

TITLE 10

SPECIAL ORDINANCES, REGULATIONS, RULES, POLICIES, AND BARGAINING AGREEMENTS

SUBTITLE 3 — POLICIES

POLICY 17

INDIRECT COST ALLOCATION

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17.010 Background

(A) Costs necessary for the functioning of the organization as a whole, such as insurance and building maintenance, which cannot be directly assigned to one service or product, are known as indirect costs. Departments that provide support services are known as indirect service departments and, for Linn County, are described below.

(B) For many years, any commercial businesses, universities, nonprofit agencies, and branches of government have allocated indirect

costs, commonly called overhead costs. Indirect costs are extremely necessary, but can't be easily assigned to a specific product or customer service.

(C) Generally, indirect costs are allocated to departments based on the amount of service or benefit received. By this method, the full cost, including indirect costs, of providing a specific service to the public can be identified. An allocation procedure will also insure that no fund subsidizes another without that being a conscious decision.

[Adopted 91-680 eff 9/25/91]

17.400 Policy

(A) Linn County will allocate indirect costs for budget and accounting purposes, effective July 1, 1991.

(B) It will use simplified procedures to allocate 100% of the expenses (except capital outlay) of the following indirect service and administrative departments:

- (1) General Administration
- (2) Treasurer
- (3) Data Processing
- (4) General Services
- (5) Printing
- (6) **County Counsel.**

(C) Information for the past year is available as to

- (1) the number of receipt and disbursement transactions;
 - (2) number of employees per department and fund;
 - (3) amount of square feet per department;
- and

(4) other allocation bases. Following Federal practice therefore, prior year allocation bases will be used for each new year.

(D) When one direct service department, whose primary responsibility is service to the public, performs work for another direct service department or indirect department, only the actual labor, equipment and material costs of providing the service will be charged to the other department. This policy is consistent with what most departments have been charging each other in the past.

[Adopted 91-680 eff 9/25/91]

17.410 Allocation of Board indirect costs

The Commissioner's office budget will not be allocated as an indirect service department at this time except for the Assessment and Tax Grant and amounts allocated to the six service departments referred to above. The amounts allocated to these six departments are small, representing less than 3% of the total of each department's expenses.

[Adopted 91-680 eff 9/25/91]

17.420 Allocation of General Administration indirect costs

(A) General Administration includes staff costs related to the accounting and personnel functions of the county, property and liability insurance, audit and other materials and services. Allocation of General Administration is determined using the number of employees in each department as a proportion of the total number of all county employees.

(B) A current exception relates to the Road Fund and Fair Fund which are charged for the actual proportion of liability insurance and audit fees related to their activities.

(C) Depreciation will not be allocated or distributed at this time.

[Adopted 91-680 eff 9/25/91]

17.430 Allocation of Treasurer indirect costs

(A) Operational expenses of the Treasurer are allocated to various county departments and funds, based on an analysis of receipt transactions prepared by the Treasurer.

(B) There is no legal provision to charge the various local governments.

[Adopted 91-680 eff 9/25/91]

17.440 Allocation of Data Processing indirect costs

The various users of data processing services will be charged based on a study of CPU usage, adjusted on advice of the department's director to account for allocation of staff time.

[Adopted 91-680 eff 9/25/91]

17.450 Allocation of General Services indirect costs

(A) Building maintenance and motor pool will be allocated to other departments and funds after a reduction for allocations already assessed to the A&T function.

(B) Building maintenance is distributed to users based on square footage occupied as a percentage of the total county space.

(C) The Road Department, Parks and Dog Control and satellite offices outside of Albany have been excluded inasmuch as they contract for their own space maintenance.

[Adopted 91-680 eff 9/25/91]

17.460 Allocation of Printing indirect costs

(A) Currently, departments are charged amounts sufficient to cover printing personal services expenses.

(B) Using an analysis of these printing charges for several months, departments will be allocated the remaining printing materials & services expenses heretofore not distributed.

[Adopted 91-680 eff 9/25/91]

17.470 Allocation of County Counsel indirect costs

County Counsel estimated projected service levels to departments county departments. Allocations made to each department are based on one month's actual time spent, as adjusted by Counsel to reflect a realistic forecast for the entire fiscal year.

[Adopted 91-680 eff 9/25/91]

17.500 Periodic revision of indirect cost allocations

(A) These indirect cost allocation procedures will be discussed with affected departments and re-computed annually by the Accounting Department to reflect true resource use.

(B) Annual recommended changes will be reviewed and approved by the Board of Commissioners.

[Adopted 91-680 eff 9/25/91]

References and Authorities:

ORS 203; 294

Legislative History of Policy 17:

Adopted 91-680 eff 9/25/91

Amendments to 91-680:

#1 none

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