

**City of Carson City
Request for Board Action**

Date Submitted: 4/12/11

Agenda Date Requested: 4/21/11

Time Requested: 15 minutes

To: Mayor and Supervisors

From: Nick Providenti, Finance Director

Subject Title: Discussion and possible action regarding the Cost Allocation methodology for allocating and charging indirect costs to Carson City's Quality of Life Special Revenue Fund .
(Nick Providenti)

Staff Summary: City staff is requesting clarification from the Board regarding indirect costs charged to Carson City's Quality of Life Special Revenue Fund.

OMB Circular A-87 cost plans identify indirect costs in strict accordance with federal accounting standards, and are used as the basis for securing reimbursements from federal, state and local grant contract sources. Per OMB Circular A-87, certain costs are excluded from the allocation process including legislative costs, which include the costs of the Board of Supervisors and other "general government" expenses.

Full cost (GAAP) allocation plans are used to claim reimbursement from enterprise funds, internal service funds and special revenue funds which require centralized support activities such as accounting, human resources and information technology and typically include legislative costs. A full cost allocation plan is a way to ensure that each department/division and function has its "true" full costs identified and to charge those departments/divisions for the internal services that are required to support the direct services provided.

Staff has been charging the Quality of Life Special Revenue Fund based on the Full Cost (GAAP) allocation plan since 2002.

Type of Action Requested: (check one)

Resolution

Ordinance

Formal Action/Motion

Other (Specify)

Does this action require a Business Impact Statement: () Yes (X) No

Recommended Board Action: I move to direct staff to charge Carson City's Quality of Life Special Revenue Fund based on Carson City's OMB Circular A-87 cost plan.

Alternative Board Action: I move to direct staff to charge Carson City's Quality of Life Special Revenue Fund based on Carson City's Full cost (GAAP) allocation plan.

Alternative Board Action: I move to direct staff to charge Carson City's Quality of Life Special Revenue Fund based on a combination of the plans.

Explanation of Recommended Board Action: The Carson City Full Cost Allocation Plan for the fiscal year ended June 30, 2010 has been completed by Mahoney and Associates. This plan and methodology has been used by the City in preparation of the budget since FY 2003 - before FY 2003, the city's cost allocation plan was prepared internally by finance department staff. Direction is requested on determining whether Carson City's Quality of Life Special Revenue Fund should be charged based on the City's OMB Circular A-87 plan or the Full cost plan.

Applicable Statute, Code, Policy, Rule or Regulation: n/a

Fiscal Impact: Charges for FY 2012 to the Quality of Life Special Revenue Fund would be \$93,806 based on the OMB Circular A-87 plan or \$139,393 based on the Full cost plan.

Explanation of Impact: Will be used to prepare the FY 2012 Carson City Budget with expenditures to the Carson City Quality of Life Special Revenue Fund and revenues to the General Fund.

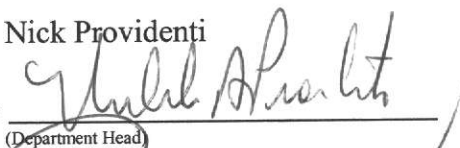
Funding Source: Quality of Life sales tax revenues.

Alternatives: The Board can choose to use either the OMB Circular A-87 cost, the Full cost plan, a combination of the two plans or they could choose not to charge the fund anything for indirect costs provided by the central service departments.

Supporting Material: Carson City Cost Allocation worksheet with both the Full Cost Plan analysis and the OMB A-87 Plan analysis.

Prepared By: Nick Proventi

Reviewed By:


(Department Head)

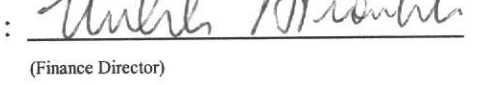
Date: 4/12/11

: 
(City Manager)

Date: 4/12/11

: 
(District Attorney)

Date: 4/12/11

: 
(Finance Director)

Date: 4/12/11

Board Action Taken:

Motion: _____

1) _____ Aye/Nay

2) _____

(Vote Recorded By)

01/25/2011

Carson City, Nevada

Allocated Costs by Department

<u>Central Service Departments</u>	<u>Full Cost Plan</u> <u>Quality of Life</u>	<u>OMB A-87 Plan</u> <u>Quality of Life</u>
Building Use Charge		
Equipment Use Charge		
Board of Supervisors	3,653	-
Clerk	34,677	-
Records Management		
Public Safety Complex		
Treasurer	5,356	-
District Attorney	49,459	49,078
City Manager	5,513	5,486
Finance	5,070	5,047
Human Resources	608	605
Information Technology	7,781	7,745
Geographic Information Systems	20,312	20,223
Purchasing	2,873	2,859
City Hall		
Internal Auditor	31	31
Planning		
Dispatch		
Public Works		
Facilities Maintenance	-	-
Subtotal	135,333	91,074
Add 3% for FY 11-12	139,393	93,806
Amount to budget in FY 12	139,393	93,806