

**7 Pa. Code § 149.43. Cost centers and operating accounts.**

(a) Cost centers shall be as follows:

- (1) *Receiving, laboratory, and field work.*
- (2) *Standardization and pasteurization.* Productive cost center, which includes accountable costs associated with standardizing, pasteurizing and homogenizing milk.
- (3) *Bottling.* Productive cost center, which includes accountable costs **association** associated with the bottling and packaging of fluid milk and cream items.
- (4) *Manufacturing other than ice cream.* Productive cost center, which includes all accountable costs associated with the manufacture of cottage cheese, dips, and so on.
- (5) *Ice cream manufacturing.* Productive cost center, which includes accountable costs associated with the manufacture of ice cream and frozen dessert products.
- (6) *Ice cream hardening room.* Productive cost center, which includes accountable costs associated with operating the ice cream and frozen desserts hardening room.
- (7) *Cold room, shipping and loading.* Productive cost center, which includes accountable costs associated with storing finished fluid milk products and other perishable products handled by the licensee, including shipping and loading and unloading of transportation units.
- (8) *Delivery.* Productive cost center, which includes accountable costs associated with the delivery of milk, **cream, and other products (excluding ice cream and frozen desserts)** on routes.
- (9) [Reserved].
- (10) *Delivery, ice cream.* Productive cost center, which includes accountable costs associated with the delivery of ice cream and frozen dessert products to customers.
- (11) *Selling.* Productive cost center, which includes accountable costs associated with selling of the products handled, **and shall be separated into the following categories:**
  - (i) Ice cream**
  - (ii) Fluid milk and fluid cream**
  - (iii) Other products.**
- (12) *Administrative.* Productive cost center, which includes the total accountable costs associated with administering the overall business of the licensee.
- (13) [Reserved]. ~~*Processing service.* Includes the cost of services rendered by a processing dealer to a nonprocessing dealer. This is to be used only by a nonprocessing dealer. On its report, processing dealer shall include the cost of such services in the applicable cost centers.~~

(14) *Garage*. Service cost center from which all expenditures shall be distributed to the productive and service cost centers in proportion to the benefit that the garage renders to other cost centers.

(15) *Transportation*. Service cost center which includes accountable costs associated with transporting milk of the licensee from the plant where processed to the distribution point or center of licensee. Such costs accumulated in this center shall be distributed to the respective productive cost centers in proportion to the benefit that this cost center renders to the productive cost centers.

(16) *Power plant and refrigeration*. Service cost center from which expenditures shall be distributed to the productive and service cost centers in proportion to the benefit that the power plant and refrigeration renders to other cost centers.

(17) *Warehouse*. Service cost center from which all warehouse expenditures shall be distributed to the productive and service cost centers in proportion to the benefit that the warehouse renders to other cost centers.

(18) *General plant maintenance*. Service cost center from which all general plant maintenance expenditures shall be distributed to the productive and service cost centers in proportion to the benefit that the general plant maintenance renders to other cost centers.

(19) *Blow-molder*. Productive cost center which includes accountable costs associated with the production of blow-mold plastic containers.

(20) [Reserved]. ~~*Bottle washer*. Productive cost center which includes accountable costs associated with returnable containers.~~

(b) Operating ledger accounts ~~for the operations of the licensed dealer~~ shall be as follows.

(1) *Executive salaries*. Includes salaries, wages, and other forms of compensation assigned to corporate officers, such as president, vice president, secretary and treasurer, partners and single proprietors, but excludes any fringe benefits.

(2) [Reserved].

(3) [Reserved].

(4) *Other salaries and wages*. Includes all other salaries and wages paid.

(5) ~~*Social Security Payroll taxes*~~. Includes F.I.C.A. tax, Pennsylvania unemployment compensation tax, and Federal unemployment compensation tax.

(6) ~~*Workmen Workers' compensation insurance*~~. Includes the premium paid for ~~workmen workers'~~ compensation insurance.

(7) *Employee health and welfare*. Includes group life insurance premiums, health and accident insurance premiums, and medical insurance premiums paid by the employer for the benefit of

employees. If the premiums are divided between the employer and the employee, only that portion paid by the employer should be included in this account.

(8) *Employee pension plan*. Includes contributions made to pension plans by the employer for the benefit of the employees. If the contributions are divided between the employer and the employee, only that portion paid by the employer should be included in this account.

(9) *Employee uniforms*. Includes cost of uniforms paid by the employer for the benefit of the employees. If the cost is divided between the employer and the employee, only that portion paid by the employer should be included in this account.

(10) *Employee relations*. Includes expenditures made by the employer for personnel relations.

(11) *Repair and maintenance, machinery and equipment*. Includes materials and purchased services for general repairs and maintenance of plant machinery and equipment, furniture, and fixtures.

(12) [Reserved].

(13) [Reserved].

(14) [Reserved]. ~~–Repair and maintenance, ice cream delivery equipment. Includes materials and purchased services for general repairs and maintenance of ice cream delivery equipment.~~

(15) *Repair and maintenance, buildings*. Includes materials and purchased services for general repairs and maintenance of buildings.

(16) [Reserved]. ~~Repair and maintenance, milk cases and pallets. Includes materials and purchased services for general repairs of cases and pallets.~~

(17) *Supplies and equipment, office*. Includes the cost of ~~computer hardware and software, printers, copiers,~~ stationary, paper, envelopes, pencils, pens, typewriter ribbons, copy paper, and other supplies of this nature.

(18) *Operating and cleaning supplies*. Includes manufacturing and cleaning supplies and materials used in the processing and manufacturing centers.

(19) *Depreciation, machinery, and equipment*. Includes depreciation on plant machinery and equipment ~~and office equipment.~~

(20) [Reserved].

(21) [Reserved].

(22) [Reserved]. ~~–Depreciation, ice cream delivery equipment. Includes depreciation on vehicles used for ice cream delivery.~~

(23) *Depreciation, buildings*. Includes depreciation on buildings used for processing, manufacturing, garage, warehouse and branch buildings.

(24) *Depreciation, milk cases and pallets.* Includes depreciation on milk cases and pallets used for all products handled by the licensee.

(25) *Light, ~~heat~~, power, water and sewage.* Includes costs incurred for ~~heating and~~ operating office and plant, electricity, water, power, gas and sewage.

(26) *Fire and other insurance.* Includes premiums paid for fire insurance coverage on buildings and contents, trucks, trailers, and automobiles and premiums paid for theft insurance coverage, public liability coverage and product liability coverage.

(27) *Real estate taxes.* Includes real estate taxes paid to cities, counties, boroughs and townships.

(28) *Taxes other than income and real estate.* Includes all other taxes paid except F.I.C.A., Pennsylvania unemployment tax, and State and Federal income taxes.

(29) *State sales and use tax.* Includes sales and use tax paid on all expense type items. Sales and use tax paid on capitalized items shall be included in the asset amount capitalized.

(30) *Rent – ~~land and buildings.~~* Includes rental payments for land, office buildings, plant, warehouse space and so on, provided the lessor/lessee relationship is between two completely independent parties.

(31) *Gasoline, oil and grease.* Includes expenditures for gasoline, oil, and grease for plant and transportation equipment.

(32) *Licenses and permits.* Includes the cost of licenses and permits required by the Commonwealth and by any cities, counties, boroughs and townships for the operation of the business.

(33) *Advertising.* Includes expenditures for local, regional and national advertising and promotions, including newspapers, magazines, pamphlets, circulars and calendars, radio and television, signs and displays, and product sampling.

(34) *Travel and entertainment.* Includes traveling and subsistence expenses, ~~including automobile mileage,~~ of salesmen, officers, and any other employe on company business; also includes entertainment expenses normally incurred in business travel under this item.

(35) *Telephone and ~~internet telegraph.~~* Includes telephone, ~~postage,~~ and ~~internet telegraph~~ charges.

(36) ~~[Reserved]. Postage. Includes expenditures for postage.~~

(37) *Subscriptions.* Includes expenses for periodic professional publications.

(38) *Rent – ~~equipment. Rental and royalties on equipment.~~* Includes cost of renting, leasing, and using any office, plant, or transportation equipment; includes royalties paid on equipment.

(39) *Professional services.* Includes all legal, accounting, auditing and similar expenses.

(40) *Tires and tubes, new and repairing.* Includes all expenditures for tires, tubes, recaps, and repairs to tires and tubes.

(41) [Reserved].

(42) [Reserved].

(43) [Reserved]. ~~*Processing service.* Includes the cost of service rendered by a processing dealer to a nonprocessing dealer, to be used only by a nonprocessing dealer. This shall be recorded completely in processing service cost center.~~

(44) *Commissions and wages.* Includes commissions and wages paid to route drivers, route runners and supervisors.

(45) *Repair and maintenance, delivery equipment.* Includes materials and purchased services for general repairs and maintenance of delivery trucks.

(46) *Depreciation, delivery equipment.* Includes depreciation on delivery vehicles.

(47) *Bad debts.* Includes amount charged as expense resulting from uncollectible sales.

(48) [Reserved]. ~~*Depreciation-returnable containers.* Includes depreciation on returnable containers.~~

(49) [Reserved]. ~~*Plastic resin.* Includes resin purchased for the production of blow-mold plastic containers. Charge directly to the blow-molder cost center.~~

(50) [Reserved]. ~~*Other bottling supplies.* Includes materials such as caps, handles, glue, and the like, not included in container expense. Charge directly to bottling cost center.~~

(51) [Reserved]. ~~*Bulk milk hauling expense.* This account is set up to capture the unreimbursed costs associated with hauling bulk or excess milk. If a contract hauler is used, enter the actual cost. If the dealer hauls the bulk milk, obtain a hauling rate from a local contract hauler to determine the cost.~~

(52) [Reserved]. ~~*Bulk milk hauling contra account.* This contra account is set up as the credit account to be used with the bulk milk hauling expense account when the dealer hauls the bulk milk.~~

(53) [Reserved]. ~~*Bulk cream hauling expense.* This account is set up to capture the unreimbursed costs associated with hauling bulk or excess cream. If a contract hauler is used, enter the actual cost. If the dealer hauls the bulk cream, obtain a hauling rate from a local contract hauler to determine the cost.~~

(54) [Reserved]. ~~*Bulk cream hauling contra account.* This contra account is set up as the credit account to be used with the bulk cream hauling expense account when the dealer hauls the bulk cream.~~

(55) *Contract hauling and delivery expense.* This account is set up to capture all ~~reimbursed contract~~ contracted bulk milk and cream hauling costs and finished product delivery costs.

(56) *Hauling reimbursement.* This account is set up to capture all reimbursements received by the dealer to cover hauling costs.

(57) *Heating fuel.* Costs incurred for heating fuel such as natural gas and fuel oil.

(58) *Cases expense.* Costs incurred for shipping cases and pallets.

(59) *Home office expense.* Organizational overhead which can be allocated to the licensed dealer.

(60) *Garage income.* Income received by the organization for services performed in its garage facilities.

(61) *Back hauling income (delivery cost center only).* Income received for back hauling shall be separated into the following categories:

(i) Back hauling after deliveries of ice cream and frozen dessert products.

(ii) Back hauling after deliveries of other products.

(62) *Market Administrator fees (receiving, laboratory, and field work cost center only).* Fees paid to the USDA Market Administrator.

(63) *Plant closing costs.* Expenses incurred by the closing of a processing plant, if the closing directly impacts the product volume of a licensed dealer, and the dealer is an affiliated or related company or the same company that closed the plant.

(64) *Turnpike and other tolls.* Costs incurred for the Pennsylvania Turnpike and other tolls.

(65) *Employee reimbursement.* Costs incurred for reimbursing employees for use of their personal vehicles or other property.

(66) *Rental income.* Income received for the rental or other use of any of the property for which costs are reported, which is not reported in any other income category.

(67) *Interest expense.* Costs incurred for interest on loans related to the dealer's operations.

(68) *Miscellaneous.* Accountable costs incurred for the dealers's operations that are not captured in any other account. The dealer should provide an explanation of any miscellaneous costs.

Note: Changes from the current regulations are shown in red.