

Cost Allocation Plan

Cost Plan Allocation or Central Service cost allocation plan means the documentation identifying, accumulating, and allocating or developing billing rates based on the allowable costs of services provided by a state, local government, or Indian tribe on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to user.¹

Central or Overhead units provide services, such as administration, human resources, purchasing, accounting, information systems, etc. to various operating division responsible for performing activities/functions of the agency. Costs of Overhead units Indirect costs are those that have been incurred for common or joint purposes²

The cost plan is the allocation of certain General Fund overhead costs to other operating funds. The intent is to charge the operating funds for oversight based on time spent supporting operations. At the same time, recover or reimburse the General Fund for these activities. The General Fund cost is based on two prior year's financials and allocation is based on various units (drivers) of the overhead department.

The following departments are considered the "Overhead" and are primarily financed by the General Fund:

¹ §200.9 of 2 CFR 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards

² Appendix VII to Part 200 – States and Local Government and Indian Tribe Indirect Cost Proposals, 2 CFR Ch.11

<u>Department Title</u>	<u>Basis of Allocation</u>
<i>City Council</i>	n/a
<i>City Manager</i>	relative % of net operating expenses over total
<i>Administrative Services</i>	48% of cost distributed based on agenda count and 52% of cost allocated based on relative % of net operating expenses
<i>Human Resources</i>	number of full-time equivalent (FTE) units
<i>Information Systems</i>	relative % of net operating expenses over total
<i>City Attorney</i>	relative % of net operating expenses over total
<i>Finance</i>	20% - relative % of net operating expenses over total
	20% number of AP transactions
	20% number of budget line accounts
	15% number of receipt transactions
	15% payroll based on number of FTE count
	5% number of encumbrance lines
	5% number of financial software users
<i>Parks & Recreation Admin</i>	allocated to Parks divisions only based on relative % of net operating expenses over total
<i>Community Facilities</i>	based on square footage
<i>Public Works</i>	allocated to PW divisions only based on relative % of net operating expenses over total