



Cost Allocation Plan

Goals, background and methodology of the
City of Bainbridge Island's Cost Allocation Plan

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City of Bainbridge Island
Cost Allocation Plan

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Definitions

As used in the City of Bainbridge Island Cost Allocation Plan –

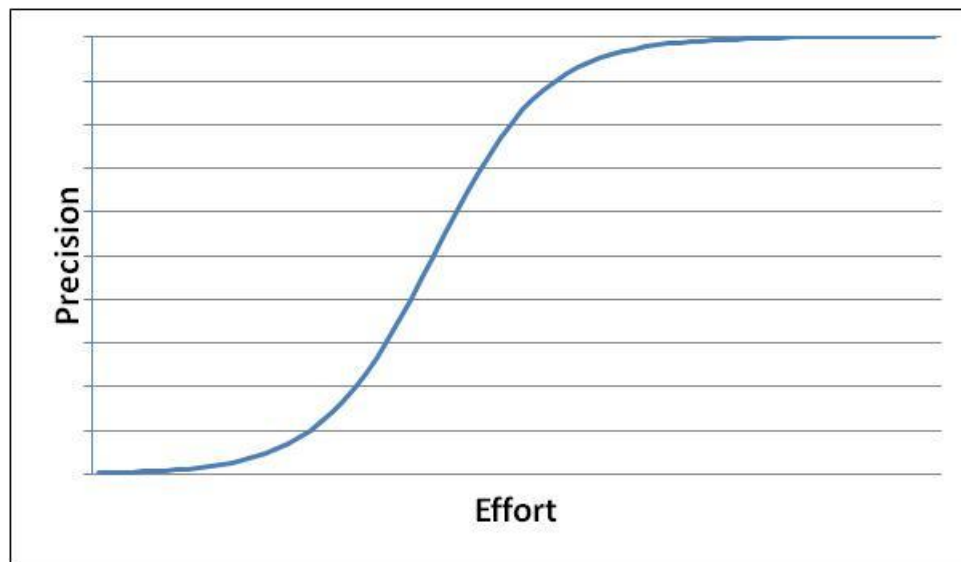
1. “Accounting unit” refers to any segment of the coding used to track financial activity (fund, object, organization, department, etc.).
2. “Admin” is synonymous with Administration.
3. “Allocable Costs” are Indirect Costs that may be allocated. In reference to the A-87 plan, allocable costs are indirect costs that are not prohibited from cost recovery.
4. A “basis” is the best available answer to the question, “What drives the cost?” It is therefore used to distribute costs on the basis of relative benefit received.
5. “B&DS Fund” refers to the Building and Development Services Fund.
6. “CAP” – Cost Allocation Plan
7. “COBI” refers to the City of Bainbridge Island. In this document, the term “the City” is also used to refer to COBI.
8. A “cost objective” may be a specific task, program, activity, or project.
9. The term “Direct costs” as used in this document is defined by OMB Circular A-87 as “those [costs] that can be identified specifically with a particular final cost objective.” An example of a direct cost would be a professional service cost for design of a building.
10. “Divisions” are segments within departments. The CAP treats some divisions as departments, when division responsibilities and cost drivers vary widely enough to make such segregation appropriate. The use of the term “department” in terms of classification and allocation encompasses such divisions.
11. “Enterprise Funds” are a type of Proprietary Fund, specifically used to report activities for which a fee is charged to external users for goods or services.
12. “FTEs” refers to “Full-Time Equivalents”. Rather than simply counting the number of people employed by the City, this figure takes into account employees who work less than full-time and assigns a portion of an FTE to each. The number of FTEs does not always coincide with the number of approved positions (i.e., approved positions that are not filled are not reflected in the Number of FTEs.)
13. The term “GAAP Guide” refers to the 2010 edition of the “*Governmental GAAP Guide for State and Local Governments*” published by CCH of Chicago, IL.
14. “Governmental Funds” are non-Proprietary Funds.
15. The term “Indirect costs” as used in this document is defined by OMB Circular A-87 as costs “a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.”
16. “MGT” refers to MGT of America, Inc., the external consultant hired by COBI to develop the cost allocation plan model.
17. “PCD” refers to the Planning and Community Development department.
18. “Proprietary Funds” are defined by the GAAP Guide as, “used to account for a state or local government’s activities that may be performed by a commercial enterprise... Generally, the purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost.” Proprietary Funds are either Enterprise Funds or Internal Service Funds (for services or activities provided to other funds or departments within the governmental agency). COBI’s Proprietary Funds are all Enterprise Funds, and consist of the Water, Sewer, SSWM, and B&DS Funds.

19. "PW" refers to the Public Works department.
20. "PRRs" are Public Records Requests.
21. "RCW" refers to the Revised Code of Washington.
22. Per the GAAP Guide, "Special Revenue Funds" refer to funds that account for proceeds of specific revenue sources that are legally restricted to expenditures of a specific purpose.
23. "SSWM" refers to the Storm and Surface Water Management fund or function.
24. "Utility Funds" refers to the city-operated Water, Sewer, and SSWM services Funds. The term "utilities" refers to the functions served by these funds.

Introduction: What is Cost Allocation?

Simply put, Cost Allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific cost objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received.

The benefits received through Cost Allocation follow the law of diminishing returns, represented by an S-Curve. In short, there comes a point where increased effort no longer results in a notable increase in precision.



Goal

The City of Bainbridge Island (hereinafter also referred to as “COBI” or “the City”) has eight strategic goals, including one of “Internal Efficiency: Improve efficiency, quality and productivity of services.”¹ In order to sufficiently measure and compare city activity in line with this goal, it is necessary to ensure that all COBI Funds and functions share indirect costs on the basis of relative benefits received.

Additionally, the City’s budget guidelines, as outlined on page I-12 of the 2008 final budget, include the concept of full cost recovery:

- The City will maintain utility rates adequate to ensure that each utility segment is fully self-supporting
- The City shall maintain a structure for all fees and charges where the beneficiary of the service pays the cost of that service except to the extent that the City Council has determined that provision of the specific service in question provides a general public benefit

In order to receive full cost recovery, the City must be able to measure the full cost of services provided, including indirect costs such as administration and other support services.

The cost recovery method described herein complies with applicable guidance from State and Federal agencies.

¹ COBI 2008 Final Budget.

Applicable Guidance

Washington State Auditor

The Washington State Auditor's office prescribes the accounting and reporting of local governments in the State of Washington under RCW 43.09.200.² Washington State law provides, at RCW 43.09.210:

All service rendered by, or property transferred from, one department, public improvement, undertaking, institution, or public service industry to another, shall be paid for at its true and full value by the department, public improvement, undertaking, institution, or public service industry receiving the same, and no department, public improvement, undertaking, institution, or public service industry shall benefit in any financial manner whatever by an appropriation or fund made for the support of another.

The RCW does not specifically address how "full value" is to be determined.

OMB Circular A-87

OMB Circular A-87³ establishes cost principles for State, Local, and Indian Tribal Governments for determining costs for Federal awards. Item 5 of the Circular states that, "The principles are for determining allowable costs only." In defining allowable costs, the Circular provides a definition of allocable costs at Attachment A, paragraph C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." The Circular further outlines costs that are allowable for charging the Federal government and distinguishes those that are specifically excluded from recovery.

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.⁴ While the GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the Washington State Auditor's audit of COBI.

GASB has not issued any specific guidance describing the method of cost allocation to be applied by government agencies. The overarching principle applied by COBI is found in the GASB Summary of Concept Statement No. 1, "Financial reports are used primarily to compare actual financial results with the legally adopted budget; to assess financial condition and results of operations; to assist in determining compliance with finance-related laws, rules, and regulations; and to assist in evaluating efficiency and effectiveness."

Consultant

In 2009, COBI elected to hire MGT of America, Inc. (hereinafter also referred to as "MGT" or "the Consultant") to develop the Cost Allocation Plan (or, "CAP"). MGT was selected as an industry leader in developing cost allocation plans for government agencies, with over 200 government agencies nationwide using their cost allocation plan software. Additionally, A-87 plans for MGT's clients have consistently been accepted by Federal agencies.

² "Budgeting, Accounting, and Reporting System (BARS)" Manual, published by the Washington State Auditor's office and available online at www.sao.wa.gov. "RCW" refers to the Revised Code of Washington.

³ Published by the Federal Office of Management and Budget and available online at www.whitehouse.gov; hereinafter also referred to as "the Circular" or "A-87".

⁴ "Facts about GASB", published by the Governmental Accounting Standards Board and available online at www.gasb.org/facts/facts_about_gasb_2009-2010.

MGT worked closely with the City's Cost Accountant to obtain all necessary data, select appropriate bases for allocation, and input the data into their model. The Cost Accountant reviewed results for accuracy and validity and worked with MGT to make revisions where appropriate.

Methodology

Two Plans – Full Cost and A-87

The State guidance cited above permits and even requires full cost recovery, without defining how such “full cost” is calculated. The Federal guidelines, however, make a distinction between costs that are allowable and those that are not. The different treatments give rise to the need for two cost accounting plans – 1) a Full Cost plan in which all costs incurred are shared among benefitting departments and funds for compliance with RCW 43.09.210, and 2) an A-87 compliant plan in which costs specifically disallowed from Federal reimbursement are removed. The Full Cost plan will be applied to budget and accounting, whereas the A-87 plan will be used only in circumstances where Federal reimbursement of allocated costs is sought.

Classification of Departments and Basis Determination

A “basis” can be described as the best available answer to the question, “What drives the cost?” It is therefore used to distribute costs on the basis of relative benefit received. The cost allocation will not result in a per unit cost of a transaction, such as processing a voucher for payment or processing a request for bid; rather, it represents an appropriate allocation of all of the costs related to providing the support service.

MGT and the Cost Accountant met with each department to discuss departmental responsibilities and determine which departments should allocate costs. Departments were classified as “Support” and “Recipient”. Recipient departments are those receiving a benefit from a support department. Accordingly, support departments send allocations to recipient departments. Support departments may also send or receive allocations to or from other support departments.⁵

Work effort within each Support department was then segregated into different tasks (such as Cashiering and Budgeting). The amount of departmental expenses assigned to each task was based on labor data when appropriate and available, or split evenly for different bases when such practice is industry standard and more equitable than labor. An appropriate basis was then determined for each task. Descriptions and detail of bases by department are available in *Appendix A*.

Allocated Costs

Budgeted operating expenses by department were used as the starting point for determining allocable costs. Within each Support department, line items with the potential to contain significant direct costs (such as Professional Services) were individually reviewed, and direct costs were identified with and applied only to the benefitting cost objective whereas unallocable costs (costs that would be inappropriate to share) were excluded from allocation. Any costs directly budgeted to a Proprietary Fund prior to this Cost Allocation Plan, such as labor (discussed further, below, in subsection “*FTEs per dept/fund*”, or, *Labor*) were credited so as not to duplicate-charge a Fund.⁶

⁵ For example, Finance is initially designated as a support department. Because the Finance department supports IT, another support department, Finance costs are allocated to IT and IT becomes a “Support/Recipient” department.

⁶ Please note the use of budgeted expenses or costs, rather than actual expenses or costs. Such usage is common and is compliant with all applicable guidance.

Allocation Bases

The bases used in the COBI Cost Allocation Plan can be categorized as:

- Task-specific Data
 - Where task-specific data existed and was readily available, this data was used as the basis for allocation. For example, to allocate the cost of the Accounts Payable (AP) function COBI used the number of AP transactions per Department and Fund.
- Number of FTEs⁷
- Operating Budget
- Estimate of Data
 - In the absence of task-specific data, an estimate of data was used when 1) a data point that reflected a cost driver could be identified, and 2) the estimated data point was a more appropriate basis than Number of FTEs or Operating Budget. For example, the Human Resources (HR) support of departments used an estimate of time spent for each department. This was chosen rather than Number of FTEs because the HR work related to a department is variable based on staff turnover, promotions, additions or deletions of positions, etc., which may prove to be higher or lower for a department than its proportionate share of FTEs.
- Blend of items above

The bases used in the plan and where they have been applied are outlined in the Table of Contents section of *Attachment A: Full Cost Allocation Plan*.

“Number Of”

Please note that basis descriptions using the term “Number of” do not indicate that a “cost-per-item” was applied. Rather, the number of transactions or items considered was used to calculate a weighted average that was then applied to Recipients accordingly.

“FTEs per dept/fund”, or, Labor

The budgeted salary and FTE bases come from Payroll Allocations. COBI has drafted and started implementing the attached Payroll Allocation Procedure (*Attachment A*). Based on this Procedure, payroll allocations are to be estimated based on planned work effort, and all requested payroll allocations are to include three additional pieces of information to justify the percentages – narrative, calculation, and supporting documentation. The narrative gives the answer of “why” a given fund is being charged for labor and the general “what” of the work that would apply to the fund. The calculation gives the answer of “how” the figure was determined, and the supporting documentation (whether it be MUNIS data, project lists, etc.) supports the “how much” and specific “what”. The information provided must be sufficiently detailed to pass potential scrutiny by an auditor or other external third party.

For many departments, the support will vary based on the employee and his or her specific job duties. For example, a position whose job duties are related to processing data may be supported by system-generated reports detailing number of items processed per fund, whereas a position whose job duties are project-driven may be supported by annual project lists.

The Public Works department’s Operations and Maintenance division uses a Work Order system within MUNIS (the City’s Financial Management system) to track labor hours to direct effort as worked. Beginning in 2009, portions of the Public Works department’s Engineering division also use a work order system. The use of this work order system is an integral part of compliance with OMB Circular A-87 Attachment B, 11.h. As additional divisions or departments begin to use the Work Order system, the precision of labor assignment will be increased.

⁷ COBI has eight employees who work less than full-time. These positions equate to 5.5 FTEs. Use of FTEs is therefore not materially different from use of headcount.

OMB Circular A-87 Adjustments

The A-87-compliant Cost Allocation Plan (for use with Federal funding) is currently in process. Upon completion of this plan, the City will revise this plan to discuss any adjustments and variances between the Full-Cost plan and the A-87 plan.

Software

As part of the contract with MGT, COBI will take possession of the database developed by MGT for creation of the CAP and use in annual updates to the CAP. All future updates to the CAP will be done by COBI on an annual basis using budgeted figures.

Appendix A:

Department Description and Allocation Bases

In the department analysis that follows, departments are designated as “support” and/or “recipient”. Recipient departments are those receiving a benefit from a support department. Accordingly, support departments send allocations to recipient departments. Support departments may also send or receive allocations to or from other support departments. For example, IT is initially designated as a support department. Because the IT department supports Finance, another support department, IT costs are allocated to Finance and Finance becomes a “Support/Recipient” department.

For the purposes of the Cost Allocation Plan, where the first goal is to confirm that all Funds share in indirect costs appropriately, each non-General Fund is treated as a “department”. Final costs for all non-Fund departments reflect the total General Fund operating costs of each department.

The following section also describes departments that are unallowable and therefore excluded from the A-87 plan. To ensure that Proprietary Funds do not receive a disproportionate share of other operating costs, these non-A-87 departments are not excluded from the basis data (or, denominators in the formulas) within the A-87 plan. This inclusion is consistent with OMB Circular A-87, Attachment A, Item C.3.b, “All activities which benefit from the governmental unit's indirect cost... will receive an appropriate allocation of indirect costs.” Failing to include them in the formulas would result in a disproportionate share being assigned to allowable departments and Funds.

City Council – Support/Recipient

Discussion:

City Council (hereinafter also referred to as “Council”) is the legislative and policy-making branch of the City government, responsible for determining the City's policies and goals. The Council is involved in decision-making and policy-setting related to both Governmental and Proprietary Fund activities. While the City Council would exist regardless of the Proprietary Fund activities, all City activities are considered by the Salary Commission in setting City Council salaries.⁸ Additionally, City Council's involvement in Proprietary Fund activities drives staff labor related to the same. The existence of and City Council's involvement in Proprietary Fund activities therefore has an impact on the cost of each department and fund.

Allocation Determination:

The City allocates Council costs to all Departments and Funds. It is standard practice among many governments to allocate Council costs on the basis of FTEs, Operating Budget, Council meeting Agenda Items, or a combination of the any of the three. COBI elected to allocate Council costs using each of those three bases, weighted equally.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Government costs, including those of a City Council, are not allowed for Federal awards per OMB Circular A-87, Attachment B, No. 23.a.2. Accordingly, all City Council costs are excluded from the A-87 Cost Allocation Plan, but are appropriate for inclusion in the Full Cost Allocation Plan.

Municipal Court – Recipient

Discussion:

Operating a Municipal Court is a general government function, and any services provided that relate to Proprietary Funds are the same services provided to any private entity or member of the citizenry (misdemeanor, gross misdemeanor, traffic and non-traffic criminal cases). The City treats itself as an external entity in the billing of utility rates, permit fees, and other City activity (i.e., the City is not exempted from paying for City services). For consistency, it should likewise treat court costs related to City-owned

⁸ The Salary Commission is a seven-member advisory committee comprised of Bainbridge Island citizens who are charged with reviewing the salaries of elected officials and recommending whether such salaries should be increased or decreased.

utilities like those of any external entity – paid by the General Fund. Additionally, operation of the Municipal Court carries the same cost regardless of the existence of the Proprietary Fund activities.

Allocation Determination:

Court costs are not allocable to other departments or Proprietary Funds.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Government costs, including those of a municipal court, are not allowed for Federal awards per OMB Circular A-87, Attachment B, No. 23.a.3. Accordingly, all Municipal Court costs (direct and allocated) are excluded from the A-87 Cost Allocation Plan.

Executive

The Executive Department provides "direction, coordination, and oversight"⁹ for the City as a whole, including Proprietary Fund activities. It is comprised of separate divisions with markedly different roles and responsibilities. Accordingly, each division is separately discussed.

Exec – Admin – Support/Recipient

Discussion:

The Exec – Admin division is responsible for the administration of city polices and, ultimately, the operation of all departments.

Allocation Determination:

The City allocates Exec – Admin costs to all Departments and Funds. It is standard practice among many governments to allocate Exec-Admin costs in the same manner as City Council costs. COBI elected to follow this standard practice.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Exec – Legal – Support/Recipient

Discussion:

The Exec – Legal division acts as the City's general counsel. In addition to overseeing all litigation, the Legal division provides legal support related to Contracts citywide; maintains the Real Property database, protects interests related to City-owned property, and is instrumental in surplusizing City property; fulfills Public Records Requests (PRRs); and attends City Council and other public meetings.

Allocation Determination:

The City allocates Exec – Legal to all departments and funds. The amount applied to each work effort category was based on staff estimates of time spent in each task. Several bases were used according to the work effort.

- Contracts – based on operating budget
 - Contracts with Legal involvement are not separately tracked. The use of operating budget was chosen rather than FTEs because contracts are more closely related to expenditures than to employees.
- Real Property – based on operating budget
 - The surplusizing of property is beneficial to all operating departments, because it contributes to offsetting overall expenses or building reserves. Additionally, the City owns property that is used solely for utility purposes. In the absence of task-specific data, the operating budget was chosen because the benefit to other departments is more closely related to expenditures than to employees. The relatively low total cost of the Real Property work effort reduces the benefit within cost allocation of maintaining additional task-specific data. (See Introduction section.)
- Public Records Requests – based on number of PRRs

⁹ COBI 2008 Final Budget.

- Council Support – based on number of City Council meeting agenda items
- Litigation – unallocable – direct costs
 - Litigation costs are directly-attributable to specific lawsuits or other legal activity. These costs should therefore not be shared with departments or funds not involved in the litigation, and are therefore unallocable.
- Unallocable – Prosecutor and Public Defender costs
 - The Prosecutor and Public Defender fulfill a mandated general government function. It would be inappropriate to share these costs with non-General Funds, or with other departments; they are unallocable.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Exec – Human Resources (HR) – Support/Recipient

Discussion:

The Exec – HR division is responsible for compliance with applicable federal and state rules and regulations, labor relations support, employee recruitment, and City-wide training.

Allocation Determination:

The City allocates Exec – HR to all departments and funds. The amount applied to each work effort category was based on staff estimates of time spent in each task. Several bases were used according to the work effort.

- HR Citywide Projects – based on FTEs
 - Citywide Projects include tasks such as employee manual updates, required labor reporting, and other tasks that relate to the City as a whole. The effort can be considered as equal for each employee. Accordingly, the number of FTEs is the best data for allocation.
- HR Support – based on estimate of time spent for each department
 - This estimated data was chosen rather than Number of FTEs because the HR Support work related to a department is variable based on staff turnover, promotions, additions or deletions of positions, grievances, etc., which may prove to be higher or lower for a department than it's proportionate share of FTEs.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Exec – Hearing Examiner – Support/Recipient

Discussion:

The Hearing Examiner is responsible for arbitration, primarily for issues arising from building and development services.

Allocation Determination:

The City allocates Hearing Examiner costs to those functions that benefit from the effort. Because all Hearing Examiner costs are paid to contractors of the City (i.e., they are not employee “Salary and Benefits” for the City), the total amount billed for each case detail was applied to its related department or Fund and used as the basis for allocation. Additionally, because the Hearing Examiner is an external position, the division does not participate in all City-wide costs. Rather, it was deemed appropriate to only allocate costs related to PRRs to the Hearing Examiner, because many of the cases arise from what are initially PRRs.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Exec – City Clerk – Support/Recipient

Discussion:

The City Clerk is responsible for managing the City's official records. This includes recording all proceedings of all public meetings, maintaining records of ordinances and resolutions passed by City Council, updating

the availability of the current municipal code, processing insurance claims, and responding to public records requests.

Allocation Determination:

The City allocates City Clerk costs to all departments and Funds. The amount applied to each work effort category was based on staff estimates of time spent in each task. Several bases were used according to the work effort.

- Public Records – based on number of PRRs
- Council support – based on number of agenda items
- Insurance – based on operating budget
 - There is not an accurate way to predict where an insurance claim may be made in a given year. Additionally, this work effort category reflects a total allocated cost that is immaterial to the CAP as a whole. Accordingly, since insurance is a City-wide cost and the City Clerk's efforts would include any such insurance claims, the use of operating budget was deemed to be the most reasonable basis.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Exec – Community Services – Recipient

Discussion:

The Community Services division is used in the CAP to accumulate costs attributable to the Senior Center/Commons and City-maintained parks (equipment, maintenance, insurance, and utilities). This division is not used for budgeting or actual expense recording purposes; rather, it is used only within the CAP to segregate and exclude the unallocable Community Services costs.

Allocation Determination:

Community Services costs are for services and locations provided for general community benefit. They are therefore not allocable to other departments or Funds.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Finance and Administration – Support/Recipient

Discussion:

The Finance department provides support to all City departments. In addition to all accounting functions, financial reporting, and budgeting, the Finance department manages all utility billings and serves as primary cashier and reception at City Hall.

Allocation Determination:

The City allocates Finance costs to all departments and Funds. The amount applied to each work effort category was based on staff estimates of time spent in each task. Several bases were used according to the work effort.

- Budget and Financial Reporting – based on operating budget
- Accounts Payable – based on number of AP transactions
- Cashiering – based on number of cash receipts
- Business License – not allocated
- Council Support – based on staff estimate of time spent
 - The Finance Department Secretary prepares agendas for City Council meetings and staffs certain meetings, such as those related to budget and CFP, and in the absence of the City Clerk when necessary.
- General Accounting – based on operating budget

- General City Support – based on operating budget
 - This work effort category refers to time spent by the Accounting Technician who serves as general receptionist for the City.
- LIDs – based on staff estimate of time spent
- Timesheet Entry – based on number of lines entered
- Payroll Processing and Maintenance – based on number of FTEs
- SSWM Support – based on staff estimate of time spent
 - The Senior Accounting Technician oversees all SSWM billing functions.
- Utilities – based on number of utility accounts per utility
- Cost Allocation – based on operating budget
- Cash Management GF (General Fund) – based on operating budget
- Cash Management non-GF – based on absolute value of average cash balances
- Finance Committee – based on number of FPC agenda items
 - The Finance Committee meetings are staffed by the Finance Department Secretary, who prepares agendas and records minutes.
- Records – based on number of records
- Direct Fund Support – based on expenses budgeted directly to non-GF Funds

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Public Safety – Recipient

Discussion:

The Public Safety (or Police) Department is the law-enforcement department within the City, and (like Municipal Court) the services it provides that relate to utilities are the same services provided to any private entity or member of the citizenry (maintain peace and order, protect life and property, etc.).

Allocation Determination:

Public Safety costs are not allocable to utilities or any other enterprise funds.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Government costs, including those of a police department, are not allowed for Federal awards per OMB Circular A-87, Attachment B, No. 23.a.5. Accordingly, all Public Safety costs are excluded from the A-87 Cost Allocation Plan.

Planning and Community Development – Support/Recipient

Discussion:

The Planning & Community Development (PCD) department works with land use and construction activities on the Island; administers building, shoreline, environmental, and subdivision regulations; reviews development proposals; performs code enforcement; administers land use applications; prepares and updates long-range plans. A significant portion of PCD effort is related to the B&DS Fund. PCD is also involved in the development of utility projects in support of the Public Works department.

Allocation Determination:

The City allocates PCD – Admin costs to all other PCD divisions and to Funds supported by PCD. All non-Professional Service costs are allocated based on FTEs of supported divisions and Funds. Professional Services costs are allocated directly based on the division or Fund for which the service is performed.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Public Works (PW) – Support/Recipient

“The Public Works Department is responsible for acquiring, constructing, operating and maintaining public infrastructure.”¹⁰ This includes City-owned utilities. The department is comprised of separate divisions with markedly different roles and responsibilities. Accordingly, each division is separately discussed.

PW – Admin – Support/Recipient

Discussion:

The PW – Admin division supports the other divisions within Public Works.

Allocation Determination:

The City allocates PW – Admin based on operating budget and number of FTEs of supported divisions, weighted equally.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

PW – Engineering – Support/Recipient

Discussion:

The PW – Engineering division is primarily responsible for carrying out City infrastructure improvements and the review of public development projects. This includes various permit reviews of all development that affect public infrastructure. Engineering also carries out various City wide studies in order to implement improvements to infrastructure. The division provides survey services, capital and development engineering for utility and non-utility projects, and contains the Water resources function which oversees water quality testing and compliance for the Storm and Surface Water Management utility.

Allocation Determination:

The City allocates PW – Engineering costs to all non-General Fund funds supported by the division. All non-Professional Service costs are allocated based on number of FTEs, and Professional Services are allocated directly based on the division or Fund for which the service is performed. The use of FTEs was chosen rather than operating budget because the labor effort is more closely related to distribution of cost than expenses.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

PW – Operations and Maintenance (O&M) – Support/Recipient

Discussion:

The PW – O&M division is responsible for transportation, utility, and facilities operations and maintenance. This includes fleet, street, and building maintenance, as well as operation of the City-owned utilities. Fleet and building maintenance is performed for all departments.

Allocation Determination:

The City allocates PW – O&M to all supported departments and Funds. The amount applied to each work effort category was based on staff estimates of time spent in each task. Several bases were used according to the work effort.

- PW O&M Admin, PW O&M Transp & Fac, and PW Utilities – based on estimated support per department/fund, from estimates of staff effort
- Facilities – City Hall – based on square footage per department
- Facilities – PW Yard – based on FTEs
- Facilities – PD – based on square footage

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Information Technology – Support/Recipient

Discussion:

¹⁰ COBI 2008 Final Budget.

The IT department provides technical support and systems administration to all departments, as well as GIS and mapping maintenance. Major platforms supported include the MUNIS financial system and Tidemark planning system. The IT department sets up all workstations (phone and computer), responds to time-sensitive technical issues, supports users with software-related questions, assists in the development of reports, and prepares the Council Chambers for public meetings.

Allocation Determination:

The City allocates IT costs to all departments and Funds.¹¹ The bases for allocating IT were derived from position duties.

- Director – average based on other IT employees
- Senior IT Specialist – based on City-wide FTEs by department and Fund
 - The Senior IT Specialist position supports technical needs of all employees (computers, email addresses, phones, software, etc.). Accordingly, the cost is shared relatively equally per employee.
- Systems Administrator – based on financial system module and work order data
- Engineering Tech II – based on estimated project work

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

General Government – Support/Recipient

Discussion:

The General Government department functions as a centralized service unit to pay for City-wide costs on behalf of the City and all of its departments. This department allows for the allocation of costs to funds while removing from department reporting those costs that are centralized and outside of departmental control (insurance, rent, utilities, etc.). The General Government department also holds costs that are not allocable to any other departments or Funds, such as Community Services costs.

Allocation Determination:

The City allocates General Government costs to all departments and Funds. The amount to each category within General Government was determined based on review of budget line items. Different allocation bases were applied to each as appropriate.

- Citywide – based on operating budget
- Direct – directly allocated to benefitting area
 - Includes Professional Services and legal settlement costs.
- City Hall – Utilities – based on square footage per department
 - Utilities are budgeted by location. This category includes only those utility costs associated with City Hall.
- Court Bldg – Rent – based on budgeted rent costs
- Utilities – based on utilities charges per department per budget
- Unallocated Expenses – specifically identified items that are not allocable
 - Includes Community Services, ferry parking lot lease, pollution control, and detox taxes.
- Records Storage – based on budgeted rent costs
- CH & CY Rent – based on Depreciation and Debt charges per department and Fund

¹¹ In 2009, IT received compensation from the Fire Department for a service contract. The costs allocated to that contract and its share in overhead are not allocated to other departments and Funds, because the associated revenue is not allocated.

- City Hall and Public Works Yard rent costs are calculated based on square footage and FTE data. The basis for the rent cost is the annual depreciation expense and the interest paid on debt issued for purchase and construction of the facilities.
- Taxes – based on budgeted expenses
 - Taxes on City-owned utilities are budgeted as a percentage of estimated revenues.
- Insurance – Insurance is allocated based on the different factors within it. The amount to each function is based on the most recent WCIA Invoice.
 - Ins – Liability – based on calculated risk using exposure based on loss history and worker hours
 - Ins – Assets – based on asset value per department/Fund
 - Ins – Assets, GF – based on operating budget
 - Ins – Crime – based on number of FTEs
 - This section of insurance covers all employees, so use of FTEs is most reasonable.
 - Ins – Direct – based on budget
 - Direct allocation for police boat insurance, which is separately billed

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

All non-General Fund Funds – Recipient

Discussion:

Non-General Funds do not support operating departments or the General Fund.

Allocation Determination:

Non-General Funds are not allocated.

A-87 Discussion: This section to be revised upon completion of the A-87 CAP.

Summary Schedule

The Summary Schedule summarizes the total amount allocated from each Support department to each Recipient department.¹²

SUMMARY SCHEDULE											
Department	21 Municipal Court	35 Exec-Harbormaster	37 Community Services	38 Downtown Planning	51 Police Admin	52 Police Investigations	53 Police Patrol	54 Police Marine	55 Police Harbormaster	56 Police Emerg Ops Ctr	
1 Equipment Use	\$4,362	\$0	\$1,484	\$0	\$183,460	\$0	\$0	\$0	\$0	\$0	\$0
2 11 City Council	5,033	0	0	0	7,379	2,326	15,256	924	863	0	
3 31 Exec- Admin	17,979	0	0	0	26,852	8,329	54,604	3,308	3,089	0	
4 32 Exec- Legal	2,562	0	0	0	38,384	1,511	9,514	578	958	0	
5 33 Exec- Human Resources	6,463	0	0	0	8,691	1,978	13,360	807	767	0	
6 34 Exec- Hearing Examiner	0	0	0	0	0	0	0	0	0	0	
7 36 Exec- City Clerk	216	0	0	0	16,976	111	699	43	236	0	
8 41-46 Finance	24,885	0	6	0	43,605	14,367	94,025	5,825	3,582	0	
9 61 PCD Admin	0	0	0	0	0	0	0	0	0	0	
10 71 PW Admin	0	0	0	0	0	0	0	0	0	0	
11 72 PW Engineering	0	0	0	0	0	0	0	0	0	0	
12 73 PW Operations & Maintenance	0	0	75,057	0	17,474	0	0	0	0	0	
13 81 IT Admin	16,406	0	0	0	28,150	9,955	62,688	3,811	3,475	0	
14 91 General Gov't	69,324	0	38,105	0	127,996	9,405	61,984	12,733	4,078	0	
TOTAL CURRENT ALLOCATIONS	147,230	0	114,652	0	498,967	47,982	312,130	28,029	17,048	0	

A. Department Costs

Each Support department has a schedule A. Department Costs, which summarizes the budgeted costs for the department, and shows how the cost is shared among tasks.

A. DEPARTMENT COSTS							Dept:2 11 City Council
		Amount	General Admin	Council A	Council B	Council C	
Salaries	S1	\$84,000	\$0	\$28,000	\$28,000	\$28,000	
Salaries % Split			0%	33.33%	33.33%	33.33%	
Benefits	S	7,289	0	2,430	2,430	2,430	
		91,289	0	30,430	30,430	30,430	
SUPPLY & SERVICES COST							
Supplies	S	4,675	0	1,558	1,558	1,558	
Communication	S	1,650	0	550	550	550	
Travel	S	360	0	120	120	120	
Advertising	S	2,000	0	667	667	667	
Repair & Maint	S	2,310	0	770	770	770	
All Other	S	2,350	0	783	783	783	
DEPARTMENT Cost Total		13,345	0	4,448	4,448	4,448	
ADJUSTMENTS							
Total		104,634	0	34,878	34,878	34,878	
General Admin Distribution			0	0	0	0	
Grand Total		\$104,634		\$34,878	\$34,878	\$34,878	

In this example, the costs are shared evenly among three tasks, which follows industry standard. Example 2, which appears later in this report, shows when tasks are split based on labor.

¹² Please note that the summary provided with the plan from MGT does not include totals allocated from Support departments to other Support departments. COBI created such a summary, which is included at Appendix C.

B. Incoming Costs

Each Support department has a schedule B. Incoming Costs, which summarizes the costs allocated to the Support department.

B. INCOMING COSTS - (Default Spread Salary%)						Dept:2 11 City Council
Department	First Incoming	Second Incoming	Council A	Council B	Council C	
2 Council A	\$0	\$2,090	\$697	\$697	\$697	
2 Council B	0	160	53	53	53	
Subtotal - 11 City Council	0	2,250	750	750	750	
3 Exec Admin A	0	10,906	3,635	3,635	3,635	
3 Exec Admin B	0	835	278	278	278	
Subtotal - 31 Exec- Admin	0	11,741	3,914	3,914	3,914	
4 Contracts	0	303	101	101	101	
4 Real Property	0	102	34	34	34	
4 Public Records Req	0	722	241	241	241	
Subtotal - 32 Exec- Legal	0	1,127	376	376	376	
5 HR Citywide Projects	0	5,926	1,975	1,975	1,975	
Subtotal - 33 Exec- Human Resourc	0	5,926	1,975	1,975	1,975	
7 Public Records	0	342	114	114	114	
7 Insurance	0	31	10	10	10	
Subtotal - 36 Exec- City Clerk	0	373	124	124	124	
8 Budget & Fin Reporting	0	1,461	487	487	487	
8 Accts Payable	0	3,300	1,100	1,100	1,100	
8 Cashiering	0	5	2	2	2	
8 Council Support	0	12,135	4,045	4,045	4,045	
8 Gen1 Accounting	0	277	92	92	92	
8 Gen1 City Support	0	169	56	56	56	
8 Timesheet Entry	0	12	4	4	4	
8 Payroll Proc & Maint	0	4,581	1,527	1,527	1,527	
8 Cost Allocation	0	136	45	45	45	
8 Cash Mgmt GF	0	72	24	24	24	
8 Records	0	1,187	396	396	396	
Subtotal - 41-46 Finance	0	23,335	7,778	7,778	7,778	
12 Facilities- City Hall	0	23,634	7,878	7,878	7,878	
Subtotal - 73 PW Operations & Main	0	23,634	7,878	7,878	7,878	
13 IT Citywide	0	2,947	982	982	982	
B. INCOMING COSTS - (Default Spread Salary%)						Dept:2 11 City Council
Department	First Incoming	Second Incoming	Council A	Council B	Council C	
Subtotal - 81 IT Admin	\$0	\$2,947	\$982	\$982	\$982	
14 Citywide	0	1,072	357	357	357	
14 City Hall- Utilities	0	13,319	4,440	4,440	4,440	
14 Ins- Assets	0	489	163	163	163	
14 Ins - Assets, GF	0	4	1	1	1	
14 Ins- Liability FTE's	0	19,465	6,488	6,488	6,488	
Subtotal - 91 General Govt	0	34,349	11,450	11,450	11,450	
Total Incoming	0	105,682	35,227	35,227	35,227	
			%33.33	%33.33	%33.33	
C. TOTAL ALLOCATED		\$210,316	\$70,105	\$70,105	\$70,105	

Please note that the total of \$34,878 from the Council A column of schedule A. Department Costs plus the \$35,227 from the Council A column of this schedule B total \$70,105. The total of \$70,105 is then allocated in the following section.

Allocation Detail

Each Support department allocation task is supported by allocation detail. This detail shows the application of the allocation base to the departmental costs and overhead previously allocated (“First Allocation” column) as well as the allocated costs allocated through the second pass (“Second Allocation” column). This is known as a “double-step allocation”, and ensures that Support departments end with \$0 of allocable costs remaining but not allocated. Additionally, the “Direct Billed” column is used to give credit to departments for any allocable expenses previously charged. This way, the CAP does not duplicate-charge costs to any departments.

In this example, there are three allocation sections: Council A Allocations (based on FTE’s); Council B Allocations (based on operating budget); and, Council C Allocations (based on agenda items).

Council A Allocations								Dept:2 11 City Council	
	Number of FTE's per dept/fund	Allocation Percent	First Allocation	Direct Billed	Department Allocation	Second Allocation	Total		
2 11 City Council	8.00	5.99%	\$2,090	\$0	\$2,090	\$0	\$2,090		
3 31 Exec- Admin	2.24	1.68%	585	0	585	629	1,214		
4 32 Exec- Legal	1.26	0.94%	329	0	329	354	683		
5 33 Exec- Human Resources	0.54	0.40%	141	0	141	152	293		
7 36 Exec- City Clerk	1.20	0.90%	314	0	314	337	650		
8 41-46 Finance	6.00	4.49%	1,568	0	1,568	1,684	3,252		
9 61 PCD Admin	3.15	2.36%	823	0	823	884	1,707		
10 71 PW Admin	0.80	0.60%	209	0	209	225	434		
11 72 PW Engineering	1.25	0.94%	327	0	327	351	677		
12 73 PW Operations & Maintenance	3.38	2.53%	883	0	883	949	1,832		
13 81 IT Admin	2.23	1.67%	583	0	583	626	1,209		
15 21 Municipal Court	6.25	4.68%	1,633	0	1,633	1,754	3,387		
19 51 Police Admin	5.50	4.12%	1,437	0	1,437	1,544	2,981		
20 52 Police Investigations	2.45	1.84%	640	0	640	688	1,328		
21 53 Police Patrol	16.55	12.40%	4,324	0	4,324	4,646	8,969		
22 54 Police Marine	1.00	0.75%	261	0	261	281	542		
23 55 Police Harbormaster	0.95	0.71%	248	0	248	267	515		
26 62 Building	0.50	0.37%	131	0	131	140	271		
27 63 Current Planning	1.05	0.79%	274	0	274	295	569		
28 64 Long-Range Planning	2.94	2.20%	768	0	768	825	1,593		
29 65 Code Enforcement	0.30	0.22%	78	0	78	84	163		
36 101 Street FD	12.49	9.36%	3,263	0	3,263	3,506	6,769		
44 401 Water Operating FD	9.47	7.09%	2,474	0	2,474	2,658	5,132		
45 402 Sewer Operating FD	14.35	10.75%	3,749	0	3,749	4,028	7,777		
46 403 SSWM Operating FD	14.44	10.82%	3,773	0	3,773	4,053	7,826		
47 470 Development	8.18	6.13%	2,137	0	2,137	2,296	4,433		
48 471 Building	7.03	5.27%	1,837	0	1,837	1,973	3,810		
999 2nd Allocation Orphans	0.00	0.00%	0	0	0	0	0		
Subtotal	133.50	100.00%	34,878	0	34,878	35,227	70,105		
Direct Bills					0		0		
TOTAL					34,878		70,105		

Council B Allocations								Dept:2 11 City Council	
	Total operating budget	Allocation Percent	First Allocation	Direct Billed	Department Allocation	Second Allocation	Total		
2 11 City Council	104,634	0.46%	\$160	\$0	\$160	\$0	\$160		
3 31 Exec- Admin	1,050,139	4.60%	1,605	0	1,605	1,629	3,234		
4 32 Exec- Legal	878,041	3.85%	1,342	0	1,342	1,362	2,704		
5 33 Exec- Human Resources	85,437	0.37%	131	0	131	133	263		
7 36 Exec- City Clerk	91,604	0.40%	140	0	140	142	282		
8 41-46 Finance	676,101	2.96%	1,034	0	1,034	1,049	2,082		
9 61 PCD Admin	418,505	1.83%	640	0	640	649	1,289		
10 71 PW Admin	145,818	0.64%	223	0	223	226	449		
11 72 PW Engineering	343,508	1.51%	525	0	525	533	1,058		
12 73 PW Operations & Maintenance	587,959	2.58%	899	0	899	912	1,811		
13 81 IT Admin	414,962	1.82%	634	0	634	644	1,278		
14 91 General Gov't	1,474,230	6.46%	2,254	0	2,254	2,287	4,540		
15 21 Municipal Court	534,217	2.34%	817	0	817	829	1,645		
19 51 Police Admin	916,640	4.02%	1,401	0	1,401	1,422	2,823		
20 52 Police Investigations	324,162	1.42%	496	0	496	503	998		
21 53 Police Patrol	2,041,296	8.95%	3,121	0	3,121	3,166	6,287		
22 54 Police Marine	124,085	0.54%	190	0	190	192	382		
23 55 Police Harbormaster	113,146	0.50%	173	0	173	176	348		
26 62 Building	49,748	0.22%	76	0	76	77	153		
27 63 Current Planning	164,768	0.72%	252	0	252	256	507		
28 64 Long-Range Planning	895,759	3.93%	1,369	0	1,369	1,389	2,759		
29 65 Code Enforcement	46,888	0.21%	72	0	72	73	144		
30 68 Downtown Planning	63,125	0.28%	97	0	97	98	194		
36 101 Street FD	2,712,887	11.89%	4,147	0	4,147	4,208	8,355		
38 104 Civic Imprvmt FD	132,516	0.58%	203	0	203	206	408		
39 108 Affordable Housing FD	221,920	0.97%	339	0	339	344	683		
44 401 Water Operating FD	1,668,975	7.32%	2,551	0	2,551	2,589	5,140		
45 402 Sewer Operating FD	2,305,535	10.11%	3,525	0	3,525	3,576	7,101		
46 403 SSWM Operating FD	1,776,736	7.79%	2,716	0	2,716	2,756	5,472		
47 470 Development	1,438,971	6.31%	2,200	0	2,200	2,232	4,432		
48 471 Building	1,012,573	4.44%	1,548	0	1,548	1,571	3,119		
999 2nd Allocation Orphans	0	0.00%	0	0	0	0	0		
Subtotal	22,814,885	100.00%	34,878	0	34,878	35,227	70,105		
Direct Bills						0	0		
TOTAL					34,878		70,105		

Council C Allocations								Dept:2 11 City Council	
	Number of agenda items per	Allocation Percent	First Allocation	Direct Billed	Department Allocation	Second Allocation	Total		
3 31 Exec- Admin	74	20.79%	\$7,250	\$0	\$7,250	\$7,323	\$14,572		
8 41-46 Finance	79	22.19%	7,740	0	7,740	7,817	15,557		
11 72 PW Engineering	19	5.34%	1,861	0	1,861	1,880	3,742		
12 73 PW Operations & Maintenance	14	3.93%	1,372	0	1,372	1,385	2,757		
13 81 IT Admin	2	0.56%	196	0	196	198	394		
19 51 Police Admin	8	2.25%	784	0	784	792	1,575		
28 64 Long-Range Planning	17	4.78%	1,666	0	1,666	1,682	3,348		
30 68 Downtown Planning	3	0.84%	294	0	294	297	591		
44 401 Water Operating FD	6	1.69%	588	0	588	594	1,182		
45 402 Sewer Operating FD	126	35.39%	12,344	0	12,344	12,468	24,813		
46 403 SSWM Operating FD	8	2.25%	784	0	784	792	1,575		
999 2nd Allocation Orphans	0	0.00%	0	0	0	(0)	(0)		
Subtotal	356	100.00%	34,878	0	34,878	35,227	70,105		
Direct Bills						0	0		
TOTAL					34,878		70,105		

Note that in this example, our example Recipient (53 Police Patrol) is not represented in the Council C Allocations basis data, and therefore receives no Council C allocation.

Allocation Summary

The Allocation Summary summarizes the costs allocated for the selected Support department. The totals on this page will reflect the totals from the Allocation Detail sheets.

ALLOCATION SUMMARY					Dept:2 11 City Council			
Department	Council A	Council B	Council C	Total				
0 DIRECT BILLED	0	\$0	\$0	\$0				
2 11 City Council	2,090	160	0	2,250				
3 31 Exec- Admin	1,214	3,234	14,572	19,021				
4 32 Exec- Legal	683	2,704	0	3,387				
5 33 Exec- Human Resources	293	263	0	556				
7 36 Exec- City Clerk	650	282	0	932				
8 41-46 Finance	3,252	2,082	15,557	20,891				
9 61 PCD Admin	1,707	1,289	0	2,996				
10 71 PW Admin	434	449	0	883				
11 72 PW Engineering	677	1,058	3,742	5,477				
12 73 PW Operations & Maintenance	1,832	1,811	2,757	6,400				
13 81 IT Admin	1,209	1,278	394	2,880				
14 91 General Gov't	0	4,540	0	4,540				
15 21 Municipal Court	3,387	1,645	0	5,033				
19 51 Police Admin	2,981	2,823	1,575	7,379				
20 52 Police Investigations	1,328	998	0	2,326				
21 53 Police Patrol	8,969	6,287	0	15,256				
22 54 Police Marine	542	382	0	924				
23 55 Police Harbormaster	515	348	0	863				
26 62 Building	271	153	0	424				
27 63 Current Planning	569	507	0	1,077				
28 64 Long-Range Planning	1,593	2,759	3,348	7,700				
29 65 Code Enforcement	163	144	0	307				
30 68 Downtown Planning	0	194	591	785				
36 101 Street FD	6,769	8,355	0	15,124				
38 104 Civic Imprvmt FD	0	408	0	408				
39 108 Affordable Housing FD	0	683	0	683				
44 401 Water Operating FD	5,132	5,140	1,182	11,454				
45 402 Sewer Operating FD	7,777	7,101	24,813	39,690				
46 403 SSWM Operating FD	7,826	5,472	1,575	14,873				
47 470 Development	4,433	4,432	0	8,865				
48 471 Building	3,810	3,119	0	6,929				
999 2nd Allocation Orphans	0	0	(0)	0				
Total	70,105	70,105	70,105	210,316				

SUMMARY SCHEDULE											
Department	85 IT System Admin	101 Street FD	103 Real Estate Excise	104 Civic Imprvmt FD	108 Affordable Housing	201 Gen1 Obligation (GO) Bond	203 Local Imprvmt Dist (LID)	301 Capital Constr FD	302 LID Constr FD	401 Water Operating FD	
1 Equipment Use	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2 11 City Council	0	15,124	0	408	683	0	0	0	0	11,454	
3 31 Exec- Admin	0	40,810	0	1,479	2,477	0	0	0	0	27,887	
4 32 Exec- Legal	0	2,063	0	833	1,536	0	0	0	0	65	
5 33 Exec- Human Resources	0	2,831	0	0	0	0	0	0	0	393	
6 34 Exec- Hearing Examiner	0	0	0	0	0	0	0	0	0	0	
7 36 Exec- City Clerk	0	(5,077)	0	144	306	0	0	0	0	(3,343)	
8 41-46 Finance	0	44,893	2,058	4,631	7,136	2,378	124	3,877	14	111,654	
9 61 PCD Admin	0	0	0	0	0	0	0	0	0	10,078	
10 71 PW Admin	0	21,867	0	0	0	0	0	0	0	30,715	
11 72 PW Engineering	0	(62,420)	0	0	0	0	0	0	0	82,288	
12 73 PW Operations & Maintenance	0	227,867	0	0	0	0	0	0	0	212,060	
13 81 IT Admin	0	31,734	0	4,070	6,815	0	0	0	0	23,456	
14 91 General Gov't	0	(95,397)	0	8,903	2,495	27	45	289	0	52,942	
TOTAL CURRENT ALLOCATIONS	0	224,295	2,058	20,468	21,448	2,405	169	4,166	14	559,649	

A. DEPARTMENT COSTS						Dept:5 33 Exec- Human Resources					
		Amount	General Admin	HR Citywide Projects	HR Support						
Salaries	S1	\$95,729	\$0	\$72,754	\$22,975						
<i>Salary % Split</i>			<i>.00%</i>	<i>76.00%</i>	<i>24.00%</i>						
Benefits	S	18,356	0	13,951	4,405						
		114,085	0	86,705	27,380						
SUPPLY & SERVICES COST											
Supplies	S	6,597	0	5,014	1,583						
Prof Svcs	S	2,500	0	1,900	600						
Communication	S	600	0	456	144						
Travel	S	150	0	114	36						
Training	S	2,200	0	1,672	528						
Advertising	S	1,000	0	760	240						
DEPARTMENT Cost Total		13,047	0	9,916	3,131						
ADJUSTMENTS											
Total		127,132	0	96,621	30,511						
General Admin Distribution			0	0	0						
Grand Total		\$127,132		\$96,621	\$30,511						

B. INCOMING COSTS - (Default Spread Salary%)					Dept:5 33 Exec- Human Resources				
	Department	First Incoming	Second Incoming	HR Citywide Projects	HR Support				
2	Council A	\$141	\$0	\$107	\$34				
2	Council B	131	0	100	31				
	Subtotal - 11 City Council	272	0	207	65				
3	Exec Admin A	736	0	559	177				
3	Exec Admin B	682	0	518	164				
	Subtotal - 31 Exec- Admin	1,418	0	1,078	340				
4	Contracts	247	0	188	59				
4	Real Property	83	0	63	20				
4	Public Records Req	962	0	731	231				
	Subtotal - 32 Exec- Legal	1,292	0	982	310				
5	HR Citywide Projects	0	400	304	96				
	Subtotal - 33 Exec- Human Resourc	0	400	304	96				
7	Public Records	0	456	347	109				
7	Insurance	0	25	19	6				
	Subtotal - 36 Exec- City Clerk	0	481	366	115				
8	Budget & Fin Reporting	0	1,193	907	286				
8	Cashiering	0	10	8	2				
8	Gen1 Accounting	0	226	172	54				
8	Gen1 City Support	0	138	105	33				
8	Timesheet Entry	0	12	9	3				
8	Payroll Proc & Maint	0	309	235	74				
8	Cost Allocation	0	111	84	27				
8	Cash Mgmt GF	0	59	45	14				
8	Records	0	313	238	75				
	Subtotal - 41-46 Finance	0	2,371	1,802	569				
12	Facilities- City Hall	0	1,069	812	257				
	Subtotal - 73 PW Operations & Main	0	1,069	812	257				
13	IT Citywide	0	2,406	1,829	577				

B. INCOMING COSTS - (Default Spread Salary%)					Dept:5 33 Exec- Human Resources				
	Department	First Incoming	Second Incoming	HR Citywide Projects	HR Support				
	Subtotal - 81 IT Admin	\$0	\$2,406	\$1,829	\$577				
14	Citywide	0	875	665	210				
14	City Hall- Utilities	0	603	458	145				
14	Ins - Assets, GF	0	3	2	1				
14	Ins- Liability FTE's	0	1,314	999	315				
	Subtotal - 91 General Govt	0	2,795	2,124	671				
2	Council A	0	152	116	36				
2	Council B	0	133	101	32				
	Subtotal - 11 City Council	0	285	217	68				
3	Exec Admin A	0	302	230	72				
3	Exec Admin B	0	272	207	65				
	Subtotal - 31 Exec- Admin	0	574	436	138				
4	Contracts	0	51	39	12				
4	Real Property	0	17	13	4				
4	Public Records Req	0	185	141	44				
	Subtotal - 32 Exec- Legal	0	253	192	61				
	Total Incoming	2,982	10,634	10,348	3,268				
				%76.00	%24.00				
C. TOTAL ALLOCATED			\$140,748	\$106,969	\$33,779				

Note that the Totals in section B match the "Salary % Split" used in section A for assigning costs to the tasks.

HR Citywide Projects Allocations								Dept:5 33 Exec- Human Resources		
	Number of FTE's per dept/fund	Allocation Percent	First Allocation	Direct Billed	Department Allocation	Second Allocation	Total			
2 11 City Council	8.00	5.99%	\$5,926	\$0	\$5,926	\$0	\$5,926			
3 31 Exec- Admin	2.24	1.68%	1,659	0	1,659	0	1,659			
4 32 Exec- Legal	1.26	0.94%	933	0	933	0	933			
5 33 Exec- Human Resources	0.54	0.40%	400	0	400	0	400			
7 36 Exec- City Clerk	1.20	0.90%	889	0	889	80	969			
8 41-46 Finance	6.00	4.49%	4,444	0	4,444	399	4,844			
9 61 PCD Admin	3.15	2.36%	2,333	0	2,333	210	2,543			
10 71 PW Admin	0.80	0.60%	593	0	593	53	646			
11 72 PW Engineering	1.25	0.94%	926	0	926	83	1,009			
12 73 PW Operations & Maintenance	3.38	2.53%	2,504	0	2,504	225	2,729			
13 81 IT Admin	2.23	1.67%	1,652	0	1,652	148	1,800			
15 21 Municipal Court	6.25	4.68%	4,630	0	4,630	416	5,045			
19 51 Police Admin	5.50	4.12%	4,074	0	4,074	366	4,440			
20 52 Police Investigations	2.45	1.84%	1,815	0	1,815	163	1,978			
21 53 Police Patrol	16.55	12.40%	12,259	0	12,259	1,101	13,360			
22 54 Police Marine	1.00	0.75%	741	0	741	67	807			
23 55 Police Harbormaster	0.95	0.71%	704	0	704	63	767			
26 62 Building	0.50	0.37%	370	0	370	33	404			
27 63 Current Planning	1.05	0.79%	778	0	778	70	848			
28 64 Long-Range Planning	2.94	2.20%	2,178	0	2,178	196	2,373			
29 65 Code Enforcement	0.30	0.22%	222	0	222	20	242			
36 101 Street FD	12.49	9.36%	9,252	(7,252)	2,000	831	2,831			
44 401 Water Operating FD	9.47	7.09%	7,015	(7,252)	(237)	630	393			
45 402 Sewer Operating FD	14.35	10.75%	10,629	(7,252)	3,377	955	4,332			
46 403 SSWM Operating FD	14.44	10.82%	10,696	(3,625)	7,071	961	8,032			
47 470 Development	8.18	6.13%	6,059	(8,157)	(2,098)	544	(1,554)			
48 471 Building	7.03	5.27%	5,207	(8,157)	(2,950)	468	(2,482)			
999 2nd Allocation Orphans	0.00	0.00%	0	0	0	(0)	(0)			
Subtotal	133.50	100.00%	98,887	(41,695)	57,192	8,082	65,274			
Direct Bills					41,695		41,695			
TOTAL					98,887		106,969			

Note the credit in the “Direct Billed” column. This represents the amount previously charged to 401 Water Operating FD from 33 Exec – Human Resources. Giving credit here results in only an additional \$393 charge.

HR Support Allocations								Dept:5 33 Exec- Human Resources		
	Estimate of support per	Allocation Percent	First Allocation	Direct Billed	Department Allocation	Second Allocation	Total			
3 31 Exec- Admin	2	8.33%	\$2,602	\$0	\$2,602	\$0	\$2,602			
8 41-46 Finance	2	8.33%	2,602	0	2,602	232	2,834			
9 61 PCD Admin	5	20.83%	6,506	0	6,506	580	7,086			
11 72 PW Engineering	5	20.83%	6,506	0	6,506	580	7,086			
12 73 PW Operations & Maintenance	5	20.83%	6,506	0	6,506	580	7,086			
13 81 IT Admin	1	4.17%	1,301	0	1,301	116	1,417			
15 21 Municipal Court	1	4.17%	1,301	0	1,301	116	1,417			
19 51 Police Admin	3	12.50%	3,903	0	3,903	348	4,251			
999 2nd Allocation Orphans	0	0.00%	0	0	0	0	0			
Subtotal	24	100.00%	31,227	0	31,227	2,552	33,779			
Direct Bills					0		0			
TOTAL					31,227		33,779			

Note that in this example, our example Recipient (401 Water Operating FD) is not represented in the HR Support Allocations basis data, and therefore receives no HR Support allocation.

ALLOCATION SUMMARY				Dept:5 33 Exec- Human Resources					
	Department	HR Citywide Projects	HR Support	Total					
0	DIRECT BILLED	41,695	\$0	\$41,695					
2	11 City Council	5,926	0	5,926					
3	31 Exec- Admin	1,659	2,602	4,261					
4	32 Exec- Legal	933	0	933					
5	33 Exec- Human Resources	400	0	400					
7	36 Exec- City Clerk	969	0	969					
8	41-46 Finance	4,844	2,834	7,678					
9	61 PCD Admin	2,543	7,086	9,628					
10	71 PW Admin	646	0	646					
11	72 PW Engineering	1,009	7,086	8,095					
12	73 PW Operations & Maintenance	2,729	7,086	9,814					
13	81 IT Admin	1,800	1,417	3,217					
15	21 Municipal Court	5,045	1,417	6,463					
19	51 Police Admin	4,440	4,251	8,691					
20	52 Police Investigations	1,978	0	1,978					
21	53 Police Patrol	13,360	0	13,360					
22	54 Police Marine	807	0	807					
23	55 Police Harbormaster	767	0	767					
26	62 Building	404	0	404					
27	63 Current Planning	848	0	848					
28	64 Long-Range Planning	2,373	0	2,373					
29	65 Code Enforcement	242	0	242					
36	101 Street FD	2,831	0	2,831					
44	401 Water Operating FD	393	0	393					
45	402 Sewer Operating FD	4,332	0	4,332					
46	403 SSWM Operating FD	8,032	0	8,032					
47	470 Development	(1,554)	0	(1,554)					
48	471 Building	(2,482)	0	(2,482)					
999	2nd Allocation Orphans	(0)	0	0					
Total		106,969	33,779	140,748					

Appendix C:

Cost Allocation Results

The following spreadsheet summarizes all charges to and from departments.

Note: It is challenging to find a City or County against which to compare allocation percentage. Readers are cautioned not to make a comparison of non-like items, such as comparing COBI rates to governments that, for example:

- Do not provide full-service utilities;
- Direct-charge costs which are indirect at COBI;
- Charge as indirect costs which are direct-charged at COBI;
- Have other large enterprise funds;
- Have fewer enterprise funds.