

Central Services Cost Allocation Plans

A Clear Need

In a time of scarce resources, municipalities must explore every opportunity for revenue generation and cost recovery. One effective approach is to ensure the proper distribution of administrative costs across the full scope of government operations – thus lessening the burden on the entity's General Fund. A well-designed and thorough cost allocation model can accomplish this and provide assurance that enterprise funds, such as water and sewer, as well as other operating funds are receiving the appropriate level of cost assignment.

Cost Allocation – Our Approach

When conducting a cost allocation analysis many firms provide only a one-time snapshot of the cost allocation results that they have generated. Thus, the product can be sold to the municipality on a recurring basis.

In contrast, our cost allocation process focuses on developing an automated management tool that can be updated and used by the municipality for many years. Essentially, we provide the client with two end products. First, we develop a cost allocation plan that thoroughly documents all direct and indirect costs to be borne by each department and fund. And secondly, we create and present the client with a user-friendly spreadsheet program that includes all methodologies used, as well as definitive instructions for annual update and references to source documentation.

Additionally, we work with our clients to ensure compliance with federal reporting requirements for central service cost allocation plans. If needed, we will also develop a compliance report on behalf of the client, and instruct the local unit in updating the report in future years.

As municipal financial consultants, we pride ourselves on thoroughness and client service quality. We also recognize the need to integrate the finished work product into the operation, thus enabling our clients to perform annual updates in-house. Our staff is available to provide technical support on an ongoing basis, as needed, at minimal cost to the municipality.

Experience

Municipal Analytics government finance specialists have worked successfully with large and small public organizations to determine appropriate costs and allocation methodologies, and as a result, we have helped return millions of dollars to municipal general funds. A complete listing of experience is available upon request.

Contact Us

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