

County of Riverside **COWCAP**

May 2, 2013



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Presentation Topics

- What is a Cost Allocation Plan?
 - Uses for a Cost Plan
 - How the cost plan is developed
 - What's included in your cost plan and what's not.
 - Carry Forward

What is a Cost Allocation Plan?

- The 2 CFR Part 225 states in Appendix C:

“Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, **there needs to be a process whereby these central services costs can be identified and assigned to benefited activities on a reasonable and consistent basis. The central service cost allocation plan provides that process.** All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards.”

What is a Cost Allocation Plan? (continued)

- In general terms:

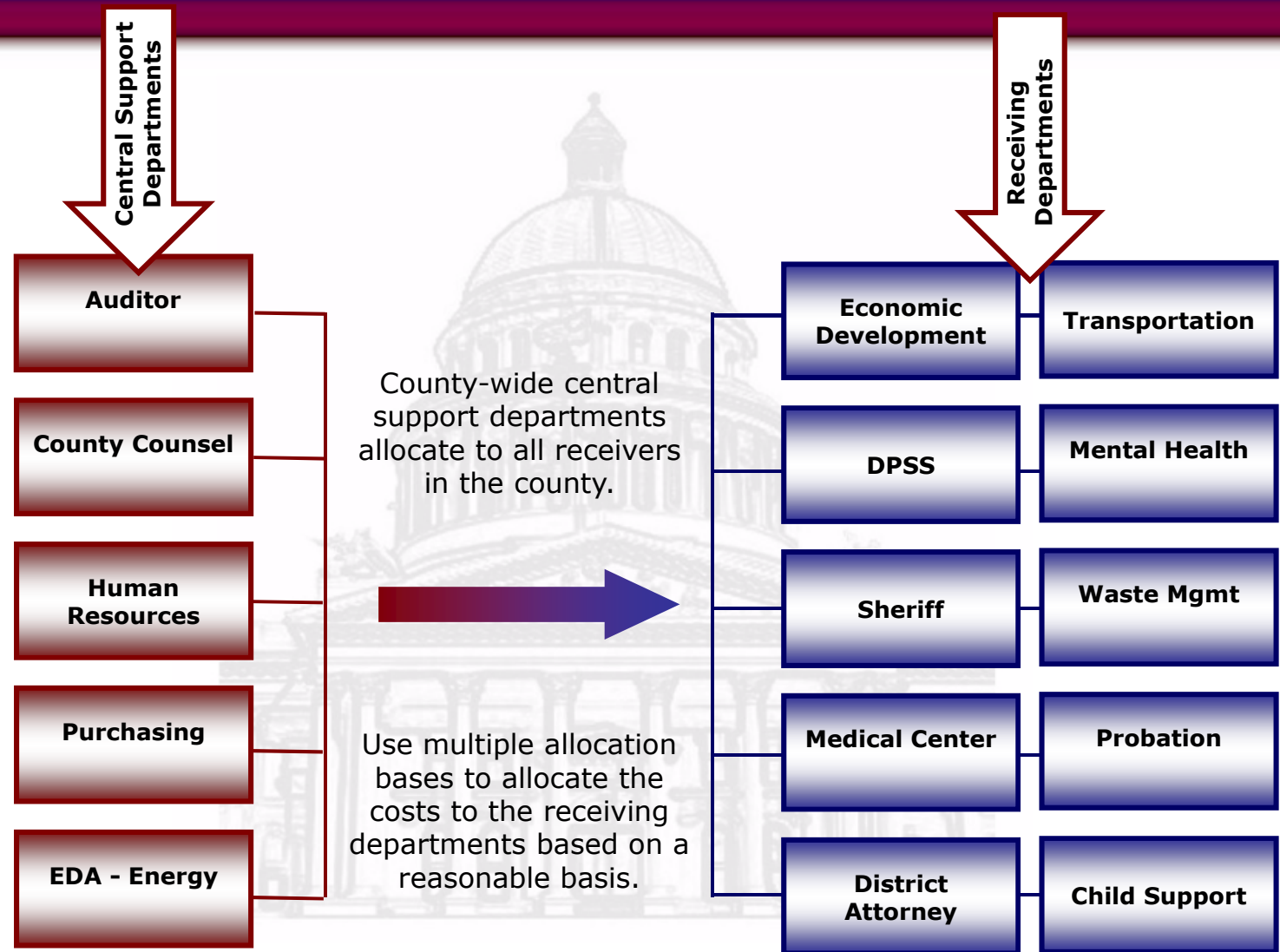
A cost plan is a tool used to calculate the indirect costs of such departments as Auditor, Human Resources, County Counsel, Facilities, etc. (central support departments) to distribute to the Receiving departments (receivers of the service) in order to get reimbursement to the General Fund for that service.



What is a Cost Allocation Plan? (continued)

- Central Support Departments are those departments whose primary purpose is to support the other department/funds in the county, not to support the public.
- Receiving Departments are those departments who receive costs for services performed for their benefit.

Cost Allocations from Central Services to Receiving Departments



Where did the cost allocation plan come from?

- The federal government came up with this process 40 years ago in order to get every agency on the same track to receive benefit for services they performed.
- Before then there was no way to equally give out reimbursement for services because the agencies that were more sophisticated in calculating the cost knew to add in the overhead costs of services and not just the direct cost where as the smaller less sophisticated agencies were left just getting back what they could determine.
- There needed to be some guidelines put in place to make it fair for all agencies to receive reimbursement for the actual cost of services performed.

Uses for the Cost Allocation Plan

- Reimbursement for services from non-General Fund operations within the agency.
- Calculate the indirect cost for **user fee related services** so this cost can be included in the calculation of the user fees to the public.
- Federal/State grant reimbursement.

Uses for the Cost Allocation Plan (continued)

- Section 1460 of the State Controller's Handbook states:

“Non-grantee departments charging for their services can utilize the cost plan in determining their billing rate structures. If a department charges the public a fee for a service it provides, the board of supervisors should be aware of the total cost of providing that service, including all applicable indirect costs. This will allow the supervisors to establish fees at the appropriate levels to recover the **true costs** associated with the services provided. Even if the department is not charging a fee for the service, this concept can be employed as a management tool in identifying countywide overhead costs to all applicable departments. Non-grantee departments should note the cost recovery limits set by OMB A-87 and, if necessary, adjust their costs to recover as nearly as possible the total costs of doing business.”

What Does OMB A-87 or 2 CFR Part 225 Stand For?

- OMB Circular A-87 is the Office of Management and Budget's Cost Principles for State, Local, and Indian Tribal Governments.
- 2 CFR Part 225 is the "New" OMB A-87.
- OMB A-87 has been moved to Title 2 in the Code of Federal Regulations (2 CFR), Subtitle A, Chapter II, part 225, as part of an initiative to provide the public with a central location for Federal government policies on grants and other financial assistance and non-procurement agreements.

How the cost plan is developed.

- Initial meetings with the central support departments are held to discuss different functions performed by each department and the available allocation bases to spread the cost out to the people who receive the cost. (Sept.)
- Discuss reasonable allocation basis for each function. (i.e. for payroll function allocate on the number of paychecks and for county counsel allocate based on the number of hours worked.
- Spread each staff member to each function based on timesheets.
- Information is collected such as expenditures, FTE counts, transaction counts, revenues and direct bill charges. (Sept.-Oct.)
- Draft is developed (Oct-Nov)
- Initial review and corrections are made before draft goes out to departments (Nov)

How the cost plan is developed.(cont.)

- Departments review allocations for validity and ask questions. (Nov-Dec)
- Final changes made and re-run for delivery to the state. (Dec.)
- State controllers office audits plan and approves. (June, usually)



What is included in the cost plan and what is not?

- **Departments included in cost plan:**
 - **Building Use Allowance** (2% of original cost of General fund facilities)
 - **Equipment Use Allowance** (6 2/3% of original cost of equipment.)
 - **County Exec Office**
 - **Auditor Controller**
 - **Internal Audit**
 - **Payroll**
 - **County Counsel**
 - **HR**
 - **Purchasing**
 - **EDA Facilities Administration**
 - **Energy**
 - **Parking**

What is included in the cost plan and what is not?

- The cost related to the above mentioned departments are included in the cost plan and spread based on many different allocation bases
- Any direct bills that are paid throughout the year by any department is credited to that department and **ONLY** the remaining cost are spread in the cost plan. (ex. County Counsel is spread based on hours worked, then every department that has paid is credited and the remaining cost is what you see as an allocation. When you are billed for County Counsel it is just Salaries and Benefits and does not include any overhead associated with it.)

What is included in the cost plan and what is not?

■ Direct Bills

- Credits are applied to each department that pays for service in the current year of service.
- For example if you receive service from County Counsel in FY 12/13 and you pay for that service in FY 12/13 then a direct bill credit is applied.
- When it goes through the cost plan then your credit is given and ONLY the remaining indirect portion of cost is applied to the department.
- There is NO double counting of cost. When you are direct billed in the year it covers salary and benefits only and not the indirect portion which is what flows through the cost plan.

Carry Forward Calculation

- In the example to follow the following years apply:
 - FY1 = FY 09/10
 - FY2 = FY 10/11
 - FY3 = FY 11/12
 - FY4 = FY 12/13
 - FY5 = FY 13/14

Carry Forward Calculation

Fiscal Year 2009/2010 actual
For Use In Year 2011/2012

County of Riverside OMB A-87 Cost Allocation Plan

Date Printed: 12/25/2010

Exhibit A

Cost Exhibit (Continued)

Department	Total	21001 Superior Court of CA	21008 Grand Jury	22001 District Attorney	22002 DA-Forensics	23001 Child Support Services	24001 Public Defender	24013 LOPD Capital Defenders	25001 Sheriff Administration	25002 Sheriff Support
Building Use Allowance	\$13,419,932	\$131,424	\$34,080	\$2,075,824	\$2,477	\$1,332	\$37,982	.	\$25,403	\$41,781
Equipment Use Allowance	\$8,188,204	.	.	\$282,758	.	.	\$54,084	.	\$553,484	\$248,313
11001 County Executive Office	\$3,449,388	\$24,172	.	\$149,751	\$319	\$42,817	\$54,581	\$27	\$55,082	\$39,245
13001 Auditor Controller	\$3,352,819	.	.	\$58,712	\$708	\$24,820	\$21,778	\$128	\$22,048	\$85,423
13002 Internal Audit	\$1,402,939	.	.	\$1,849	.	\$208	\$10,554	.	\$122,887	.
13003 Payroll	(\$83,403)	.	.	(\$2,725)	.	(\$1,227)	(\$979)	.	(\$175)	(\$1,184)
15001 County Counsel	\$4,118,802	.	\$2,872	\$3,398	.	\$87	\$1,975	.	\$183,373	.
11301 Human Resources	\$1,545,785	.	.	\$74,101	.	\$33,801	\$21,108	.	\$13,820	\$25,152
73001 Purchasing	\$1,817,401	.	.	\$4,427	\$325	\$8,718	\$3,931	\$73	\$5,437	\$18,805
72001 FM - Admin	\$82,735
72002 FM Custodial/Housekeeping	\$1,547,899	\$915,415	\$9,105	(\$449,508)	.	(\$1,895)	(\$43,027)	.	(\$10,403)	(\$18,585)
72003 FM Maintenance	\$2,413,387	.	.	\$70,185	.	\$8,233	\$38,271	.	\$9,580	\$28,450
72004 FM Real Estate	\$4,083,574	\$18,712	.	\$198,124	.	\$175,385	\$20,307	\$229	.	\$10,944
72008 FM Energy	\$8,184,727	\$50,182	.	\$119,175	\$3,123	\$32,392	\$72,098	.	\$187,501	\$148,321
72007 FM Parking	\$845,585	.	.	\$103,848	.	\$29,599	\$10,374	.	\$12,855	\$3,233
Total Actual Costs	\$51,917,312	\$1,139,905	\$45,857	\$2,889,519	\$8,950	\$350,288	\$300,971	\$457	\$1,140,830	\$807,718
Roll Forward Amounts	\$5,924,728	(\$1,808,023)	\$5,788	\$1,488,137	\$5,453	\$189,753	\$191,501	.	(\$889,533)	\$75,582
Regular Adjustments	(\$2,034,710)	-	-	(\$2,034,710)	-	-	-	-	-	-
One Time Adjustments	(\$8,044,840)	(\$934,127)	(\$9,105)	\$181,197	.	(\$179,923)	(\$13,551)	(\$229)	\$843	(\$18,809)
Total Claimable Cost	\$47,782,890	(\$1,400,245)	\$42,540	\$2,324,143	\$12,403	\$380,098	\$478,921	\$228	\$571,940	\$884,491

Carry Forward Calculation

Fiscal Year 2011/2012 actual
For Use In Year 2013/2014

County of Riverside
OMB A-87 Cost Allocation Plan

Exhibit B

Department	FY 11/12 Actual Cost	FY 09/10 Est Cost	Roll Forward	Reg Adj	One Time Adj	Total Claimable
19301 Edward Dean Museum	\$8,981	\$25,173	(\$18,192)	-	\$19,048	\$11,837
21001 Superior Court of CA	\$209,322	\$1,139,905	(\$930,583)	-	\$934,127	\$212,868
21008 Grand Jury	\$39,340	\$45,857	(\$8,517)	-	\$9,105	\$41,928
22001 District Attorney	\$2,878,837	\$2,889,519	\$109,318	-	(\$181,197)	\$2,886,958
22002 DA Forensics	\$1,298	\$8,950	(\$5,852)	-	-	(\$4,354)
23001 Child Support Services	\$158,747	\$350,288	(\$191,521)	-	\$179,923	\$147,149
24001 Public Defender	\$209,172	\$300,971	(\$91,799)	-	\$13,551	\$130,924
24013 LOPD Capital Defenders	\$7,582	\$457	\$7,125	-	\$229	\$14,936
25001 Sheriff Administration	\$913,484	\$1,140,830	(\$227,188)	-	(\$843)	\$885,455
25002 Sheriff Support	\$810,198	\$807,718	\$2,478	-	\$18,809	\$831,483
25003 Sheriff Patrol	\$3,213,823	\$4,288,308	(\$1,052,483)	-	\$203,845	\$2,385,185
25004 Sheriff Corrections	\$8,048,121	\$5,211,970	\$837,151	-	\$535,059	\$7,421,331
25005 Sheriff Court Services	\$181,772	\$248,758	(\$68,984)	-	\$23,289	\$138,057
25008 CAC Security	\$10,888	\$12,811	(\$1,723)	-	\$227	\$9,392
25007 Training Center	\$297,838	\$97,887	\$199,949	-	\$29,819	\$527,404
25008 RAID	\$3,820	\$3,720	(\$100)	-	-	\$3,520
25009 Anti Drug Abuse Grant	\$5,493	\$5,370	\$123	-	-	\$5,616
25010 Sheriff Coroner	\$128,741	\$171,330	(\$42,589)	-	\$20,259	\$108,411

Carry Forward Calculation

FY 09/10 actual for use in FY 11/12		FY 11/12 actual for use in FY 13/14	
	Sheriff Support		Department 1
Estimated	\$607,718	Actual	\$610,196
		Estimate	\$607,718
			collected by dept in FY 11/12
			\$2,478
			under estimated cost by
So actual from FY 11/12 for use in FY 13/14 plan is:			
Actual calculated of		\$610,196	actual cost from FY 11/12
plus difference between estimate			
from 2 years ago and actual this year of		\$2,478	under collected in FY 11/12
equals		\$612,674	Amount with carry forward adj
		\$18,809	One time adjustments
		\$631,483	amount charged to dept in FY 13/14

Thank you!



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Nicky Cass Lettini, MBA

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Q & A

COWCAP Fluctuations

Rachelle Román, CRMA, MPA

Chief Accountant – Audits & Specialized Accounting Division

May 2, 2013

Why COWCAP Fluctuates

- Operational Changes
- Billable % (Expenditures/Revenue)
 - Should not see great fluctuation with current methodology
- Carry-Forward

Operational Changes

County of Riverside					
Sheriff Corrections Deptid2500400000 COWCAP Billings					
Department/Description	FY2013/2014 CAP June 30, 2012 Actual	FY2012/2013 CAP June 30, 2011 Actual	FY2011/2012 CAP June 30, 2010 Actual	FY2010/2011 CAP June 30, 2009 Actual	FY2009/2010 CAP June 30, 2008 Actual
Building Use Allowance	\$5,025,993	\$5,045,744	\$3,480,555	\$3,315,602	\$3,084,717
Equipment Use Allowance	\$237,703	\$191,234	\$284,090	\$326,813	313,366
11001 County Executive Office	\$136,704	\$153,341	\$155,816	\$92,390	136,044
13001 Auditor Controller	\$81,049	\$93,636	\$93,223	\$266,891	222,336
13002 Internal Audit					47,305
13003 Payroll	(\$9,312)	(\$9,123)	(\$4,409)		
230 Treasurer-Tax Collector					
15001 County Counsel	\$5,137				
11301 Human Resources	\$92,961	\$74,372	\$105,657	\$158,060	181,122
73001 Purchasing	\$26,966	\$21,385	\$36,473	\$55,529	50,468
72001 FM - Admin					1
72002 FM - Custodial Housekeeping			(\$7,900)	(\$22,897)	(95,298)
72003 FM - Maintenance			\$542,959	\$169,792	2,441,162
72004 FM - Real Estate					
72006 FM Energy	\$451,919	\$1,394,273	\$522,800	\$1,119,222	1,089,253
72007 FM Parking	\$1	\$54	\$2,706	\$314	
12003 Records Mgt. & Archives					
Actual Cost	\$6,049,121	\$6,964,916	\$5,211,970	\$5,481,716	\$7,470,476

Department/Description	FY2013/2014 CAP June 30,2012 Actual	FY2012/2013 CAP June 30,2011 Actual	FY2011/2012 CAP June 30,2010 Actual
Building Use Allowance	\$5,025,993	\$5,045,744	\$3,480,555
Equipment Use Allowance	\$237,703	\$191,234	\$284,090
11001 County Executive Office	\$136,704	\$153,341	\$155,816
13001 Auditor Controller	\$81,049	\$93,636	\$93,223
13002 Internal Audit			
13003 Payroll	(\$9,312)	(\$9,123)	(\$4,409)
230 Treasurer-Tax Collector			
15001 County Counsel	\$5,137		
11301 Human Resources	\$92,961	\$74,372	\$105,657
73001 Purchasing	\$26,966	\$21,385	\$36,473
72001 FM - Admin			
72002 FM - Custodial Housekeeping			(\$7,900)
72003 FM - Maintenance			\$542,959
72004 FM - Real Estate			
72006 FM Energy	\$451,919	\$1,394,273	\$522,800
72007 FM Parking	\$1	\$54	\$2,706
12003 Records Mgt. & Archives			
Actual Cost	\$6,049,121	\$6,964,916	\$5,211,970
Equipment Use Allowance	(\$237,703)	(\$191,234)	(\$284,090)
Other Adjustments			
Adjusted Actual Cost	\$5,811,418	\$6,773,682	\$4,927,880
Estimated Cost	\$5,211,970	\$5,481,716	\$7,470,476
Equipment Use Allowance	(\$284,090)	(\$326,813)	(\$313,366)
Custodial/Maintenance/Real Estate Converted to ISF Department			
Payroll ACO Allocation Due to Direct Billing			(\$131,487)
Other Adjustments			
Adjusted Estimated Cost	\$4,927,880	\$5,154,903	\$7,025,623
Difference Between Actual & Estimated Cost (Carry - Forward)	\$883,538	\$1,618,779	(\$2,097,743)
Custodial/Maintenance/Real Estate Converted to ISF Department	\$535,059	\$146,895	(\$535,059)
Payroll ACO Allocation Due to Direct Billing			
One Time Adjustments			-
Total Claimable Cost	\$7,230,015	\$8,539,356	\$2,295,078
Billable % provided by County Executive Office	24.8%	24.8%	9.6%
COWCAP Billing (Charges)	1,793,044	2,117,760	220,327

Billable %

County of Riverside

Sheriff Corrections Deptid2500400000 COWCAP Billings								
Department/Description	FY2013/2014 CAP June 30, 2012 Actual	FY2012/2013 CAP June 30, 2011 Actual	FY2011/2012 CAP June 30, 2010 Actual	FY2010/2011 CAP June 30, 2009 Actual	FY2009/2010 CAP June 30, 2008 Actual	FY2008/2009 CAP June 30, 2007 Actual	FY2007/2008 CAP June 30, 2006 Actual	FY2006/2007 CAP June 30, 2005 Actual
Total Claimable Cost	\$7,230,015	\$8,539,356	\$2,295,078	\$4,930,989	\$5,706,873	\$7,112,444	\$7,598,894	\$9,688,402
Billable %	24.8%	24.8%	9.6%	9.6%	9.6%	9.6%	9.6%	37.0%
COWCAP Billing (Charges)	1,793,044	2,117,760	220,327	473,375	547,860	682,795	729,494	3,584,709

Operational Changes

County of Riverside					
Planning Deptid 3120100000 COWCAP Billings					
Department/Descriptions	FY2013/2014 CAP June 30, 2012 Actual	FY2012/2013 CAP June 30, 2011 Actual	FY2011/2012 CAP June 30, 2010 Actual	FY2010/2011 CAP June 30, 2009 Actual	FY2009/2010 CAP June 30, 2008 Actual
Building Use Allowance	\$7,550	\$7,550	\$28,164	\$26,427	\$26,561
Equipment Use Allowance	\$5,064	\$5,749	\$7,718	\$7,718	7,721
11001 County Executive Office	\$5,129	\$6,230	\$7,182	\$7,004	13,695
13001 Auditor Controller	\$8,876	\$10,506	\$11,743	\$36,563	24,081
230 Treasurer Tax Collector					
13002 Internal Audit					
13003 Payroll	(\$259)	(\$258)	(\$170)		
15001 County Counsel	\$18,880	\$61,026	\$316,375	\$115,379	125,805
11301 Human Resources	\$3,529	\$1,390	\$130	\$9,514	12,310
73001 Purchasing	\$6,795	\$15,230	\$2,860	\$4,760	3,038
73002 Central Mail					
72001 FM - Admin					
72002 FM - Custodial Housekeeping			(\$4,592)	(\$10,586)	(7,321)
72003 FM - Maintenance			\$6,190	\$5,424	(17,189)
72004 FM - Real Estate			\$3,660	\$5,023	(18,833)
72006 FM Energy	\$26,429	\$26,361	\$39,732	\$42,911	38,916
72007 FM Parking	\$425	\$193	\$4,021	\$1,834	
12003 Records Mgt. & Archives					
Actual Cost	\$82,418	\$133,977	\$423,013	\$251,971	\$208,784

Billable %

County of Riverside					
Planning Deptid 3120100000 COWCAP Billings					
Department/Descriptions	FY2013/2014 CAP June 30, 2012 Actual	FY2012/2013 CAP June 30, 2011 Actual	FY2011/2012 CAP June 30, 2010 Actual	FY2010/2011 CAP June 30, 2009 Actual	FY2009/2010 CAP June 30, 2008 Actual
Total Claimable Cost	(\$255,329)	\$12,064	\$634,852	\$297,099	\$60,719
Billable %	64.9%	64.9%	88.7%	88.7%	88.7%
COWCAP Billing (Charges)	(165,709)	7,830	563,114	263,527	53,858

Options & Solutions

Frankie Ezzat, MPA

Assistant Auditor-Controller

May 2, 2013

Goals & Objectives

- Collaborate with Fiscal Managers of the County
- Explore the different options to smooth out the highs/lows of COWCAP costs
 - Think outside the box . . .
 - No ‘one solution fits all’
 - Combination of solutions
 - Work with Departments one-on-one once solutions have been determined

Department Responsibilities

- Evaluate your Operational Factors carefully to ensure accuracy and consistency
- Compare your current year and prior year numbers to determine any material discrepancies and research the fluctuations

Options

- ACO is exploring options
- When there is a great fluctuation, submit a request for evaluation to the ACO
 - ACO will collaborate with EO to discuss options available

Contact Information

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