

COST REPORT ALLOCATION GUIDELINES

All expenditures (including direct and other direct costs) directly associated with a particular Cost Center and/or Service should be directly assigned to the respective Cost Center and/or Service in accordance with OMB Circular A-87. This should be done on an identifiable basis. All other costs that cannot be directly assigned should be allocated as follows:

- ❑ Costs which benefit more than one cost center, without an identifiable basis of direct allocation, can be pooled together and in turn allocated on a reasonable basis to the Cost Center deriving benefit from them.

All allocation methods should be in compliance with OMB Circular A-87. In the absence of a more reasonable basis, some **suggested** allocation methods for particular items are as follows:

- Rent, Interest, Depreciation-Building, & utilities =====> Square footage
 - Indirect personnel salaries & fringes =====> Hours worked/Timesheets/ Payroll register/ Time studies
 - Copiers, supplies, leased vehicles, non-capitalized equipment =====> Usage if available
 - Single County Overhead =====> allocation dependent on items included in overhead
 - Items with no distinguishing base of allocation (i.e. Area Administration) can be allocated based on an accumulated cost basis.
- ❑ Each basis for allocation should be reasonable and be specified within or with the Cost Report. Notes in the comment boxes of the Cost Report or notes accompanying the report are acceptable. Further, the provider should clearly articulate why a particular method of allocation was used; thus allowing all auditors a clear trail to be audited. All allocations are subject to audit.

These guidelines were developed by the Cost Finding Sub-Committee, which consisted of the following members:

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