



Full Cost Allocation Review & OMB Cost Allocation Study

FORT BRAGG, CA



AGENDA

Full Cost Allocation & OMB Study

1. Project Background and Scope
2. Full Cost Allocation Review
3. OMB Compliant Cost Plan
4. Discussion / Questions

Project Background

- City annually calculates the indirect costs associated with non-general fund sources through a full cost allocation plan process.
- The cost allocation justifies budgeted reimbursements to the general fund.
- At the end of the fiscal year, a true-up is done to ensure that transfers were appropriate, and credits / additional funds are collected as needed.
- No OMB Compliant cost plan has ever been developed for reimbursement from federally funded projects and / or grants.

Project Scope

- Review Full Cost Allocation methodology and identify recommendations for compliance with best practices and industry standard.
- Develop OMB 2 CFR Part 200 Compliant Cost Allocation Plan and Indirect Cost Rate for reimbursement from federal grants and / or federally funded projects.

Full Cost Allocation Review

- No major issues with the City's current methodology. Use of true-up based on actual general fund staff time spent ensures that there is appropriate reimbursement.
- Recommendations for improvement:
 - Allocate reasonable and necessary costs – exclude costs with elections, litigations, transfers, etc.
 - Assign indirect support to all funds and departments to ensure fairness and defensibility
 - Utilize a double-step down methodology to capture reciprocal indirect support
 - Eliminate true-up process and use budgetary adjustments, as no legal requirement or industry standard to do true-ups.

OMB Compliant Cost Plan

- Based on Audited Actual Expenditures rather than budgeted expenditures.
- Utilized for reimbursement from special revenue funds, federally funded projects and grants, and some state grants / projects.
- Excluded legislative, lobbying, litigation, and other types of activities.
- Calculated salary and benefits indirect cost rate of 27.10%. This is the maximum rate that can be used. Actual indirect rate must be negotiated with each grant.
- Applied against staff hourly rates that bill to projects and grants.



Questions