example, if a Food and Beverage department employee works as a server for an employee awards banquet, his or her earnings are charged to Salaries and Wages in Administrative and General, and not to this line item in the Food and Beverage department. Payroll-Related Expenses (described below) for the above example are treated similarly and charged as Payroll-Related Expenses in Administrative and General.

Salaries and Wages also includes contract or leased labor. Contract or leased labor refers to those situations in which a property enters into an agreement with an outside service to provide employees to fill positions that would normally be held by individuals paid on the regular payroll. In these situations, the property usually supervises the individuals and records or tracks their hours worked and pays them on an hourly basis. A typical example is the use of individuals brought into the property to fill a clerical function such as filing. This situation differs from a contract service in which a property has an agreement with an outside company to provide some type of service, such scanning documents in connection with digitizing records. In this case, the contracted organization typically provides the supervision and ensures that the work is performed. The costs associated with this type of agreement are charged under Contract Services for the department receiving the service.

Bonuses and Incentives includes bonuses, incentive pay, and other types of performance pay designed to drive revenue through sales, profit, or guest satisfaction measures.

Total Salaries, Wages, and Bonuses. Calculated by adding together Salaries and Wages and Bonuses and Incentives.

Payroll-Related Expenses. Payroll-Related Expenses includes amounts paid for an employee for duties that relate to the operation of the property and amounts paid for an employee who works in a department other than his or her regular home department regardless of the duties being performed. Payroll-Related Expenses includes the following items:

- **Payroll Taxes.** Includes Federal Retirement and Medicare (FICA), Federal and State Unemployment Taxes (FUTA and SUTA), State Disability Insurance (SDI), and other mandated payroll-related taxes or social insurance items. (See *Payroll-Related Expenses—Schedule 13*.)
- **Supplemental Pay.** Includes personal days, vacation pay, sick pay, holiday pay, jury duty pay, relocation pay, paid time off, and severance pay. Supplemental Pay also includes bonuses and incentive payments that are discretionary and not determined by results from operations.
- **Employee Benefits.** Includes all other payroll-related expenses, such as employer-paid health insurance expenses, cost of meals furnished to employees, pension contributions, and union fees. (See *Payroll-Related Expenses—Schedule 13*.) The distribution of employee meal costs from *Employee Cafeteria—Schedule 12* is charged to this line.

Total Payroll-Related Expenses. Calculated by adding together Payroll Taxes, Supplemental Pay, and Employee Benefits.

Total Payroll and Related Expenses

Total Payroll and Related Expenses is calculated by adding together Total Salaries, Wages, and Bonuses and Total Payroll-Related Expenses. The percentage for each payroll and related expense line item as well as Total Payroll and Related Expenses is calculated by dividing the line item amount by Total Revenue for the entire property.

Other Expenses

This expense grouping includes the significant Administrative and General expenses approved as Other Expenses in the *Uniform System*. Individual properties may delete irrelevant line items, but the *Uniform System* does not provide for the addition or substitution of other expense line items. Rather, properties may choose to develop a sub-account/sub-schedule to provide more detail related to a particular expense item. This sub-account/sub-schedule is then to be rolled into the appropriate line item listed below.

Audit Charges. Includes the cost of any accounting audits, whether internal or external, performed for the property.

Bank Charges. Includes bank charges assessed for miscellaneous banking services and transactions such as overdrafts, stop payments, check charges, and other related items.

Cash Overages and Shortages. Includes cashiers' overages and shortages.

Centralized Accounting Charges. Includes the cost of centralized accounting charges assessed by the corporate office or management company.

Complimentary Services and Gifts. Includes the cost of providing gift items used in gratis presentations for promotional purposes to guests and vendors associated with Administrative and General.

Contract Services. Includes expenses for activities performed for Administrative and General by outside companies rather than hotel employees. The costs of contracting outside companies for document retention services is an example. If supplies are purchased for contract companies to use, the supplies are charged to the appropriate supply account.

Corporate Office Reimbursables. Includes the allocations of salaries and expenses billed to the property by the regional or corporate office or by the management company only when these salaries and expenses cannot be billed to this account in any other department in the property. Travel expenses of such corporate or management company personnel that are incurred while visiting the property, including the costs of meals and other applicable services or amenities provided to corporate or management company staff while on business in the property for the benefit of the property, are also charged to this account.

Credit and Collection. Includes the cost of collecting guest accounts, such as attorney's fees and credit and check verification services.

Credit Card Commissions. Includes the cost of commissions paid to credit card organizations. Volume rebate payments received from credit card organizations would be credited to this account.

Decorations. Includes the cost of decorative items used in the Administrative and General areas for holidays and special events.

Donations. Includes the cost of any charitable contributions made by the property.

Dues and Subscriptions. Includes the cost of representation of the property, or of members of the staff when authorized to represent the property, in business or professional organizations. Dues and Subscriptions is also charged with the cost of subscriptions to newspapers, magazines, and books for use by property-wide staff.

Equipment Rental. Includes the cost of renting any type of equipment that may be used either sporadically in Administrative and General or as a replacement for equipment out of service on a temporary basis. Equipment that is rented on a

continuous basis and, if purchased, would qualify as a capital purchase is charged to Other Property and Equipment under the Rent section of *Rent, Property and Other Taxes, and Insurance—Schedule 10*.

Human Resources. Includes all costs directly related to the human resources function, such as recruitment, relocation, employee housing (whether temporary or permanent), physician fees and medical supplies, and all expenses associated with the cost of house media, social and sports activities, employee awards, and events and activities intended to improve employee relations and morale. If these expenses are significant, a property may develop a sub-schedule to provide more detail, but the sub-schedule total must roll up into this line item.

Information Systems. Includes the cost of management information system services, supplies, and equipment, excluding equipment rental and capital items. Information Systems includes minor equipment, software, supplies, and peripheral equipment. The expenses associated with maintaining PMS, POS, and telecommunications systems are also charged to this line item. If these expenses are significant, a property may develop a sub-schedule to provide more detail, but the sub-schedule total must roll up into this line item.

Laundry and Dry Cleaning. Includes the cost of laundry and dry cleaning services applicable to Administrative and General, whether the services are performed by an in-house facility or are contracted to an outside company. If the services are performed by an in-house laundry, an allocation from House Laundry is charged to Laundry and Dry Cleaning. If the services are performed by an outside company, the amount charged to Laundry and Dry Cleaning should be based on invoices sent by the outside laundry. The cost of cleaning employee uniforms is charged to the Uniform Laundry account.

Legal Services. Includes court costs and the cost of attorney fees, expert witnesses, related travel, and other reimbursable expenses other than those incurred in connection with an insurance claim. Legal fees incurred for insurance-related matters are charged to the appropriate Insurance category in *Rent, Property and Other Taxes, and Insurance—Schedule 10*.

Licenses and Permits. Includes the cost of federal, state, and local licenses, including costs of inspections needed for licensing, for all Administrative and General activities.

Loss and Damage. Includes the payments made for guest property lost or damaged in excess of the amounts recovered from insurance companies.

Miscellaneous. Includes any expenses of Administrative and General that do not apply to the other line items discussed in this section.

Operating Supplies. Includes the cost of items needed to operate Administrative and General that are not included in Postage and Overnight Delivery Charges or Printing and Stationery. Examples of items included in Operating Supplies are general office supplies, such as facsimile machines, calculators, and expendable office supplies, such as notepads, pens, pencils, and paper clips.

Payroll Processing. Includes the cost incurred when a third-party service is used to process payroll.

Postage and Overnight Delivery Charges. Includes the cost of stamps and express mail charges, except amounts attributable to Sales and Marketing.

Printing and Stationery. Includes the cost of printed forms used in Administrative and General, whether they are purchased from an outside source or produced internally.

Professional Fees. Includes the cost of public accountants other than audit fees, tax advisors, and other professional consultants, excluding attorneys. The amount recorded includes professional fees, travel, and other reimbursable expenses. For example, amortization of commissions paid to rental agents who have assisted in securing tenants for space rented in the property is charged to this account. Consulting fees incurred for insurance-related matters are charged to the appropriate Insurance category in *Rent, Property and Other Taxes, and Insurance—Schedule 10*.

Provision for Doubtful Accounts. Includes any charge made to provide for the probable loss on accounts and notes receivable.

Security. Includes the cost of contract security and other related expenses, such as armored car service and safety and lock boxes.

Settlement Costs. Includes the cost associated with settling uninsurable claims, including damage awards in connection with the settling of a lawsuit, and contractual disputes. For example, the costs associated with Equal Employment Opportunities Commission and other discrimination claim settlements would be charged to this line item.

Telecommunications. Includes any telecommunications expenditures that can be directly related to Administrative and General, including the costs of local, long distance, and Internet communications. Telecommunications includes not only traditional telephone systems, but also the cost of cellular phones, including the equipment and periodic service charges, used in Administrative and General.

Training. Includes the costs, other than time, that can be directly attributed to the training of employees in Administrative and General. Examples include the costs of training materials, supplies, and instructor fees. The cost of employee wages incurred during training is charged to Salaries and Wages.

Transportation. Includes the cost of transportation other than that directly related to guests, such as the costs associated with transporting employees to the property or the cost of providing an automobile for the general manager.

Travel—Meals and Entertainment. Includes the reimbursable cost of food and beverage expenses for travel and entertainment by employees of Administrative and General traveling on property business.

Travel—Other. Includes the cost of travel and reimbursable expenses, other than food, beverage, and entertainment, by employees of Administrative and General traveling on property business.

Uniform Laundry. Includes the cost of cleaning uniforms for employees of Administrative and General whether performed by an in-hotel facility or contracted to an outside company.

Uniforms. Includes the cost of employee uniforms used in Administrative and General, whether purchased or rented. Repair costs are also included in this line item. The cost of cleaning uniforms is charged to the Uniform Laundry account.

Total Other Expenses

Total Other Expenses is calculated by adding all items listed under Other Expenses. The percentage for each line item expense as well as Total Other Expenses is calculated by dividing the line item amount by Total Revenue for the entire property.

Total Expenses

Total Expenses is calculated by adding Total Payroll and Related Expenses to Total Other Expenses. The percentage for Total Expenses is calculated by dividing Total Expenses by Total Revenue for the entire property.

Total Expenses is the same amount that appears on the Summary Operating Statement under Undistributed Operating Expenses—Administrative and General.