



# Cost Allocation Plan

City of Ridgecrest, May 2018

# Who is RCS?

- Revenue & Cost Specialists founded in 1980
- Pioneered concept of matching fee revenues with the Cost of Service
- Performed 1,100 reports, 250 municipalities, 11 states
- Chu Thai, Vice President – 22 years of services for 8 cities

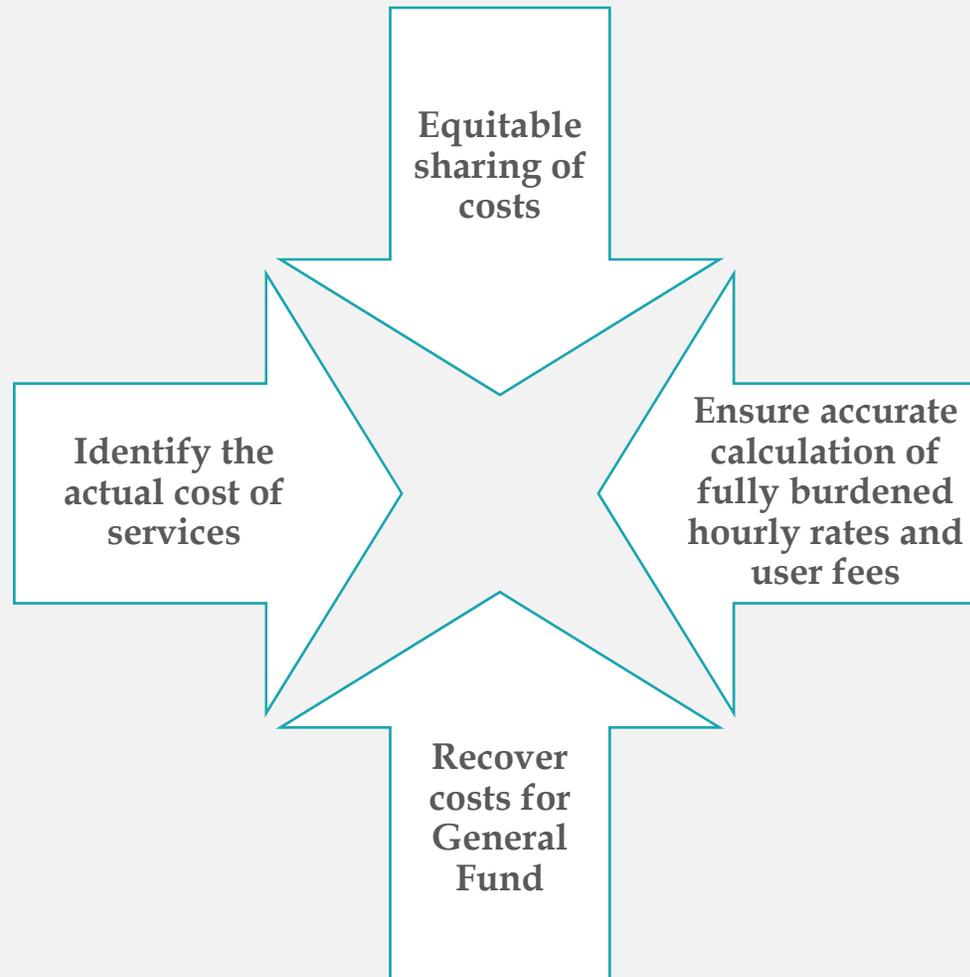
# What is a Cost Allocation Plan?

- A plan which accounts for the full cost of a government program by including all associated direct and indirect costs. A cost allocation plan distribute indirect costs to ensure that programs pay for all the services it receives.
- Direct costs are those directly budgeted and benefiting a specific program, such as salaries, benefits supplies and services.
  - ✓ Program examples include transit lines, police patrol, street maintenance and recreation programs.
- Indirect costs are those which provide supporting services to multiple programs, and none to the public.
  - ✓ Examples include legal counsel, finance, human resources, IT support, insurance, records management and facility operations.

# Examples – Direct vs. Indirect Service

	Direct	Indirect
Police	Patrol Investigation Dispatch Animal Control	
Finance	Bus Passes Business License	Accounts Payable Payroll General Accounting
Risk Management		General Liability Workers' Compensation

# Why Allocate Costs?



# Sample FBHR

Fully  
Burdened  
Hourly  
Rate

## Demonstration Copy Fully Allocated Hourly Rate Position Detail

POSITION TITLE: COMBO PLANNER  
POSITION CODE: COMBO  
SUBORG UNIT: Planning  
SUBORG UNIT CODE: 285-60000-61050  
NO. OF FTE'S: 6.000  
POSITION STATUS: FT  
FRINGE GROUP: 2

	<u>Total Avail-Wk-Hrs</u>	<u>% of Salary</u>	<u>Hourly Rate</u>
DIRECT COSTS: 			
Avail. Work Hours/Salary	9,918		\$48.16
Fringe Benefits		35.18%	\$16.94
Maintenance & Operation Costs		8.33%	\$4.01
Building Occupancy Costs		0.00%	\$0.00
Debt Service Costs		0.00%	\$0.00
INDIRECT COSTS: 			
Overhead Costs		103.28%	\$49.74
Fixed Asset Replacement Costs		0.00%	\$0.00
			<hr/>
	TOTAL - All Costs		\$118.85

May 13, 2013

# How to Allocate Costs

1) Identify indirect cost centers

2) Identify costs to be allocated

3) Determine allocation factors

4) Calculate and Verify

What is 20 Step Allocation?



# Ridgecrest Allocation Factors

## CITY COUNCIL

CAP-01 Legislative Services 50% Budget / 50% Agenda Items

## CITY ATTORNEY

CAP-02 Legal Services Adjusted Budget

## CITY MANAGER

CAP-03 CM-Finance Projects Allocate to Finance  
CAP-04 CM-Public Works Allocate to Public Works  
CAP-05 CM-Waste Water Fund Allocate to Waste Water  
CAP-06 CM-All Other Adjusted Budget

## CITY CLERK

CAP-07 Clerk-Council Support 50% Budget / 50% Agenda Items  
CAP-08 Elections Allocate to City Council  
CAP-09 Records Management Adjusted Budget  
CAP-10 CMO Support-Clerk Allocate to City Manager  
CAP-11 HR Support-Clerk Allocate to HR

## NON-DEPARTMENTAL

CAP-12 Support Services-Non Dept Adjusted Budget

# Ridgecrest Allocation Factors (cont'd)

## FINANCE

CAP-13	Finance Supervision	Allocate to Finance
CAP-14	Accounts Payable	# Of Ap Transactions
CAP-15	Payroll	% Time Spent On Payroll
CAP-16	Accounts Receivable	50% TDA / 50% All Other Budget
CAP-17	General Accounting	Adjusted Budget

## INFORMATION & TECHNOLOGY

CAP-18	Citywide IT Support	Seat Count
CAP-19	Council A/V Booth	Allocate to Council
CAP-20	Finance IT Support	Allocate to Finance
CAP-21	Misc Enterprise IT Svs	# Of Full Time Equivalents

## HUMAN RESOURCES

CAP-22	Human Resources	# Of Full Time Equivalents
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## POLICE ADMINISTRATION

CAP-23	HR Support-PD	Allocate to HR
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# Ridgecrest Allocation Factors (cont'd)

## PARKS & FAC ADMINISTRATION

CAP-24 Park & Fac Maint (Non-CH) Parks Maint Position Distribution

## CITY HALL

CAP-25 Ch Maintenance City Hall Sq Ft By Program

## INSURANCE & RISK

CAP-26 General Liability Adj Bud Excluding Risk Fund

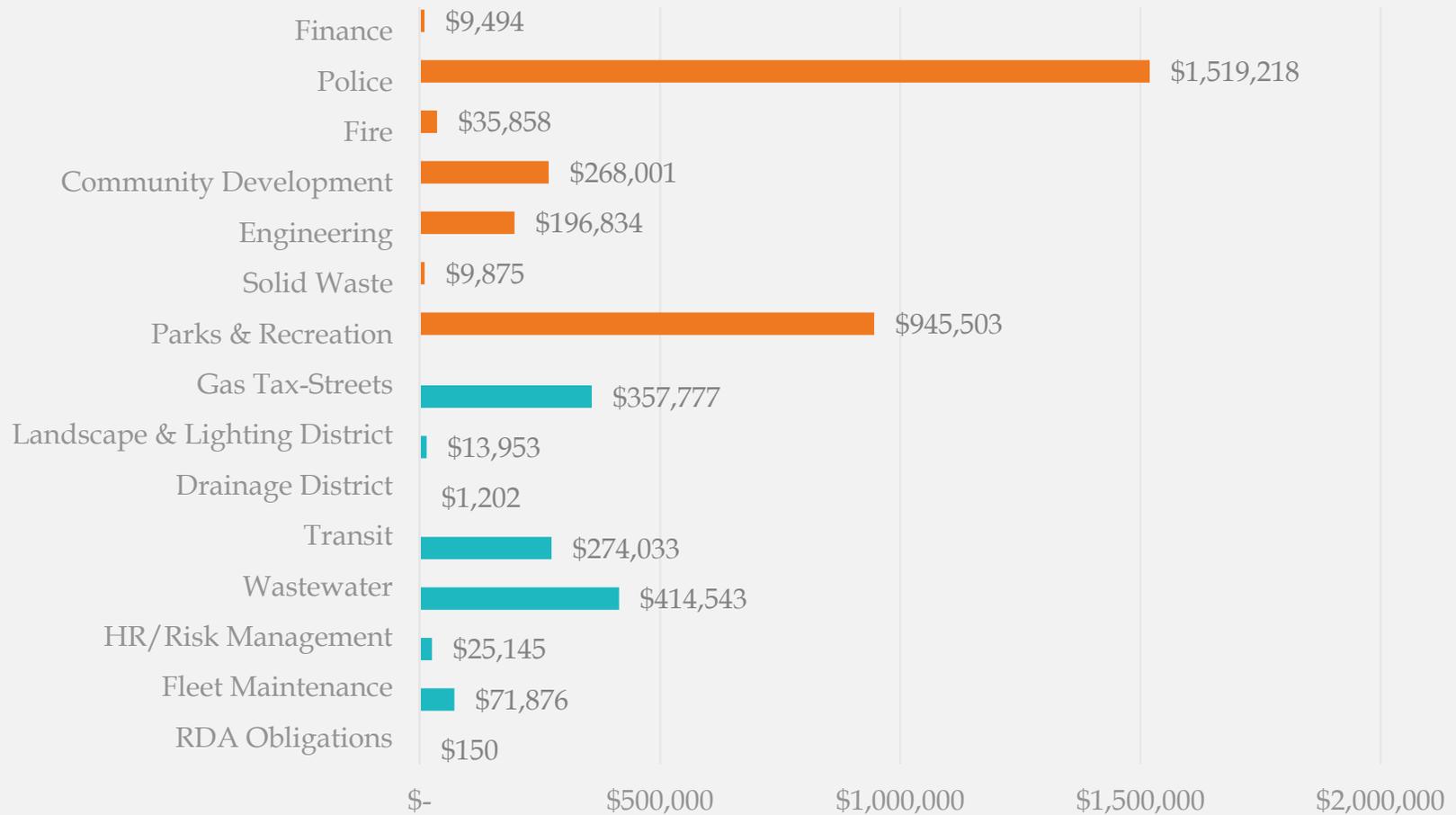
## BUILDING USE REPLACEMENT

CAP-98 City Hall Replacement City Hall Sq Ft by Program

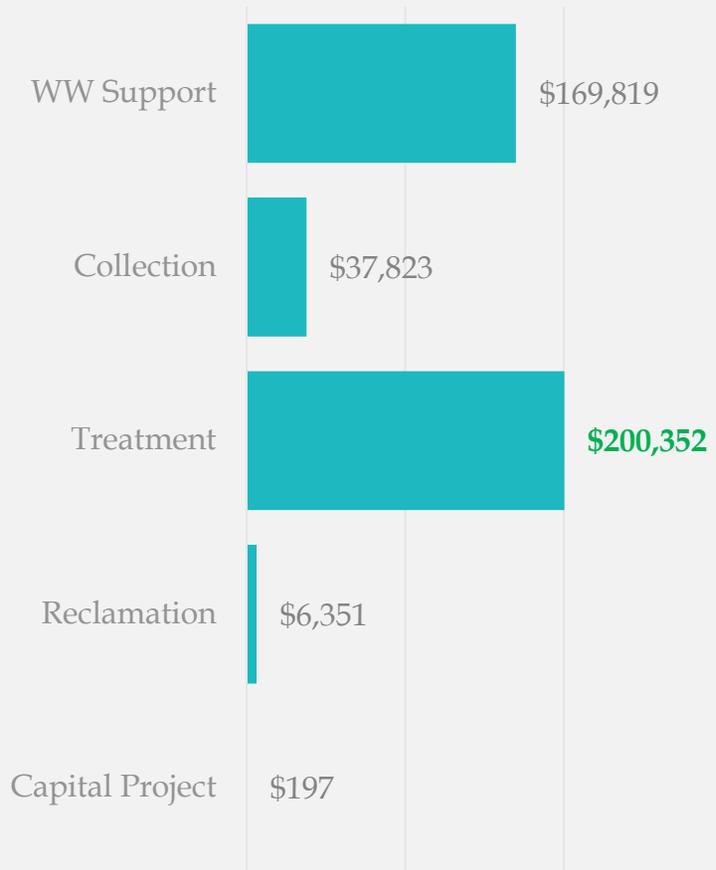
## EQUIPMENT REPLACEMENT

CAP-99 Info Tech Replacement IT Replacement Value

# Allocated Services Used (Pages 3-5)



# Charges to Wastewater (Pages 70-74)



Ref #	Dept	Subpool	Alloc
CAP-01	Council	Legislative Services	\$13,826
CAP-02	City Atty	Legal Services	20,218
CAP-05	City Mgr	CM-Wastewater Fund	45,867
CAP-07	City Clerk	Clerk- Council Support	3,301
CAP-09	City Clerk	Records Management	550
CAP-12	Non-Dept	Support Svs-Non Dept	9,966
CAP-14	Finance	Accounts Payable	5,215
CAP-15	Finance	Payroll	4,861
CAP-16	Finance	Accounts Receivable	360
CAP-17	Finance	General Accounting	24,866
CAP-18	IT	Citywide IT Support	12,651
CAP-21	IT	Misc Enterprise IT Svs	2,547
CAP-22	HR	Human Resources	6,066
CAP-26	Ins & Risk	General Liability	48,944
CAP-99	Equip Repl	IT Replacement	1,117
		<b>WW TREATMENT</b>	<b>\$200,352</b>

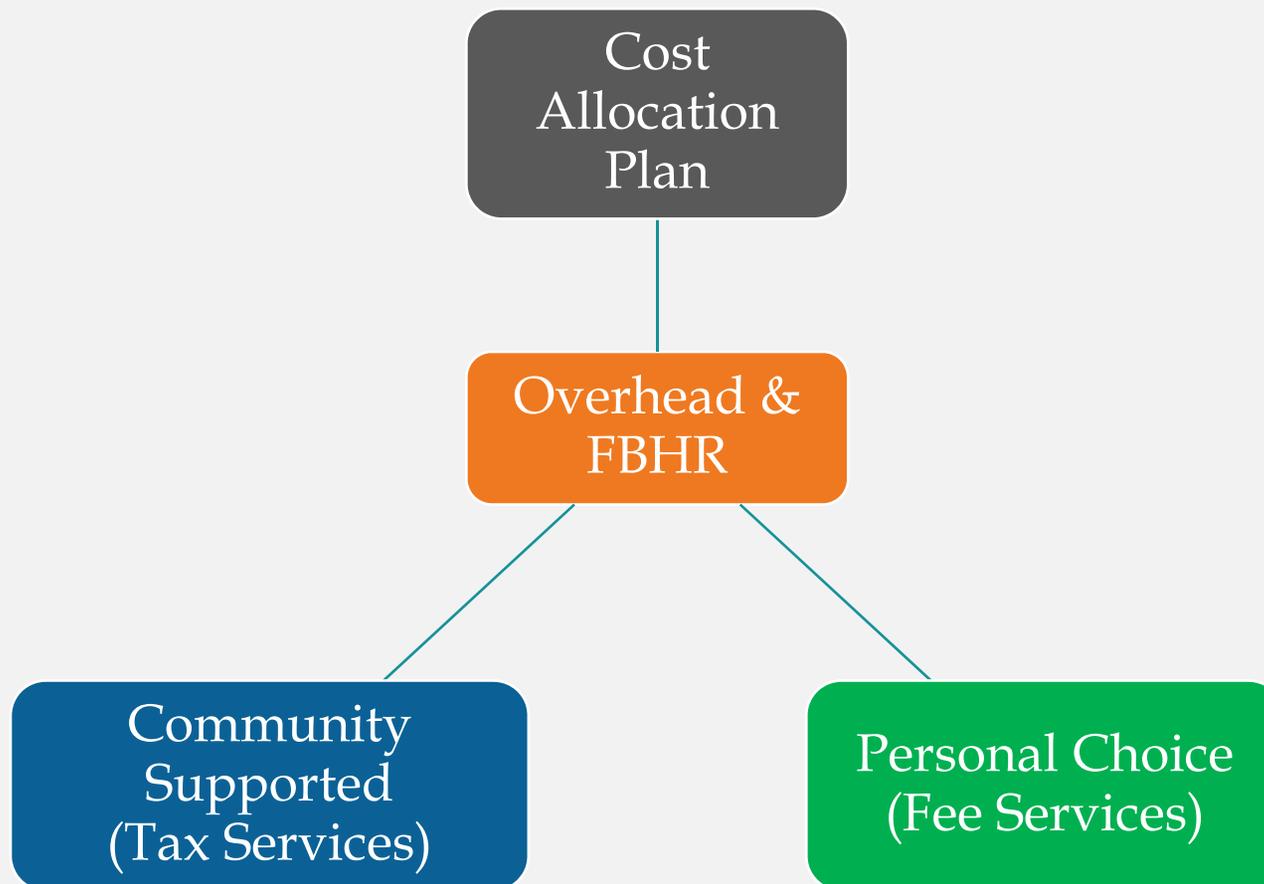
# Summary of Charges

Fund	General Fund CAP	Insurance CAP
100-General Fund	-	559,751
102-Gas Tax Fund	253,620	104,157
251-Landscape & Lighting District	8,396	5,557
252-Drainage District	727	475
300-Transit Fund	216,703	57,330
310-Wastewater Fund	309,764	104,779
410-Workers' Comp/Risk Mgmt	159,199	-
440-Fleet Maintenance	50,947	20,929
939-RDA Obligations	150	-
<b>GRAND TOTAL</b>	<b>\$999,506</b>	<b>852,978</b>

# CAP Report Walk-Thru

- Allocation Summary (Page 3-5)
- Allocation Detail (Page 6-79)
- Cost Allocation Factors (Page 80-82)
- Cost Detail Worksheet (Page 83-110)
- Allocation Summary by CAP (Page 111-112)
- Allocation Details by CAP (Page 113-175)
- Cross Allocation by CAP (Page 176-177)
- Cross Allocation by SubOrg (Page 178-191)
- Allocations to CAP Services (Page 192-203)

# Next Step...Fee Calculation



Questions?

