



Budgeting and Fiscal Management Adoption of Central Service Cost Allocation Plan Policy 18.1.0

POLICY. The District will maintain practices in conformity with the Nevada Revised Statute Section 354.107 (Regulations) and 354.613(c) (Enterprise Funds Cost Allocation), including:

1. Central Service Cost Allocation Plan for accumulating, allocating and developing billing rates on allowable costs of services provided by the District's General Fund to departments, divisions and Enterprise Funds.
2. This Policy and related Practice can only be modified by a non-consent agenda item during a regular meeting of the Board of Trustees.

The District's adopted other Financial Policies (6.1.0) that should be used to frame major practice initiatives and be summarized in the budget document. This Policy is specific to the equitable distribution of general, overhead, administrative and similar costs incurred by the District's General Fund in the process of supporting the operation of the District's Enterprise Funds.

The underlying practice, along with any others that may be adopted for other financial purposes, will be reviewed during the budget process. The Finance and Accounting staff should review the practices to ensure continued relevance and to identify any gaps that should be addressed with new practices. The results of the review should be shared with the Board of Trustees during the review of the proposed budget. Each budget year, the current Central Service Cost Allocation Plan will be filed with the Nevada Department of Taxation as required.

Practice categories that should be considered for development, adoption and regular review are as follows:

- 1.0 Costs Allowed
- 2.0 Allocation Method
- 3.0 Billing rates for services provided

1.0 COSTS ALLOWED

- 1.0.1 Costs will be determined in accordance with generally accepted accounting principles and approved by the Board of Trustees as part of the annual budget process, including any budget augmentation.



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- 1.0.2 Costs incurred by a department, division or Fund specifically associated with their activities and operation will be Direct Costs to those departments, divisions or Funds.
- 1.0.3 Costs incurred for a common or joint purpose, benefitting more than one objective, will be considered Indirect Costs. These Indirect Costs must be necessary and reasonable for proper and efficient performance and administration.
- 1.0.4 Costs incurred may include, without limitation:
 - 1.0.4.1 Legislative costs for the Board of Trustees
 - 1.0.4.2 Legal Costs
 - 1.0.4.3 General Administration
 - 1.0.4.4 Emergency Services
 - 1.0.4.5 Public Relations
 - 1.0.4.6 Property Management
 - 1.0.4.7 Grants Management
 - 1.0.4.8 Contract, Procurement and Accounts Payable
 - 1.0.4.9 Grounds and Building Maintenance
 - 1.0.4.10 Budgeting, Accounting, Payroll and Audit
 - 1.0.4.11 Human Resources and Risk Management
 - 1.0.4.12 Information Technology and Communications
 - 1.0.4.13 Warehouse and Storage
- 1.0.5 Applicable Credits
 - 1.0.5.1 Applicable Credits will reduce the total costs allowed, when the credit relates directly to a transaction included in total costs.
- 1.0.6 Costs allowed should be deemed reasonable, ordinary and necessary for the operation of an Enterprise Fund.



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2.0 ALLOCATION METHOD

2.0.1 The District's Proprietary Funds include both Enterprise and Internal Service Funds. The Internal Service Funds have and will continue to develop specific billing rates for services based on individual units of service to each department, division or Fund. Enterprise Funds will be billed an annual allocation of Indirect Costs Allowed, net of applicable credits, as evidenced by the adopted budget. The General Fund and Internal Service Funds be allocated a portion of these costs, but will not be billed, as it would only add a layer to recalculating their related rates and charges to the other funds.

2.0.2 The proportion of the allocation will be based on budget data in the form of statistics or amounts:

2.0.2.1 –Eighty percent (80%) of Budget and Accounting central overhead costs, net of credit for interest earnings, are to be allocated on the basis of Services and Supplies expenses, by fund.

2.0.2.2 – Human Resources, Payroll and twenty percent (20%) of Budget and Accounting costs are to be allocated on the basis of a blended rate of budget full-time equivalent positions, wages and benefits.

2.0.3 The basis of the allocation will be scheduled in support of current rates and be presented to the Board of Trustees in conjunction with establishing the Operating Budget for each fiscal year.

2.0.4 The Allocation Method for each Cost will be appropriate in relation to the cost's objective or measurement.

3.0 BILLING RATES

3.0.1 Monthly billings will be recorded and paid from the Enterprise Funds to the General Fund, based on actual expenditures incurred. The off-set to the charges billed to the Enterprise Funds will be recorded as



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an off-set to General Fund expenditures.

- 3.0.2 The June billing each year, shall be adjusted such that the total charges to the Enterprise Funds, for the fiscal year ending that respective June, does not exceed the actual allowed incurred costs net of actual applicable credits. The District may bill less than the budgeted total for a fiscal year, but in no case can the total billing exceed the total approved with the adoption of the District Annual Operating Budget for that fiscal year, including any Board approved amendments or budget augmentation.
- 3.0.3 Payment for billings will be considered completed by an entry in the general ledger for the District, through the Cash Clearing Fund, with appropriate amounts posted to the General Fund and the respective Enterprise Fund(s).