

**4/27/17**  
**Finance Committee**  
**Meeting**

**Handouts received after**  
**agenda posted**



# **FY17/18 Cost Allocation Plan**

**04/27/2017**

**Heather J. Corder, Finance Director**



- ▶ Cost Allocation is a budgeting principle that allows central service departments such as Finance, City Council and City Clerk, to distribute the costs of providing services in a fair and equitable manner.
- ▶ Cost allocation also helps improve budget and resource management by better align user fees with the true cost of doing business.
- ▶ Payments made by the enterprise funds for cost allocation is a form of reimbursing taxpayers for services provided by the City that only serve specific groups rather than the public at large.

**General Fund:  
Property and Sales Tax**



City Council



Community Services



Public Works



City Manager



Development  
Services



Finance



City Clerk



Information  
Technology



City Attorney



Public Safety



Maintenance



Human Resources

**Enterprise  
Funds:  
User Fees**



Water



Wastewater



Solid Waste



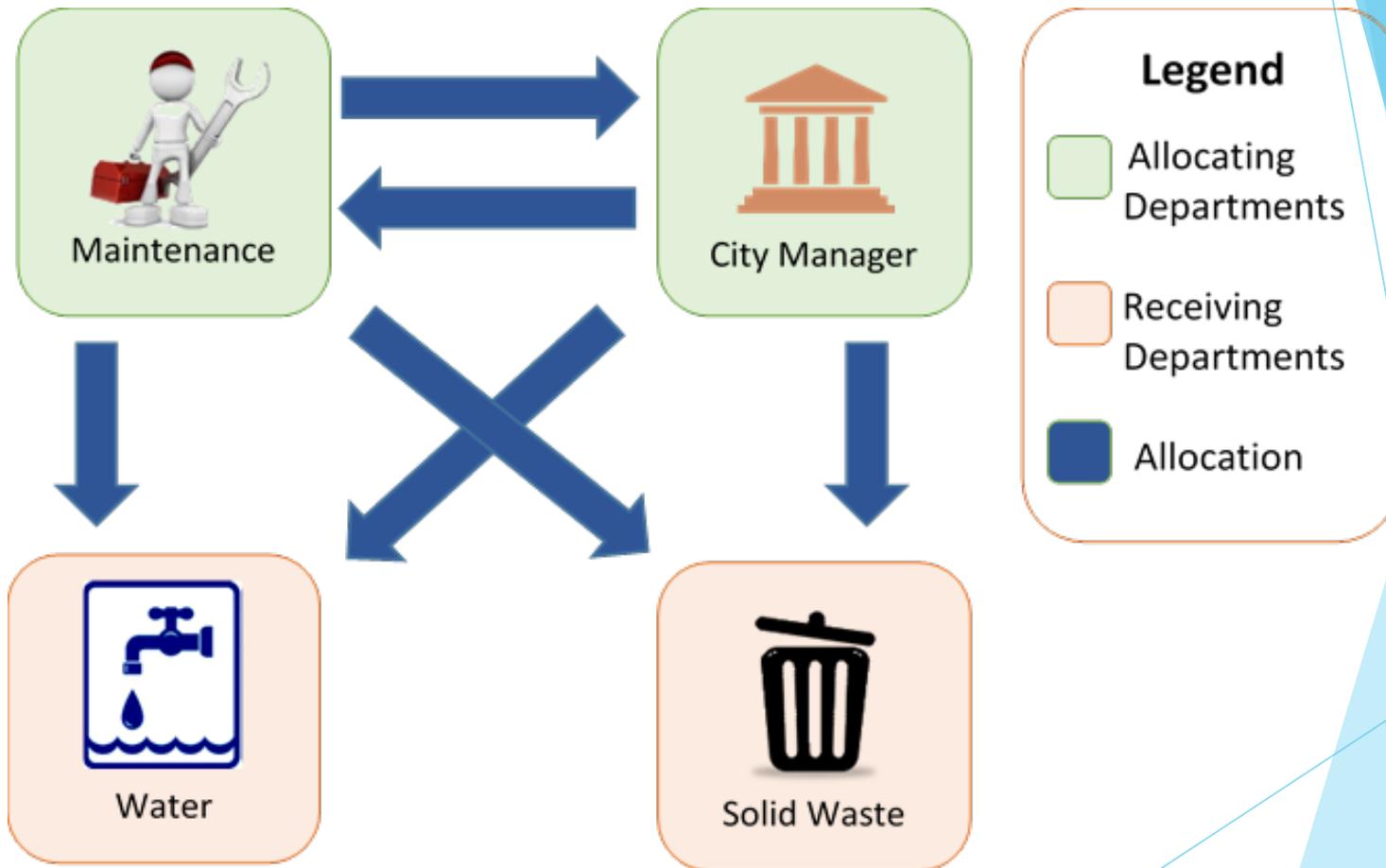
Golf Course



- ▶ The fiscal year 2017/2018 cost allocation plan allocates indirect costs in a consistent manner across all City departments
- ▶ One of the Council's Strategic Initiatives of a Fiscally Sound Government and one of the fiscal policies that was adopted by Council on 05/17/16



# Cost Allocation Flow Chart





- ▶ Cost allocation is created by Finance utilizing statistics from all support service departments.
- ▶ Due to timing budget data is used for the future fiscal year (2017/2018) and statistical data is from the prior fiscal year. (2016/2017).
- ▶ If there are significant variations from the budget the cost allocation will be adjusted to reflect this at year end.



# Allocation Statistics



## City Council

- Agenda - Number of Agenda Items, FY 2015/2016



## Finance

- AP/ Purchasing - Number of purchase orders and warrants
- Payroll - Number of full time employee equivalents
- RDA Activity - Direct Allocation to Redevelopment Agency
- Utility Billing Management - Direct Allocation to Utility Billing
- Financial Services Budget - Actual Expenditures
- Financial Services Audit/CAFR - Number of Departments
- Financial Services Cash Balances - Cash Balance by Fund
- Financial Services CIP Management - Number of CIP Projects

# City Council



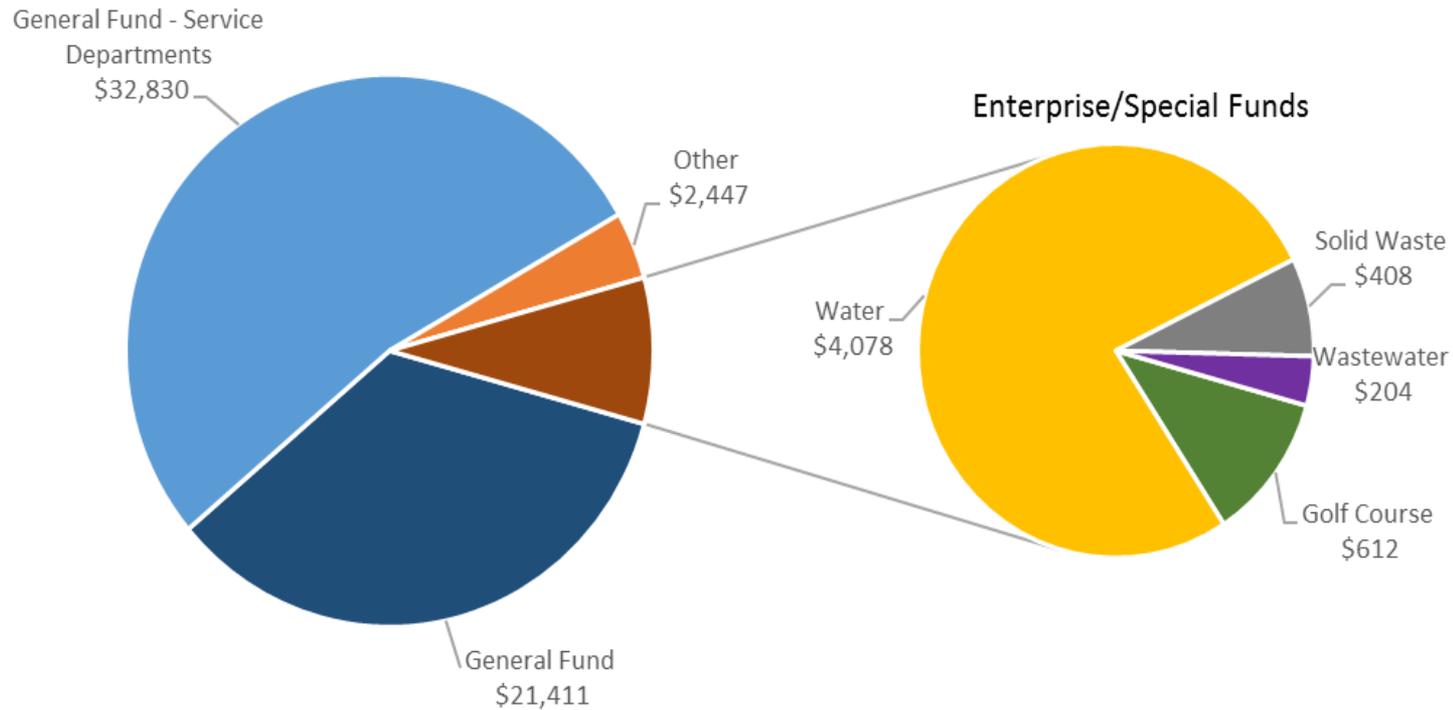
- ▶ 100% of the City Council's FY 17/18 budget is allocated based on the total number of agenda items for FY15/16
- ▶ Budget is \$61,990

	Expenses	Attorney Expense	FTE	Agenda	Departmental Square Footage
<b>General Fund</b>	9,434,033	37,019	70	105	115,840
<b>General Fund - Service Depts.</b>	2,267,004	118,059	15	161	11,366
<b>Golf Course</b>	1,190,226	913	0	3	-
<b>Water</b>	4,104,498	8,287	15.5	20	4,551
<b>Solid Waste</b>	3,065,362	-	11	2	6,352
<b>Wastewater</b>	2,451,127	848	11.5	1	4,543
<b>Other</b>	8,400,656	11,743	0	12	13,653
<b>Fleet</b>	1,010,986	-	2	0	10,645
	<b>31,923,891</b>	<b>176,867</b>	<b>125</b>	<b>304</b>	<b>166,950</b>

# City Council



## City Council Allocation

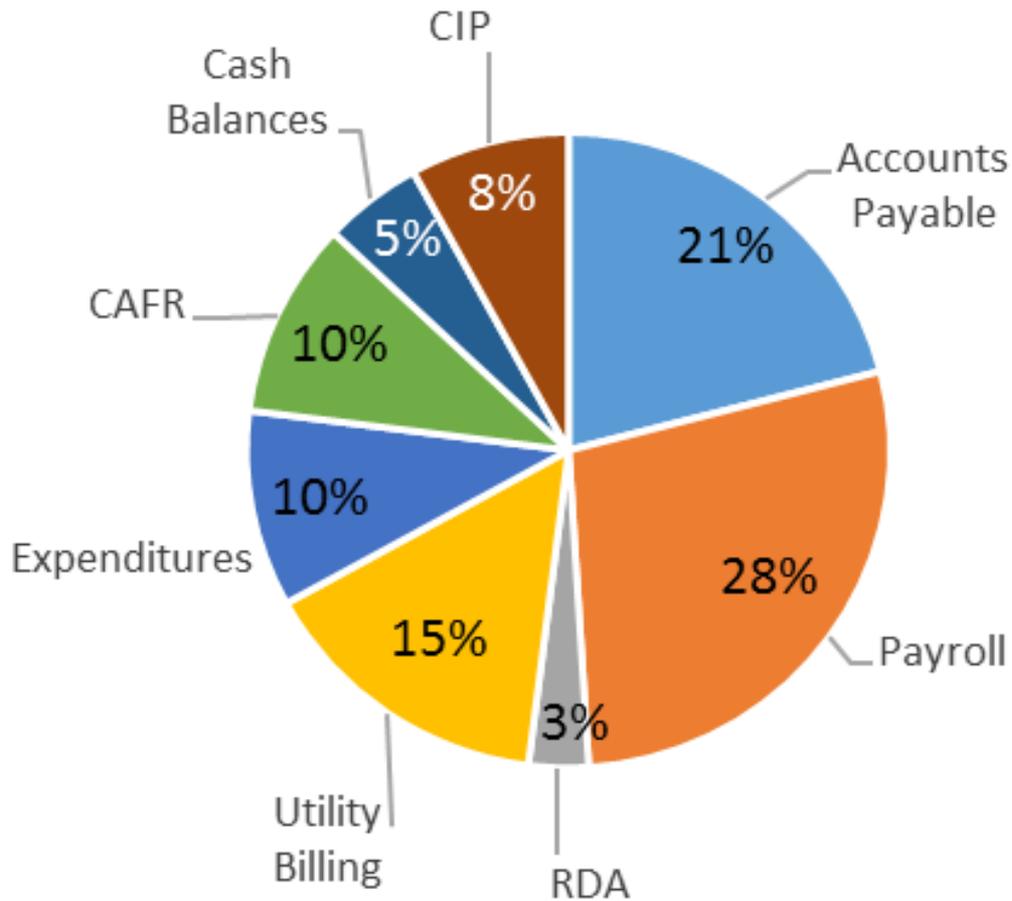


# Finance



- ▶ 21% (\$124,250) represents Accounts Payable and Purchasing
- ▶ 28% (\$165,660) represents Payroll functions
- ▶ 3% (\$17,750) represents support to RDA
- ▶ 15% (\$88,750) represents costs associated with Utility Billing
- ▶ 10% (\$59,170) represents financial services pertaining to the Budget
- ▶ 10% (\$59,170) represents financial services pertaining to the Audit
- ▶ 5% (\$59,170) represents financial services managing cash balances
- ▶ 8% (\$59,170) represents financial services managing the CIP

# Finance



# Statistics

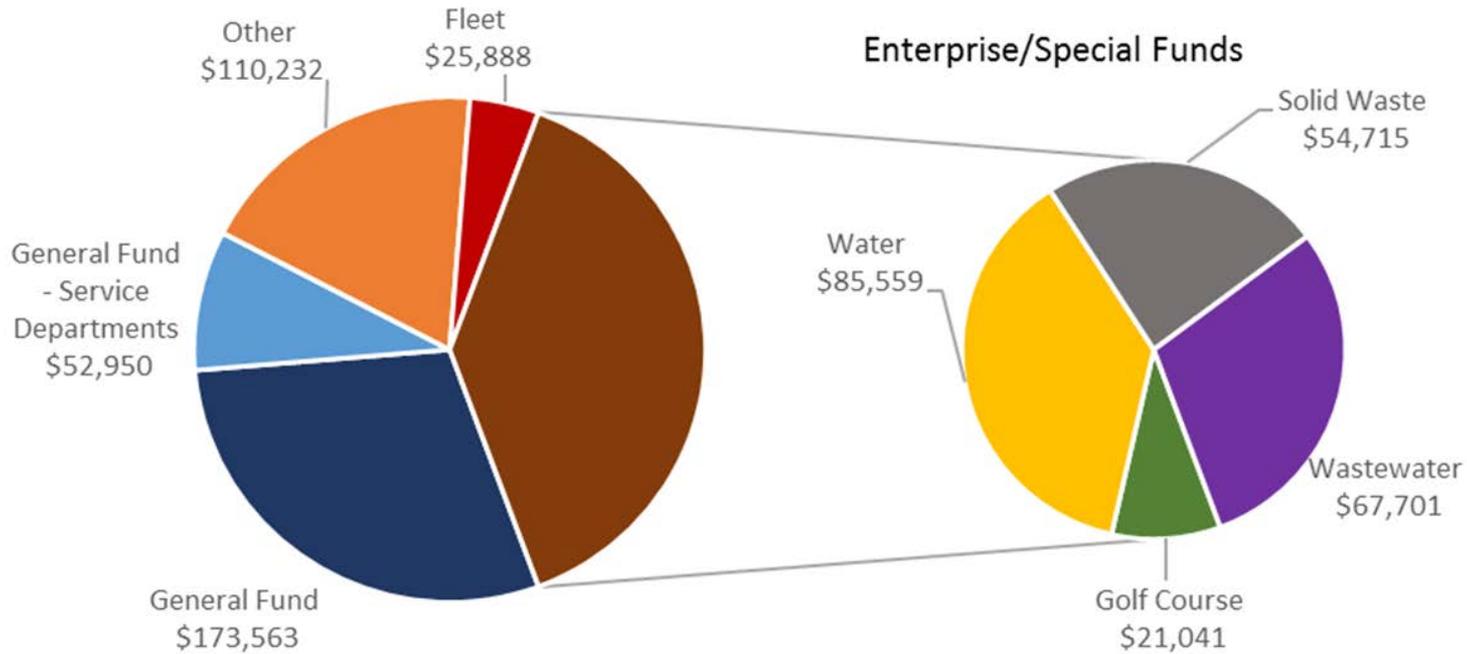
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<b>Wastewater</b>	2,451,127	848	11.5	1	4,543
<b>Other</b>	8,400,656	11,743	0	12	13,653
<b>Fleet</b>	1,010,986	-	2	0	10,645
	<b>31,923,891</b>	<b>176,867</b>	<b>125</b>	<b>304</b>	<b>166,950</b>

	Interest	Accounts Payable	PC's	Recruitments FY 2015/2016	CIP Projects	Funds In Audit
<b>General Fund</b>	-	3,451	22	7	14	1
<b>General Fund - Service Depts.</b>	72,528	568	14	7	-	1
<b>Golf Course</b>	(331)	1,430	-	-	-	1
<b>Water</b>	8,828	1,629	4	3	7	1
<b>Solid Waste</b>	15,603	361	-	2	-	1
<b>Wastewater</b>	92,166	836	-	2	4	1
<b>Other</b>	625,723	3,035	-	-	8	5
<b>Fleet</b>	-	1,457	2	-	-	1
	<b>814,518</b>	<b>12,767</b>	<b>42</b>	<b>21</b>	<b>33</b>	<b>12</b>

# Finance



## Finance Allocation



# Enterprise Fund Payments

**Table A: Enterprise Fund Payments to General Fund  
Fiscal Years 2016/2017 and 2017/2018**

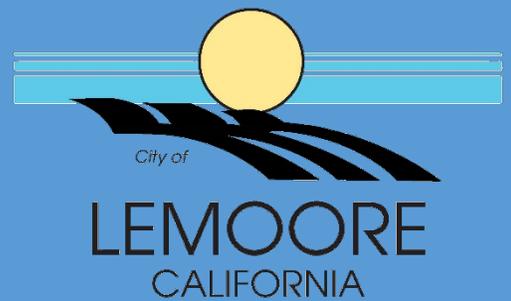
	<b>Golf Course</b>	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total Payments</b>
<b>FY 2016/2017</b>	31,210	541,700	436,160	379,140	1,388,210
<b>FY 2017/2018</b>	29,650	508,420	408,920	357,630	1,304,620
<b>Total</b>	<b>\$ 60,860</b>	<b>\$ 1,050,120</b>	<b>\$ 845,080</b>	<b>\$ 736,770</b>	<b>\$ 2,692,830</b>



Questions?

FY 2017-2018

# Cost Allocation Plan and Stats



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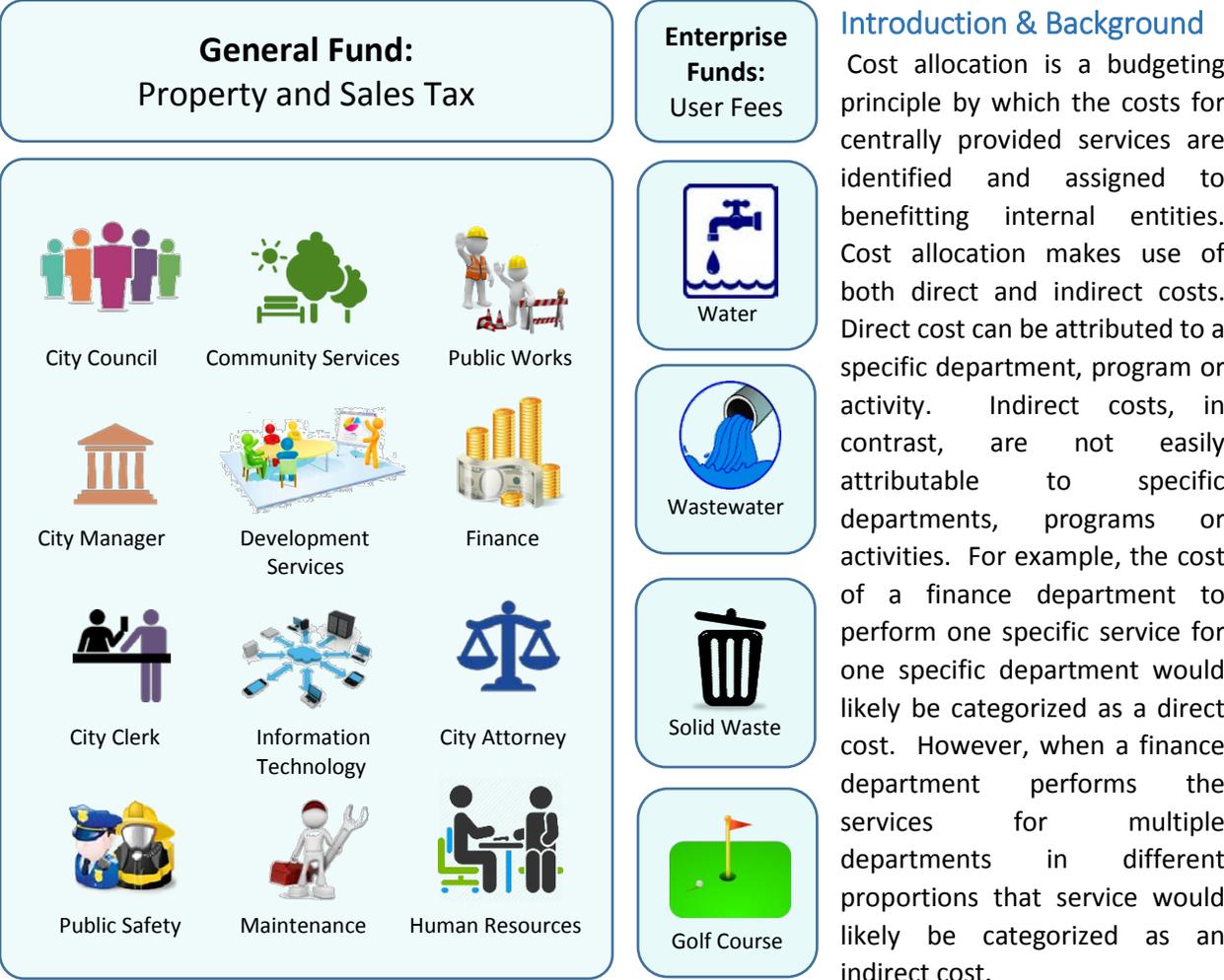
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# Executive Summary

Cost allocation is a budgeting principle that allows central service departments in an organization to distribute the costs of providing services to other departments in a fair and equitable manner. Each year the City of Lemoore should create a cost allocation plan that calculates the value of the central services provided to each department of the City. Based on these calculations the City can recover the cost of the central services provided to City-owned enterprises. The Cost Allocation Plan is important because not all City departments are funded in the same way. Most City departments are funded by taxpayers through the City’s general fund because the departments generally serve the public at large. The City’s enterprise fund departments, on the other hand are funded by fee-for-service dollars.

Figure 1: City of Lemoore Cost Allocation – Funds and Departments\*



\*Not all funds and departments are included

Cost allocation can be performed in a variety of ways using simple or complex methodologies. More complex cost allocation plans typically produce more accurate cost calculations than simpler cost allocation plans.

## Purposes of Cost Allocation

Cost allocation serves many purposes. First, it promotes fair and equitable sharing of indirect costs within the City. Second, cost allocation helps departments recognize the full cost of their operations by estimating their shares of indirect costs. Departments can use the Cost Allocation Plan to improve budget and resource management and to better align user fees with the true cost of doing business. Finally, cost allocation allows Finance to charge other funds for services provided by general fund departments. For the City of Lemoore, cost allocation is used to determine reimbursement amounts for services provided to enterprise and special fund entities by general fund departments.

The purpose of a cost allocation plan is to capture, identify and attribute all appropriate citywide costs to departments that have received central services, and to collect reimbursement from the City's enterprise and special funds for their share of these costs. The enterprise funds are required to reimburse the general fund for central services received as they have been established as fee-for-service funds, the cost of which should generally be covered by fees charged to citizens who directly benefit from the services. In effect, payments made by enterprise funds to the general fund for indirect costs is a form of reimbursing taxpayers for services provided by the City to enterprises that only serve specific groups of citizens rather than the public at large.

*"The purpose of a cost allocation plan is to capture, identify and attribute all appropriate citywide costs to departments that have received central services..."*

Under this Cost Allocation Plan enterprise and special funds will reimburse the City's general fund approximately \$1.8 million for fiscal year 2017/2018. This is in comparison to \$1.9 million for the prior fiscal year. Table A illustrates the specific reimbursement amounts for the enterprise funds over the current and budgeted fiscal year.

	<b>Golf Course</b>	<b>Water</b>	<b>Wastewater</b>	<b>Solid Waste</b>	<b>Total Payments</b>
<b>FY 2016/2017</b>	31,210	541,700	436,160	379,140	1,388,210
<b>FY 2017/2018</b>	29,650	508,420	408,920	357,630	1,304,620
<b>Total</b>	<b>\$ 60,860</b>	<b>\$ 1,050,120</b>	<b>\$ 845,080</b>	<b>\$ 736,770</b>	<b>\$ 2,692,830</b>

## Cost Allocation Methodology

The Cost Allocation Plan allocates indirect costs in a consistent manner across all City departments, including the enterprise and special funds. The main purpose of performing cost allocation is to distribute indirect costs of central services provided by the City departments to all the City departments receiving those services. Although cost allocation is not required by law, it does fall under one of the Council's Strategic Initiatives of a Fiscally Sound Government. Defining and reviewing the Cost Allocation Plan in detail also assures and enhances accountability and fiscal transparency.

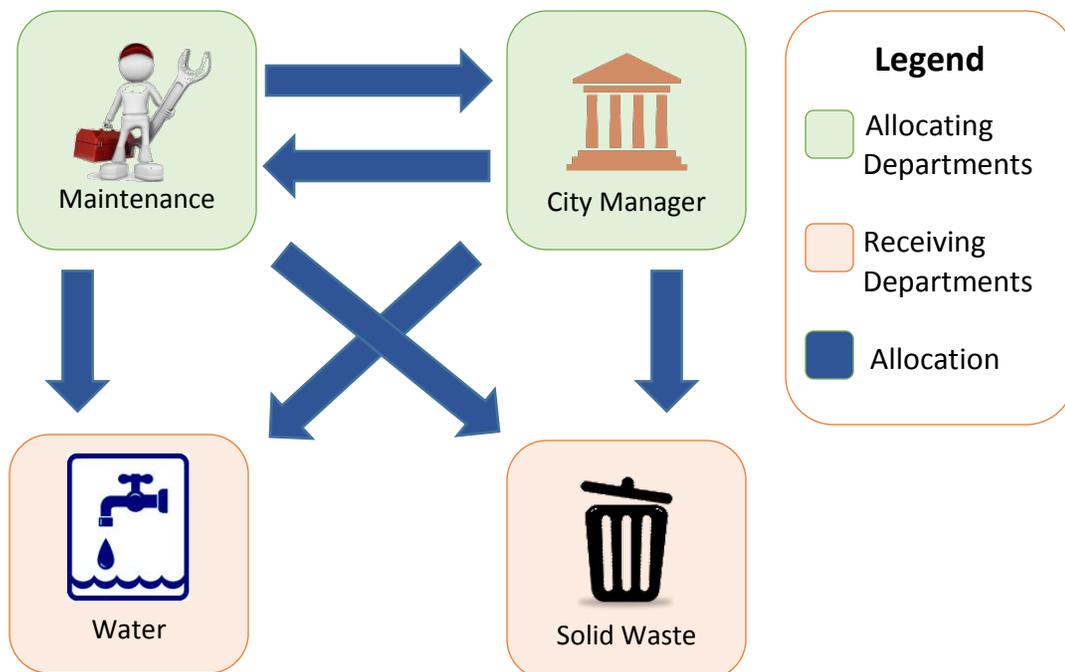
Due to the timing of the creation of the budget and fiscal year end, Finance uses budgeted financial data for the future fiscal year and statistical data from the prior fiscal year. For example, the most recent Cost Allocation Plan is for the fiscal year 2017/2018, the financial data is the budgeted amounts for fiscal year 2017/2018.

*“The enterprise funds are required to reimburse the general fund for central services received as they have been established as a fee-for-service funds...”*

The statistical information utilized to create the percentages is from fiscal year 2015/2016. Since the Finance Department is using budgeted financial data, the cost allocation amounts will change if there are significant variations from the budget. The Cost Allocation Plan will be finalized and the enterprise funds will submit their payments for their cost allocations at the end of fiscal year. These adjustments ensure that the cost allocation plan continues to reflect the actual costs incurred by general fund agencies to provide central services to City departments and enterprises.

In the plan, City departments are identified as either an allocating department – one that provides services to other departments or a receiving department – one that only receives services from other departments. The allocating departments include departments such as Finance and Human Resources which provide multiple services across multiple departments. The receiving departments include the four enterprise funds such as Water, Wastewater, Refuse and Golf Course. In the Cost Allocation Plan these four enterprise funds cannot distribute costs to other departments. Allocating departments not only distribute cost to receiving departments, but they also distribute costs to other central service departments that receive their service, as illustrated in Figure 2.

Figure 2: Cost Allocation Flow Chart\*



\*Not all departments are included

The budget team mediates any disagreements about methodology between enterprise and special funds and Finance as they arise. The draft Cost Allocation Plan is provided to the executive and support staff

for review. If disagreements arise regarding the allocation amount or services provided the budget team will meet with the director and support staff to discuss and resolve the point of conflict.

Using this following Cost Allocation Plan allows the City to allocate the full costs to the enterprise and special funds. If in the future an enterprise or special fund cannot cover its cost allocations, the request should be handled through the budget process. City leadership, including the elected officials, should decide if it is in the City's best interest to provide subsidies for the enterprise funds' activities, especially in this time of economic hardship.

# Summary of Allocation Statistics

Due to the timing of the creation of the budget and fiscal year end. Finance uses statistical data from the prior fiscal year. Below is a list of the allocating departments and the allocation statistics utilized to justify the cost allocation for the department.

	<b>City Council</b> <ul style="list-style-type: none"><li>•Agenda - Number of Agenda Items, FY 2015/2016</li></ul>
	<b>City Attorney</b> <ul style="list-style-type: none"><li>•Attorney Services - Percentage of total bill for services , FY 2015-2016</li></ul>
	<b>City Manager</b> <ul style="list-style-type: none"><li>•Agenda - Number of Agenda Items, FY 2015/2016</li><li>•Budget - Actual Expenditures, FY 2015/2016</li><li>•Personnel - Number of Full Time Employee Equivalents</li><li>•Executive Director of RDA- Direct Allocation to the Redevelopment Agency</li></ul>
	<b>City Clerk</b> <ul style="list-style-type: none"><li>•Agenda- Number of Agenda Items, FY 2015/2016</li><li>•RDA Activity- Direct Allocation to the Redevelopment Agency</li></ul>
	<b>Finance</b> <ul style="list-style-type: none"><li>• AP/ Purchasing - Number of purchase orders and warrants</li><li>•Payroll - Number of full time employee equivalents</li><li>•RDA Activity - Direct Allocation to Redevelopment Agency</li><li>•Utility Billing Management - Direct Allocation to Utility Billing</li><li>•Financial Services Budget - Actual Expenditures</li><li>•Financial Services Audit/CAFR - Number of Departments</li><li>•Financial Services Cash Balances - Cash Balance by Fund</li><li>•Financial Services CIP Management - Number of CIP Projects</li></ul>
	<b>Maintenance</b> <ul style="list-style-type: none"><li>• Maintenance Services - Square footage occupied by department</li></ul>
	<b>Public Works Administration</b> <ul style="list-style-type: none"><li>• PW Admin - Actual expenditures per department/ fund supervised</li></ul>
	<b>Utility Department</b> <ul style="list-style-type: none"><li>•Utility Staff- Percentage of Revenue received for Water, Wastewater, Solid Waste, FY 2015/2016</li></ul>
	<b>IT Services</b> <ul style="list-style-type: none"><li>•IT Services - Number of Computers (PD excluded as they are serviced by Kings County)</li></ul>
	<b>Human Resources</b> <ul style="list-style-type: none"><li>•Human Resources - Number of full time employee equivalents</li><li>•Human Resources- Number of recruitments, fiscal year 2015/2016</li></ul>

# City Council



The City Council is responsible for approving all legislation and formulating City policies. The Council's objectives are broad and include translating public attitudes and service requirements into policies and programs, so that desired levels of service can be provided efficiently and economically. The Council keeps abreast of current State and Federal legislation.

The City Council meets in public session on the first and third Tuesday of each month and at other times when special meetings are called.

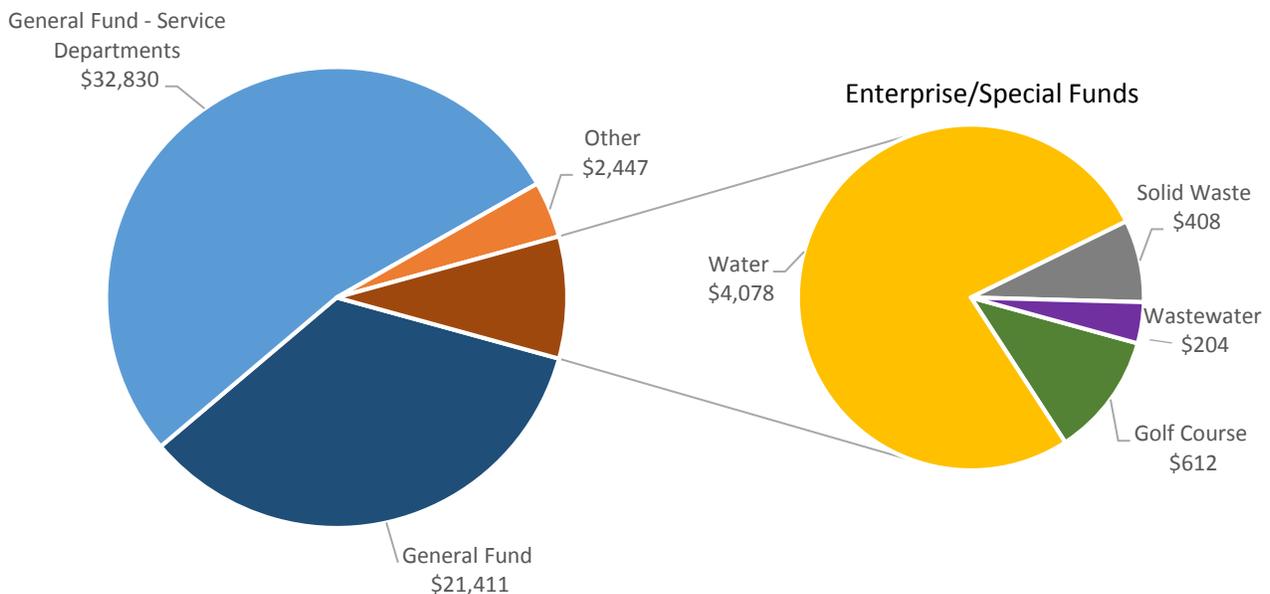
The allocation method for the City Council is as follows:



100% of the City Council's budget is allocated based on the total number of agenda items for the time period of July 1, 2015 through June 30, 2016. Each department is allocated their proportional share based on the number of agenda items that each department has taken to Council.

The budget for the City Council for fiscal year 2017/2018 is \$61,990. For the fiscal year 2015/2016 there were a total of 304 items on the agenda. Each department's proportional share is detailed in the table below.

## City Council Allocation



# City Attorney



The City Attorney provides legal advice and services to the City Council and city staff. A review of legal issues ensures that recommendations, policies and administrative procedures are undertaken after consideration of sound professional advice. At the direction of City Council, the City Attorney may also provide for appropriate representation for the City in all legal proceedings.

General legal services are provided through a contract with the law firm of Lozano Smith.

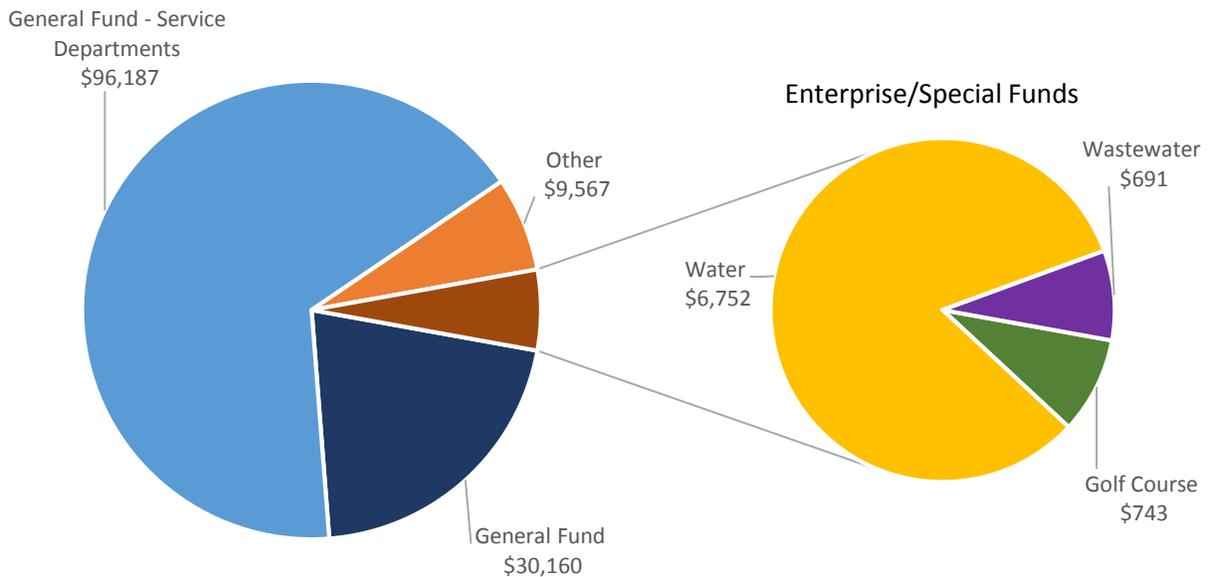
The allocation method for the City Attorney is as follows:



100% is allocated based on actual expenditures for the fiscal year 2015/2016. This allocation is for budget purposes only. Actual expenses will be posted to each department as attorney services are utilized.

The budget for the City Attorney for fiscal year 2017/2018 is \$144,100. For the fiscal year 2015/2016 there was a total of \$193,540 in expenses. Each department's proportional share is detailed in the table below.

## City Attorney Allocation



# City Manager

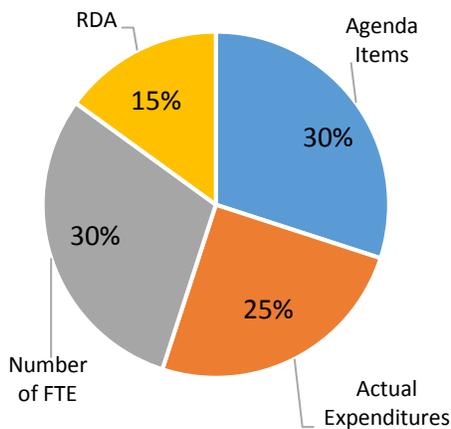


The City Manager is charged with coordinating and directing the administration of the City within the framework of policy established by the City Council.

The City Manager is responsible for directing the administration of departments and divisions, preparing and submitting the Annual Budget, maintaining communication and good relations with the general public, advising the Council on the City's financial condition, and making recommendations to the Council on measures or actions considered necessary for the welfare of the City and efficient operation of government.

The City Manager's Department oversees the work involved in the continued dissolution for the former Redevelopment Agency providing support to the Successor Agency, the Oversight Board and the Lemoore Housing Authority.

The allocation method for the City Manager's Department is as follows:



30% (\$151,680) of the City Manager's budget is allocated based on the total number of agenda items for the time period of July 1, 2015 through June 30, 2016. Each department is allocated their proportional share based on the number of agenda items the department has taken to Council.

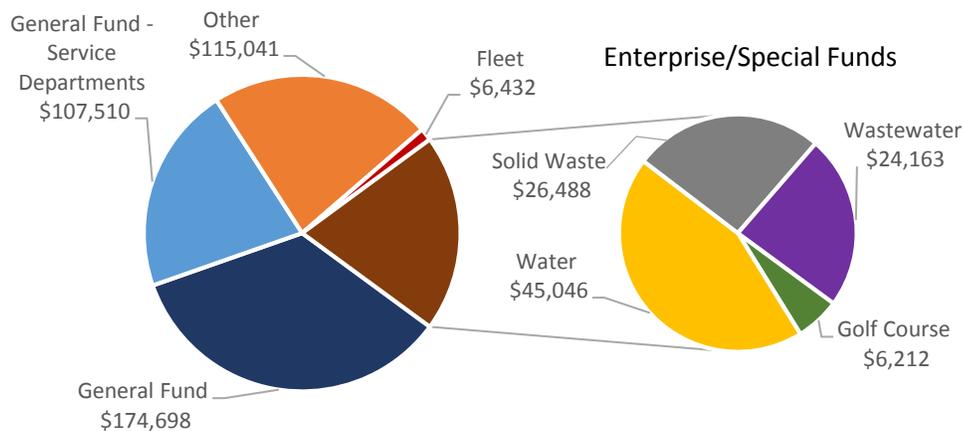
25% (\$126,400) of the City Manager's budget is allocated based on the actual expenditures per department for the time period of July 1, 2015 through June 30, 2016.

30% (\$151,680) of the City Manager's budget is allocated based on the total number of full time equivalents (FTE) per departments.

15% (\$75,840) of the City Manager's budget is allocated directly to the Redevelopment Agency to reflect the City Manager's role in the supporting the dissolution of the Redevelopment Agency.

The budget for the City Manager for fiscal year 2017/2018 is \$505,590. For the fiscal year 2015/2016 there were a total of 304 agenda items, 125 full time equivalents and the total budget expenses for all departments was \$32 million. Each department's proportional share is detailed in the table below.

## City Manager Allocation



# City Clerk



The City Clerk serves as the Clerk of the City Council and is responsible for the preparation of agendas, the recording and maintenance of all Council actions, and the preparation and filing of public notices. As the official records keeper for the City, the Clerk is responsible for the coordination and administration of all City records, document and public files. The City Clerk manages all City Public Records Act (PRA's Practices Commission requirements).

The allocation method for the City Clerk's Department is as follows:



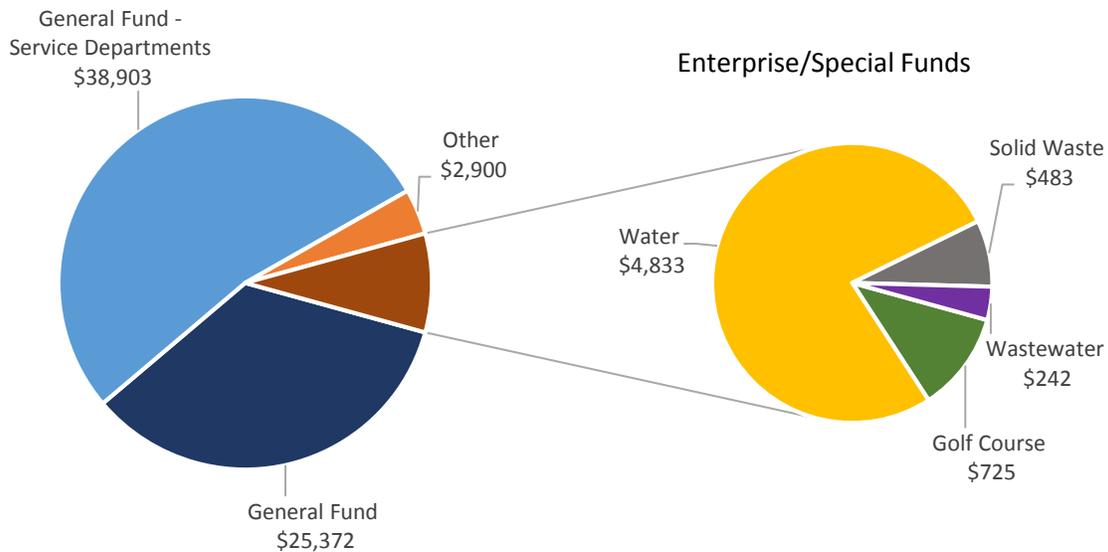
35% (\$64,210) of the City Clerk's personnel costs is allocated based on the total number of agenda items for the time period of July 1, 2015 through June 30, 2016.



100% (\$9,250) of the City Clerk's operating budget is allocated based on the total number of agenda items for the time period of July 1, 2015 through June 30, 2016. Each department is allocated their proportional share based on the number of agenda items that the department has taken to Council.

The budget for the City Clerk for fiscal year 2017/2018 is \$192,700 of which \$73,460 was allocable utilizing the formula listed above. For the fiscal year 2015/2016 there were a total of 304 agenda items. Each department's proportional share is detailed in the table below.

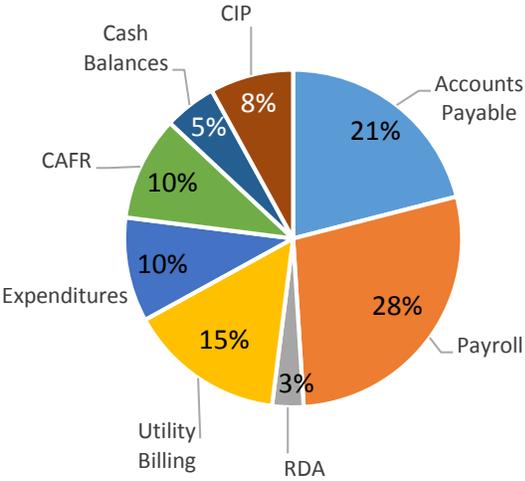
## City Clerk Allocation



# Finance Department



Under the direction of the Finance Director, the Finance Department is charged with the overall financial and accounting records of the City, processing accounts payable, managing the City’s annual audit and producing the CAFR, utility billing, fixed assets, bank reconciliations, purchasing, data processing, budget control, payroll, and business license. The Finance Department also provides support in continued dissolution of the former Redevelopment Agency providing support to the Successor Agency, the Oversight Board and the Lemoore Housing Authority.



21% (\$124,250) of the Finance Department’s budget represents accounts payable and purchasing functions which are allocated based on number of warrants and purchase orders processed for the for the time period of July 1, 2015 through June 30, 2016.

28% (\$165,660) of the Finance Department’s budget represents payroll functions which is allocated based on the total number of full time equivalents per departments.

3% (\$17,750) of the Finance Department’s budget represents providing support to the RDA and is directly allocated to RDA funds.

15% (\$88,750) of the Finance Department’s budget represents costs associated with utility billing and is allocated based on revenue received for Water, Solid Waste and Wastewater.

10% (\$59,170) of the Finance Department’s budget represents financial services pertaining to the budget and is allocated based on actual expenditures for July 1, 2015 through June 30, 2016.

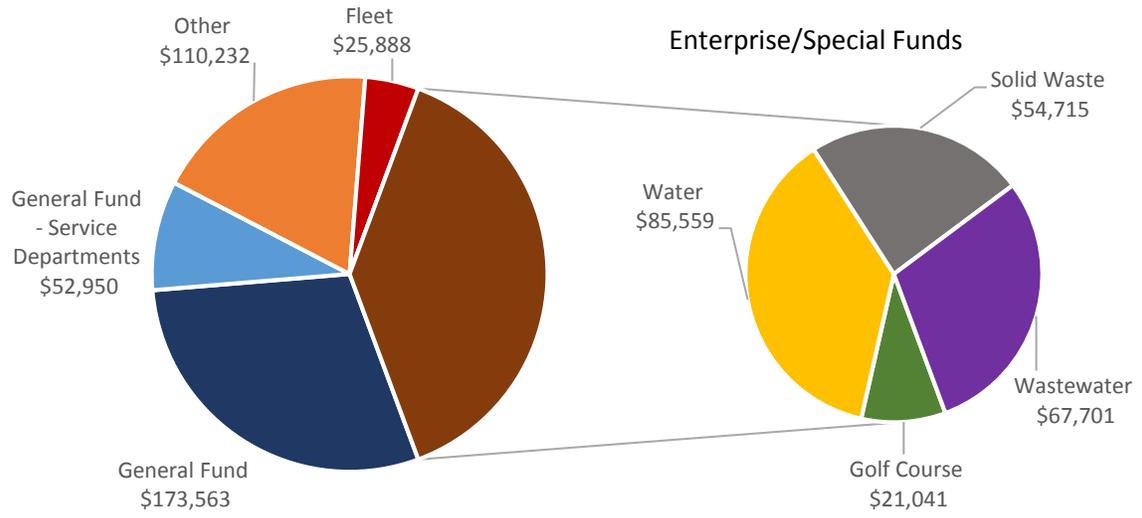
10% (\$59,170) of the Finance Department’s budget represents financial services pertaining to the annual audit and creation of the CAFR and is allocated based upon the total number of departments listed in the budget.

5% (\$29,580) of the Finance Department’s budget represents financial services pertaining to managing the cash balances and is allocated based on interest income by fund.

8% (\$47,330) of the Finance Department’s budget represents financial services to managing and updating the capital improvement projects and is allocated by fund based on the total number of capital improvement projects.

The budget for the Finance Department for fiscal year 2017/2018 is \$591,650. For the fiscal year 2015/2016 there were a total of 12,767 purchase orders and warrants processed. There were 125 full time equivalents, the total budget expenses for all departments was \$32 million and \$814,500 in interest was received. There were twelve departments in the budget, and 42 capital improvement projects. Each department’s proportional share is detailed in the table on the following page.

# Finance Allocation



# Maintenance Division



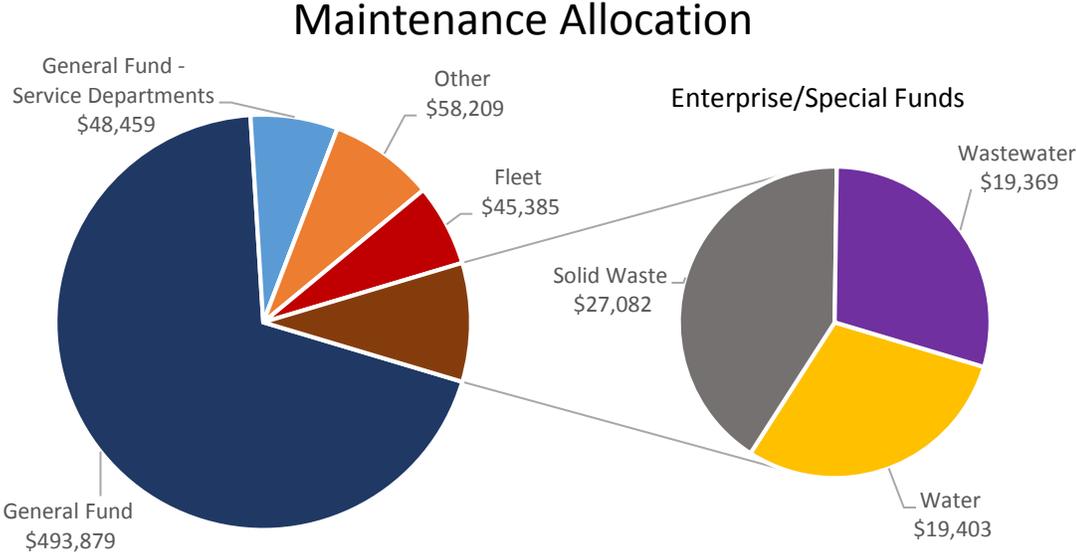
The Maintenance Division is charged with maintaining City buildings and park facilities with preventative and corrective maintenance, renovations, new construction projects and janitorial services. Personnel has been tasked with Street Division duties i.e. street light repairs, tree trimming, street banners, traffic signal repairs, school zone speed signs and crosswalk light repairs, including set up for community events.

The allocation method for the Maintenance Division is as follows:



100% of the Maintenance Division’s budget is allocated based on the total number of square feet each department occupies.

The budget for the Maintenance Division for fiscal year 2017/2018 is \$711,790. There was a total of 153,300 allocable square feet. Each department’s proportional share is detailed in the chart below.



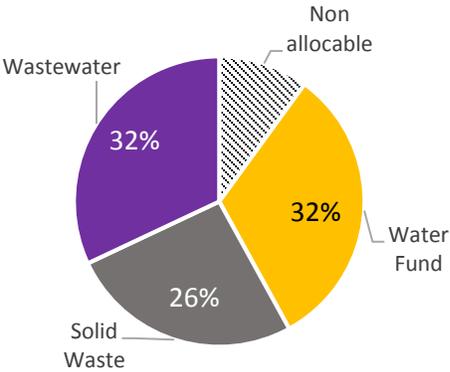
# Public Works Administration



The Public Works Department is charged with supervision and directing the Water, Wastewater/Storm Drainage, and Solid Waste Divisions. In addition, the Public Works Department coordinates engineering activities with the contract City Engineer and oversees a majority of the projects in the Five-Year Community Investment Program.

The Public Works Administration’s budget is directly allocated to the Water, Solid Waste and Wastewater/Storm Drainage funds based on the percentage of revenue received for those funds. The time period for the revenues is July 2015 through June 2016.

The allocation for the Public Work Administration Department is as follows:



10% (\$41,050) of the Public Works Administration Department’s budget is non allocable.

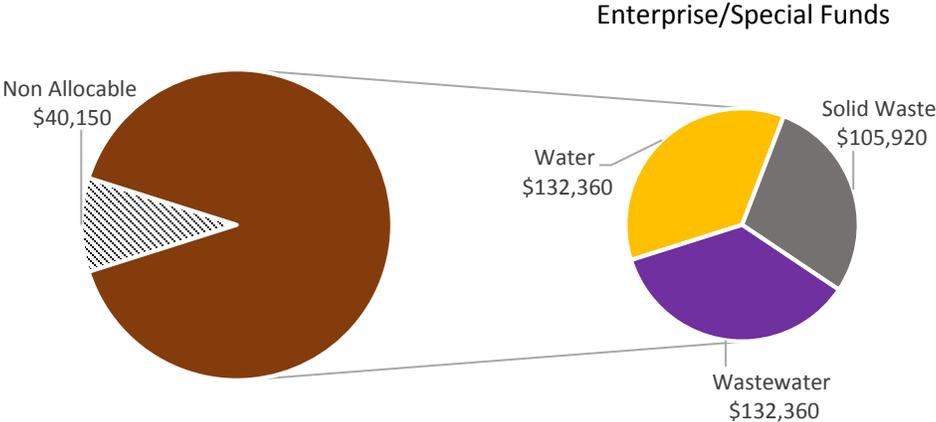
32% (\$132,360) of the Public Works Administration’s budget is directly allocated to the Water Fund.

26% (\$105,920) of the Public Works Administration’s budget is directly allocated to the Solid Waste Fund.

32% (\$132,360) of the Public Works Administration’s budget is directly allocated to the Wastewater/Storm Drainage Fund.

The budget for the Public Works Administration Department for fiscal year 2017/2018 is \$410,790. Each department’s proportional share is detailed in the chart below.

## Public Works Administration Allocation

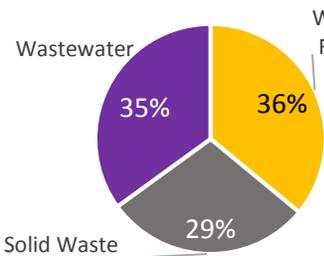


# Utility Division



The Utility Division’s budget is directly allocated to the Water, Solid Waste and Wastewater/Storm Drainage funds based on the percentage of revenue received for those funds. The time period for the revenues is July 2015 through June 2016.

The allocation for the Utility Division is as follows:



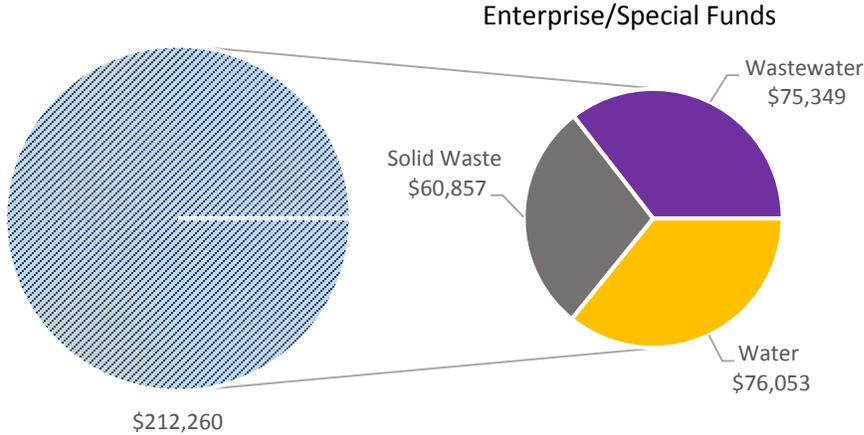
36% (\$76,050) of the Utility Division’s budget is directly allocated to the Water Fund.

29% (\$60,857) of the Utility Division’s budget is directly allocated to the Solid Waste Fund.

35% (\$75,350) of the Utility Division’s budget is directly allocated to the Wastewater/Storm Drainage Fund.

The budget for the Public Works Administration Department for fiscal year 2017/2018 is \$212,260. Each department’s proportional share is detailed in the chart below.

## Solid Waste



# Information Technology Services



Information Technology (IT) encompasses the City’s computer technology and telecommunications systems. IT provides a vision for future technology needs and assistance, enhancing business and daily operations and oversees the procurement of new equipment.

The allocation method for IT is as follows:



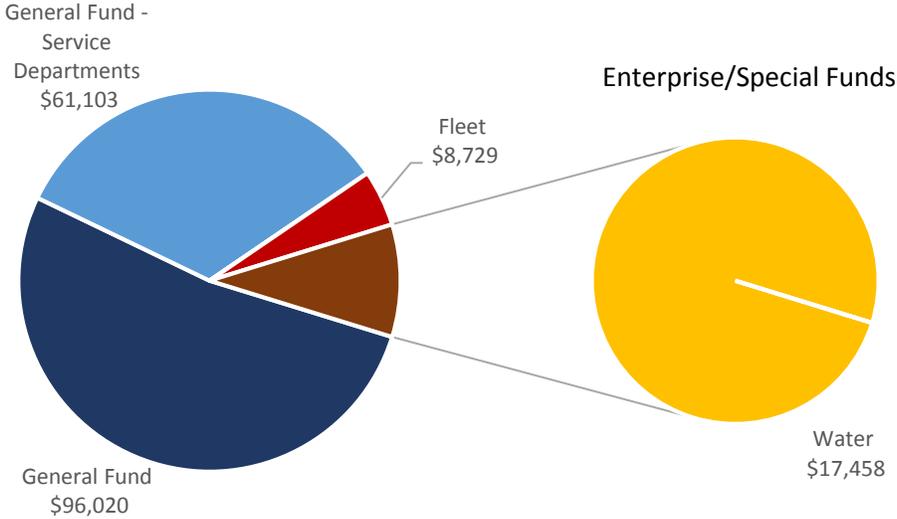
10% (\$18,350) of the City Clerk’s personnel costs are allocated based on the total number of full time equivalents per departments.



100% (\$164,965) of the IT budget is allocated based on the total number of computers each department utilizes.

The budget for IT for fiscal year 2017/2018 is \$183,310. There are a total of 42 computers supported. Each department’s proportional share is detailed in the chart below.

## Information Technology Allocation



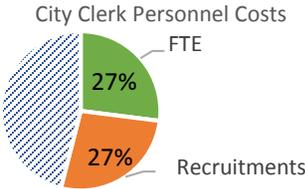
\*\*Note – Police Department is not included in this allocation as they are serviced by Kings County Information Technology Services\*\*

# Human Resources



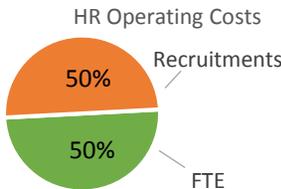
Human Resources (HR) is responsible for providing responsive employment and personnel services to the City’s managers and employees as well as providing information and assistance to external customers and job applicants.

The allocation method for HR is as follows:



27% (\$50,450) of the City Clerk’s personnel costs are allocated based on the total number of full time equivalents per departments.

27% (\$50,450) of the City Clerk’s personnel costs are allocated based on the total number of recruitments completed per departments from June 2015 to July 2016.

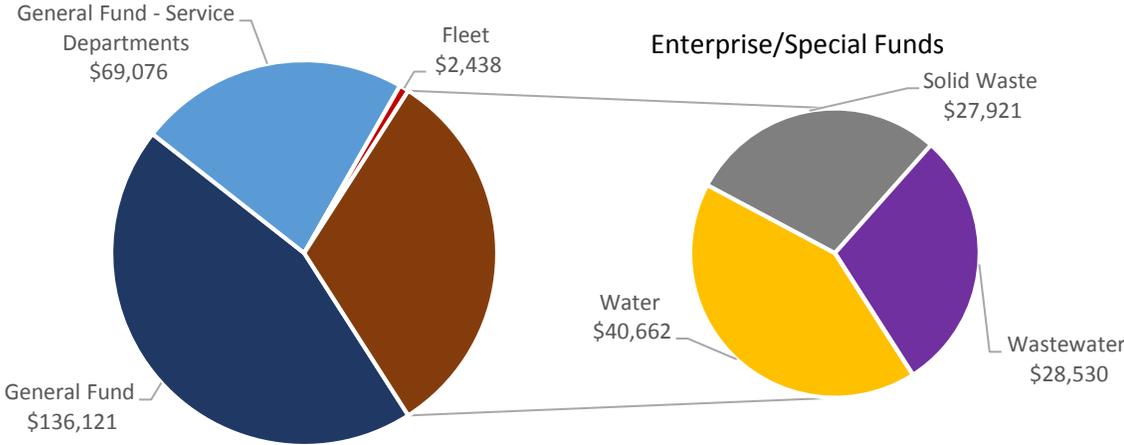


50% (\$101,930) of HR’s operating costs are allocated based on the total number of full time equivalents per departments.

50% (\$101,930) of HR’s operating costs are allocated based on the total number of recruitments completed per departments from June 2015 to July 2016.

The budget for Human Resources for fiscal year 2017/2018 is \$203,850. There were 125 full time equivalents and 21 recruitments completed. Each department’s proportional share is detailed in the chart below.

## Human Resources Allocation



# Appendix A – Definition of Terms

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**Allocating department** – City department that provides support to other City departments. Specifically City Council, City Attorney, City Manager, City Clerk, Finance, Maintenance, IT Services and Human Resources.

**Central service department** – See “Allocating department”

**Direct cost** – Costs that can be identified specifically with a particular final cost objective.

**Enterprise fund** – A type of proprietary fund that closely resembles private sector accounting, in which fees are charged for the goods and services provided. Government entities use enterprise funds to account for business type activities. Specifically Water, Solid Waste, Wastewater and Golf Course.

**General fund** – A type of governmental fund primarily funded by general sales and property taxes, expense from which are for basic government functions.

**Indirect cost** – A cost incurred for a common or joint purpose benefitting more than one cost objective and not readily assignable to the cost objectives specifically benefitted, with effort disproportionate to the results achieved.

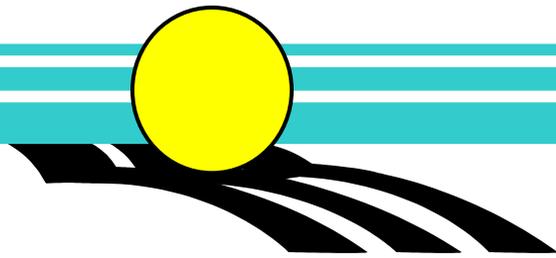
**Indirect cost rate** – A device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio (expressed as a percentage) of the indirect costs to a direct cost base.

**Receiving department** – City department that receives support from other City departments.

## Appendix B – Department Statistics

	Expenses	Attorney Expense	FTE	Agenda	Departmental Square Footage
General Fund	9,434,033	37,019	70	105	115,840
General Fund - Service Depts.	2,267,004	118,059	15	161	11,366
Golf Course	1,190,226	913	0	3	-
Water	4,104,498	8,287	15.5	20	4,551
Solid Waste	3,065,362	-	11	2	6,352
Wastewater	2,451,127	848	11.5	1	4,543
Other	8,400,656	11,743	0	12	13,653
Fleet	1,010,986	-	2	0	10,645
	<b>31,923,891</b>	<b>176,867</b>	<b>125</b>	<b>304</b>	<b>166,950</b>

	Interest	Accounts Payable	PC's	Recruitments FY 2015/2016	CIP Projects	Funds In Audit
General Fund	-	3,451	22	7	14	1
General Fund - Service Depts.	72,528	568	14	7	-	1
Golf Course	(331)	1,430	-	-	-	1
Water	8,828	1,629	4	3	7	1
Solid Waste	15,603	361	-	2	-	1
Wastewater	92,166	836	-	2	4	1
Other	625,723	3,035	-	-	8	5
Fleet	-	1,457	2	-	-	1
	<b>814,518</b>	<b>12,767</b>	<b>42</b>	<b>21</b>	<b>33</b>	<b>12</b>



LEMOORE  
CALIFORNIA

LEMOORE FINANCE  
COMMITTEE  
CIVIC AUDITORIUM  
435 C STREET  
April 27, 2017

## AGENDA

### SPECIAL MEETING 5:30 P.M.

***Please silence all electronic devices as a courtesy to those in attendance. Thank you.***

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1. Call to Order
2. Public Comment

*Public Comment is reserved for items not listed below. In order to allow time for all public comments, each individual's comments are limited to three minutes. When addressing the Board, you are requested to come forward to the speaker's microphone, state your name and address, and then proceed with your presentation.*

3. Approval – Minutes – Special Meeting – December 13, 2016
4. Report and Recommendation – Cost Allocation Plan for Fiscal Years 2016/2017 and 2017/2018 (Corder)
5. Adjournment

*Agendas for all Finance Committee meetings are posted at least 24 hours prior to the meeting at the City Hall, 119 Fox Street. The City of Lemoore complies with the Americans with Disabilities Act (ADA of 1990). The Council Chamber is accessible to the physically disabled. If you need special assistance, please call (559) 924-6705 prior to the meeting.*

## PUBLIC NOTIFICATION

I, Mary J. Venegas, City Clerk for the City of Lemoore, declare under penalty of perjury that I posted the above Finance Committee Agenda for the Special Meeting of April 27, 2017 at City Hall, 119 Fox Street, Lemoore, CA on April 26, 2017.

\_\_\_\_\_  
//s//

Mary J. Venegas  
City Clerk

**December 13, 2016 Minutes  
Finance Committee  
Special Meeting**

**CALL TO ORDER:**

*At 5:30 p.m. the meeting was called to order.*

**ROLL CALL:** Mayor Madrigal and Council Member Chedester; City Manager Welsh, Chief Financial Officer Corder; City Clerk/Human Resources Manager Venegas.

**PUBLIC COMMENT**

*There was no Public Comment.*

**NEW BUSINESS**

1-1 Fiscal year 2016-16 Draft Audit Report

*Chief Financial Officer Corder discussed the three findings from FY 2015-16. Seven findings from the prior fiscal year were discussed and all implemented with the exception of one.*

1-2 Approval Levels for City Staff on Liability and Worker's Compensation Claims

*Chief Financial Officer Corder discussed a settlement authority policy for liability and worker's compensation claims. Consensus for staff to draft a policy with settlement authority of \$50,000 to align with purchasing policy.*

1-3 FY 18 Budget Focus Areas

*Chief Financial Officer Corder discussed the following potential focus areas for the budget:*

- *Implementation of Compensation Study*
- *Public Safety*
- *Development Services*
- *Preparation for possible recession*

*Consensus to move forward with focus areas.*

1-4 Committee Terms of Service

*City Manager Welsh discussed a two-year term with staggering terms. The Finance Committee will be added to the City Council Committee list.*

*Consensus to move forward.*

ADJOURNMENT

*At 5:43 p.m. the meeting adjourned.*

ATTEST:

APPROVED:

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Mary J. Venegas  
City Clerk

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Ray Madrigal  
Mayor



119 Fox Street • Lemoore, California 93245 • (559) 924-6700 • Fax (559) 924-9003

## Staff Report

**Item No: 4**

**To: Lemoore Finance Committee**

**From: Heather J. Corder**

**Date: April 24, 2017**

**Meeting Date: April 27, 2017**

**Subject: Cost Allocation Plan for Fiscal Years 2016/2017 and 2017/2018**

**Strategic Initiative:**

- |   |  |
|---|--|
| <input type="checkbox"/> Safe & Vibrant Community             | <input type="checkbox"/> Growing & Dynamic Economy |
| <input checked="" type="checkbox"/> Fiscally Sound Government | <input type="checkbox"/> Operational Excellence    |
| <input type="checkbox"/> Community & Neighborhood Livability  | <input type="checkbox"/> Not Applicable            |

**Proposed Motion:**

Finance Committee make a recommendation to City Council to adopt the cost allocation plan for fiscal years 2016/2017 and 2017/2018.

**Subject/Discussion:**

Cost allocation is a budgeting principle that allows central service departments, such as Finance and City Clerk, to distribute the costs of providing services to other departments in a fair and equitable manner. Each year the City of Lemoore should create a cost allocation plan that calculates the value of the central service departments provided to City-owned enterprises. The cost allocation plan is important because not all City departments are funded in the same way. Most City departments are funded by taxpayers through the City's general fund because they generally serve the public at large. The City's enterprise fund departments, on the other hand are funded by fee-for-service dollars.

Historically, staff has taken broad decisions with cost reimbursement across special and enterprise funds of the City. In May 2016, Council adopted a fiscal policy that addressed the need for a formal Cost Allocation Plan (CAP). Staff has prepared a cost allocation plan for fiscal years 2016/2017 and 2017/2018.

**Financial Consideration(s):**

Under the cost allocation plan presented Enterprise and special funds will reimburse the City's general fund for approximately \$1.8 million for fiscal year 2017/2018 and \$1.9 million for fiscal year 2016/2017.

**Alternatives or Pros/Cons:**

Pros:

- Defining the cost allocation plan in detail enhances accountability and fiscal transparency
- Promotes fair and equitable sharing of indirect costs within the City
- Informs departments of their true cost of doing business

Cons:

- None noted

**Commission/Board Recommendation:**

Not applicable.

**Staff Recommendation:**

Staff recommends that the Finance Committee make a recommendation to City Council to adopt the cost allocation plan for fiscal years 2016/2017 and 2017/2018.

**Attachments:**

- Resolution:
- Ordinance:
- Map
- Contract
- Other
- List:

**Review:**

- Finance
- City Attorney
- City Manager
- City Clerk

**Date:**

- 04/24/17
- 04/26/17