

Section A: Cost Allocation Methodology and Process

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Cost Allocation Methodology and Process**

A. Cost Allocation Methodology and Process

The Cost Allocation Plan (CAP) provided in *Section C* was prepared by MAXIMUS Consulting Services, Inc. (MAXIMUS) for City of Ann Arbor, MI. Utilizing our proprietary, web-based cost allocation system, MAXCAP™, MAXIMUS used cost data and allocation statistics to allocate the costs to departments/divisions/programs for Fiscal Year (FY) 2018.

MAXCAP uses a double step-down allocation procedure to distribute costs among Central Services and to departments that receive benefits. Using MAXCAP, costs are input by cost center identifications consistent with the entity's accounting code structure, which allows for efficient balancing with the entity's financial reporting systems. Additionally, MAXCAP provides for the inputting of allocation statistics appropriate for the distribution of the identified indirect cost pools. Credits for direct-billed payments, cost adjustments, and other valid and applicable costing factors are also facilitated within the software.

In this section, we provide an overview of our cost allocation methodology and process used to develop the CAP.

A.1 Cost Allocation Methodology

MAXIMUS employs a double step-down procedure that allows all Central Service Departments to allocate costs to all other Central Service Departments. Since Central Service Departments' costs are not simultaneously allocated, the process must be performed sequentially, one department after another. The second step-down allows for the equitable allocation of the costs the Central Service Departments receive from one another.

Typically, CAPs are compiled using a single step down or "waterfall" methodology in which the costs of Central Service Departments are allocated in an ordinal sequence with emphasis placed on ordering non-departmental and departmental cost groupings to optimize the flow of costs to recoverable program areas. Although this is an acceptable method resulting in accurate program allocations, it provides only partial information as to the costs of individual Central Service Departments and their significant activities.

To demonstrate the potential inequity of a single step-down, consider the costs of the Facilities Management and Purchasing activities. Facilities Management manages and maintains the office space that Purchasing uses to serve departments. Facilities costs are rightfully allocable to all the departments that have space in government buildings. If Facilities Management costs are allocated after Purchasing, the cost of Purchasing's space will be allocated to the other departments in the building. It could be argued that this method then allocates costs to departments disproportionate to the benefit received from those costs.

MAXIMUS double step-down approach mitigates potential allocation inequities and has been widely accepted by federal cognizant agencies for more than 30 years.

A.1.1 First Step-Down

The first step-down allows each Central Service Department to allocate to any other department, regardless of the sequence of the departments. The department also can allocate to itself providing the statistical measurements indicate a basis for the allocations.

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Process

The process of allocating during this round is achieved sequentially, consistent with the order of the Central Service Departments. As each Central Service Department performs its allocations it allocates:

- Costs from entity financial records
- Cost adjustments
- Credits
- Costs received from other Central Service Departments that have completed their first round allocations
- Results

At the completion of the first step-down, each Central Service Department has the allocated costs from itself and from the Central Service Departments sequenced before it.

A.1.2 Second Step-Down

The rule for the second step-down is that each Central Service Department can allocate only to another department sequenced after the allocating department; provided that the statistical measurements indicate a basis for the allocations.

Process

The process of allocating during the second step-down is achieved sequentially and consistent with the order of the Central Service Departments. As each Central Service Department performs its allocations, it allocates:

- Costs received from other Central Service Departments that have completed their second round allocations
- Costs received in the first step-down from itself and from the Central Service Departments sequenced after the allocating department

Results

At the completion of the second step-down, each Central Service Department has completed all allocations and all Central Service Departments have been cleared of all costs. The costs have either been adjusted out of the cycle or sent to Receiving Departments based on the allocation statistics.

A.1.3 Supplemental Comments

When the relationship between and among the Central Service Departments is greatly intertwined, it may be prudent to implement three or more step-downs. Typically, the double step-down is sufficient to accomplish an equitable allocation of all costs.

If more than two step-downs are required the rules for all rounds of allocation — except the final round — are the same as defined above for the first step-down. The final round always follows the rules, as defined above, for the second step-down.

A.2 Cost Allocation Process

The process utilized by MAXIMUS in developing the CAP and tracking costs within it is discussed below.

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A.2.1 Initiating the Process

Working in conjunction with the entity, MAXIMUS determines data to be included within the cost allocation process based on:

- Application of federal cost principles or full costing principles, as applicable
- Interviews
- Review of financial documents
- Review of organizational structure
- Analysis of statistical data relative to benefit of services provided

A.2.2 Establishing the Cost Pools to be Allocated

MAXIMUS analyzes the organizational structure of the entity to determine which departments or cost pools provide services to other departments/divisions/programs. These cost pools become the "Central Service Departments" in the CAP.

Next, each cost pool is evaluated to determine the activities or services provided. The costs are then broken into subparts or activities such that each activity can be allocated on a statistical measure that is relevant to the service provided and the benefit received.

Line items of expenditures are analyzed to determine which activities receive the benefit of the costs. Distributions of these costs are made according to the determined benefit of each activity.

A.2.3 Establishing the Statistical Measurements or Bases for Allocation

MAXIMUS evaluates available statistical measurements to establish the most equitable and meaningful basis for allocating each activity within each Central Service Department. Consideration is given to determining the measurement that most appropriately demonstrates its relationship to the receiving units. For example, an activity that is driven by the number of employees within the benefiting departments can be allocated by number of employees. Similarly, an activity that is driven by the number of transactions for each benefiting department can be allocated by the number of transactions.

A.2.4 Accommodating Exceptions and Adjustments

Applicable cost adjustments for unallowable costs and/or capitalized assets are incorporated into the appropriate schedules. Credits for direct billings, special revenues, etc. are entered into the computation.

A.2.5 Developing the CAP

The MAXIMUS Cost Allocation Plan typically is organized as follows:

- Cover
- Certification, if required
- Table of Contents
- Cost Allocation Methodology and Process
- Organizational Chart

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- CAP: Summary and Detail Schedules
- Supplemental Materials

Below, we discuss each of the summary and detail schedules included in a CAP.

Summary Schedules

The summary schedules provide a recap of the results of the cost allocation process. The following explanations define the purposes of each of the typical schedules included in the cost allocation plan.

Schedule A – Allocated Costs by Department: Schedule A demonstrates for each Receiving Department the costs received from each Central Service Department. This schedule answers the question: Which Central Service Department actually allocated the costs to each Receiving Department?

This schedule does not necessarily demonstrate the Central Service Department from which the costs originated. For example, costs sent from Purchasing to Accounting and then to a Receiving Department will be recorded on Schedule A as being from Accounting.

Schedule C – Summary of Allocated Costs: Schedule C is the simplest report to use when balancing to the financials. It demonstrates the costs to be allocated, the adjustments made to these costs, and the results of the allocations. This schedule demonstrates the full sequence of all departments with the Central Service Departments listed first and in the order of their allocating sequence.

The Receiving departments follow the Central Service Departments with the total allocations received from all Central Service Departments.

Schedule E – Summary of Allocation Basis: Schedule E demonstrates, for each Central Service Department, the services or activities of the Central Service Department and the basis for the allocation of each activity. This schedule is a convenient reference for reviewing the activities identified for each Central Service Department. This is particularly important when preparing a new plan and incorporating organizational and services changes.

Detail Schedules

The detail schedules demonstrate the original costs being allocated by each Central Service Department. In these schedules, the adjustments are applied; the activities are defined; the incoming costs from other Central Service Departments are detailed; the allocation calculations for both step-downs are documented; and the results for each Central Service Department are summarized.

When tracking costs, typically the schedules are reviewed in reverse order tracking from summary information back to detail information. This is discussed further in *Section A.2.6: Tracking Costs within the CAP*.

Schedule __.1 – Nature and Extent of Services: Schedule __.1 is a brief narrative defining the purpose of the Central Service and the benefit it provides to the Receiving Departments. The narrative also describes the allocation basis used for each activity and any other relevant information on expenditures.

Schedule __.2 – Costs to be Allocated: Schedule __.2 provides an overview of the total costs allocated by each Central Service Department including:

- Expenditures from the financial reports — balances to Schedule C
- Adjustments to financial reports — balances to Schedule C

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- Incoming costs from other Central Service Departments

The incoming costs are presented in columns that represent when these costs are allocated by the Central Service Department, not when the costs are received. As explained in *Section A.1: Cost Allocation Methodology*, the costs that are received from Central Service Departments sequenced after the given department are held for allocation in the second step-down.

Schedule __.3 – Costs to be Allocated by Activity: Schedule __.3 provides the following:

- Expenditures from the financials are defined by type of expenditure and by activities (to the extent deemed necessary) to ensure the application of allocation bases that closely correlate to the benefits derived by the Receiving departments. Each activity is represented in its own column. The totals balance with both Schedule C and Schedule __.2 expenditure amounts.
- Adjustments to the financial reports are applied to expenditures and the results spread to the appropriate activities.
- Incoming costs are demonstrated first in total and then spread to the appropriate activities for allocation for each step-down. The totals for each step-down balance to the totals on Schedule __.2. It should be noted that incoming costs may be coded to spread to only the activities that receive benefit from the services.

Schedule __.4 – Detail Activity Allocations: Schedule __.4 represents the allocation results by activity. Each activity defined on Schedule __.3 is demonstrated on a Detail Allocation Schedule. Because the number of activities varies, the number of the last of these schedules varies.

Schedule __.4 includes:

- Statistical measurement used as a basis for allocation
- Identification of statistical measurement
- Source of the statistical measurement
- Percent relationship of each statistical measurement to the whole or total statistical measurement base
- Results of the first step-down — balances to functional total after first additions on Schedule __.3
- Results of the second step-down — balances to functional total of second additions on Schedule __.3

The totals allocated from both step-downs balance to the functional grand total from Schedule __.3. Note the results of the second step-down. This schedule clearly demonstrates how the second step-down allocates only to departments sequenced after the allocating department.

Schedule __.5 – Allocation Summary for each Central Service Department: Schedule __.5 provides a summary of costs allocated by each activity. The activity totals balance to the totals from each Detail Activities Allocation schedule defined above.

The totals allocated to the Receiving Departments will balance to Schedule A for the allocating department.

A.2.6 Tracking Costs within the CAP

When costs are questioned, MAXIMUS utilizes our standard tracking process in order to resolve any issues with Schedule A where the questioned cost is usually identified.

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From Schedule A, we identify the allocating Central Service Department. From the CAP Table of Contents the appropriate detail schedules for the allocating department are identified. Tracking begins with the last detail schedule. Once the questioned amount is located, our analysis of the summary amounts by activities indicates which detail allocation schedules to review.

Review of each detail schedule will demonstrate the relative benefit received by the Receiving Department for the portion of the questioned cost attributable to each activity. Continuing backward through the detail schedules, the composition of the total functional costs is reviewed.

At this point, any remaining questions are typically in regard to the incoming costs. If these costs are questioned, we can use Schedule __.2 to identify which department allocated the questioned incoming costs. Referring again to the CAP Table of Contents, the detail schedules for the sending Central Service Department can be located. Tracking continues by repeating these steps until all issues have been resolved.

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Schedule A - Allocated Costs By Department

City of Ann Arbor, MI - Cost
Allocation Plan
2018 Version 1.0016
Level: Detail

Central Service Departments	Fund 0002 Energy Projects	Fund 0003 DDA Oper	Fund 0004 Maintenance Facility	Fund 0009 Smart Zone LDFA	Fund 0011 Central Stores
Building Depreciation	0	0	0	0	0
Equipment Depreciation	0	0	0	0	0
Mayor & Council	167	29	47	7,178	2,772
City Administrator	116	77	98	5,051	3,227
Facility Management	0	0	0	0	0
Human Resources	0	9,430	195	0	3,878
Procurement	0	0	205	205	1,763
City Attorney	5,773	50,658	14	3,823	289
City Clerk	318	53	89	13,633	5,264
Finance Administration	167	26	48	7,212	2,781
Accounting	308	1,099	196	3,258	7,932
Assessor	0	32,201	0	17,775	0
Treasurer	22	4,861	5	3,594	347
Non-Department Expenses	0	1,899	39	0	780
Public Svcs Redistribution	0	0	124	0	2,451
Public Svcs Gen Fund Retiree	0	0	0	0	0
Parks & Recreation Admin	0	0	0	0	0
CSA Redistribution	0	0	0	0	0
Building Dept Admin	0	0	0	0	0
Utilities Redistribution	0	0	0	0	0
Customer Service	7	0	0	1	0
Sustnbilty & Innvton (Systems Planning)	0	0	0	0	0
Allocated Costs for Fiscal 2018	6,878	100,333	1,060	61,730	31,484

City of Ann Arbor, MI
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Schedule E - Summary of Allocation Basis

Department	Allocation Basis	Allocation Source
Building Depreciation		
1.4.1 City Hall	Assigned Sq Footage - City Hall	Facilities Management Report
1.4.2 Justice Center	Assigned Sq Footage - Justice Center	Facilities Management Report
1.4.3 Dept Specific	Dollar Amount of Building Depreciation by Specific Department	Fixed Asset Report - Finance
Equipment Depreciation		
2.4.1 Equip Deprec	Dollar Amount of Equipment Depreciation by Department	Fixed Asset Report - Finance
2.4.2 Vehicle Deprec	Dollar Amount of Vehicle Depreciation by Department	Fixed Asset Report - Finance
2.4.3 City Hall Equip	Assigned Sq Footage - City Hall	Facilities Management Report
Mayor & Council		
3.4.1 Mayor & Council	Dollar Amount of Expenditures by Program	Financial Report
City Administrator		
4.4.1 Personnel Issues	Dollar Amount of Personnel Expenses by Program	Financial Report
4.4.2 Financial Issues	Dollar Amount of Expenditures by Program	Financial Report
Facility Management		
5.4.1 Municipal Center	Assigned Square Footage - Municipal Center	Facilities Management Report
5.4.2 City Services	Full-Time Employees by Department - General Fund	Budget Report
Human Resources		
6.4.1 Personnel	Full-Time Employees by Department	Budget Report
6.4.2 Labor Relations	Union Employees by Department	Human Resources
6.4.3 Human Rights	Full-Time Employees by Department	Budget Report
6.4.4 Employee Benefits	Full-Time Employees by Department	Budget Report
Procurement		
7.4.1 Purchasing	Purchase Orders by Department	Finance
City Attorney		
8.4.1 City-wide Svcs	Dollar Amount of Expenditures by Program	Financial Report
8.4.2 Personnel Support	Full-Time Employees by Department	Budget Report
8.4.3 Labor Relations	Union Employees by Department	Human Resources
8.4.4 Contracted Svcs	Percent of Effort of Attorney Contracted Services Staff	Attorney Time Distribution Report
8.4.5 All Other Svcs	Ratio of Direct Attorney Time by Department	Attorney Time Distribution Report
City Clerk		
9.4.1 City-Wide Svcs	Dollar Amount of Expenditures by Program	Financial Report
Finance Administration		
10.4.1 Finance Admin	Dollar Amount of Personnel Expenses by Finance Organization	Financial Report
10.4.2 Budget	Dollar Amount of Expenditures by Program	Financial Report
10.4.3 Retiree Benefit	Dollar Amt of Personnel Exps by Finance Org (excl. Cust Svc, IT, Risk)	Financial Report
10.4.4 Procurement	Purchase Orders by Department	Finance
Accounting		
11.4.1 1820 Accounting	Total Transactions by Department (A/P & A/R)	Finance
11.4.2 1821 Payroll	Full-Time Employees by Department	Budget Report
11.4.3 1822 A/P	Expenditure Transactions by Department (A/P)	Finance
11.4.4 1823 A/R	Revenue Transactions by Department (A/R)	Finance

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Schedule E - Summary of Allocation Basis**

Department	Allocation Basis	Allocation Source
11.4.5 1824 Budget	Dollar Amount of Expenditures by Program	Financial Report
11.4.6 1825 Financial Reports	Dollar Amount of Expenditures by Program	Financial Report
11.4.7 1826 Fixed Assets	Dollar Amount of Actual Depreciation by Department	Fixed Asset Report - Accounting Division
11.4.8 1827 Grant Mgt	Federal Grant Expenditures by Fund	SEFA
11.4.9 1828 Investment Mgt	Dollar Amount of Expenditures by Program	Financial Report
11.4.10 1829 Systems Admin	Total Transactions by Department (A/P & A/R)	Finance
Assessor		
12.4.1 Tax Adm-Gen Op	Dollar Amount of General Fund Expenditures by Program	Financial Report
12.4.2 Tax Adm-Special	Dollar Amount of Special Millages Collected	Tax Year Distribution Report - Treasurer
Treasurer		
13.4.1 Investments	Dollar Amount of Expenditures by Program	Financial Report
13.4.2 Audit Support	Dollar Amount of Expenditures by Program	Financial Report
13.4.3 Parking Enforcement	Direct Allocation to Parking Enforcement	N/A
13.4.4 Misc Receipting	Cash Receipts by Department	General Ledger
13.4.5 Tax Adm-Gen Op	Dollar Amount of General Fund Expenditures by Program	Financial Report
13.4.6 Tax Adm-Special	Dollar Amount of Special Millages Collected	Tax Year Distribution Report - Treasurer
13.4.7 Customer Service	Direct Allocation to Customer Service	N/A
Non-Department Expenses		
14.4.1 City-wide Svcs	Full-Time Employees by Department	Budget Report
14.4.2 AFSCME Settlements	Percentage of AFSCME Settlement Payments by Department	Finance Report
14.4.3 Retiree Medical	Retiree Health Costs by Department	Finance Report
14.4.4 Insurance	Full-Time Employees by Department	Budget Report
14.4.5 Human Resources	Direct Allocation to Human Resources	N/A
Public Svcs Redistribution		
15.4.1 P.S. Redistr	Dollar Amount of Public Services Personnel Expenses by Prog	Financial Report
15.4.2 P.S. General	Dollar Amount of P.S. Personnel Expenses by Prog - Gen Fund	Financial Report
Public Svcs Gen Fund Retiree		
16.4.1 PS GF Retiree	Dollar Amount of P.S. Personnel Expenses by Prog - Gen Fund	Financial Report
Parks & Recreation Admin		
17.4.1 P&R Admin	Dollar Amount of P & R Personnel Expenses by Program	Financial Report
17.4.2 P&R Gen Fund	Dollar Amount of Personnel Expenses by P & R Prog - Gen Fund	Financial Report
17.4.3 P&R GF Retiree	Dollar Amount of Personnel Expenses by P & R Prog - Gen Fund	Financial Report
CSA Redistribution		
18.4.1 CSA Gen Fund	Dollar Amount of Personnel Expenses by CSA Prog - Gen Fund	Financial Report
18.4.2 CSA Redistr	Dollar Amount of Personnel Expenses by CSA Program	Financial Report
Building Dept Admin		
19.4.1 Bldg Dept G.F. Admin	Dollar Amount of Personnel Expenses by Building Org - G.F.	Financial Report
19.4.2 Bldg Retiree Benefits	Dollar Amount of Personnel Exps by Building Org - Retiree G.F.	Financial Report

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Schedule E - Summary of Allocation Basis**

Department	Allocation Basis	Allocation Source
19.4.3 Bldg Dept Redistr	Dollar Amount of Personnel Expenses by Building Dept Org	Financial Report
Utilities Redistribution		
20.4.1 Utility Redistr	Dollar Amount of Personnel Expenses by Utilities Program	Financial Report
Customer Service		
21.4.1 Parking Collections	Direct Allocation to Parking Enforcement	N/A
21.4.2 Misc Receipting	Cash Receipts by Department	General Ledger
21.4.3 Gen Tax Collect	Dollar Amount of General Fund Expenditures by Program	Financial Report
Sustainability & Innovation (Systems Planning)		
22.4.1 Program Management	Percent of Energy Consumption by Dept (excl. Water & Wastewater)	Budget Office
22.4.2 Planning	Percent of Energy Consumption by Dept (excl. Water & Wastewater)	Budget Office
22.4.3 Asset Management	Direct Allocation to DPW (Field Ops) General Fund	N/A

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Schedule .3 - Costs Allocated By Activity
For Department City Clerk**

	Total	G&A	City-Wide Svcs	Elections**
Other Expense & Cost				
Personnel Services	409,700	0	409,700	0
Personnel Svcs-Other	23,565	0	23,565	0
Payroll Fringes	298,140	0	298,140	0
Other Services	28,024	0	28,024	0
Other Charges	188,643	0	188,643	0
Materials & Supplies	26,103	0	26,103	0
Employee Allowances	1,955	0	1,955	0
*Capital Outlay	5,735	0	0	0
Clerk-Elections-1400	221,016	0	0	221,016
*Clerk-Animal Control-3172	20	0	0	0
Rounding Adjustment	0	0	0	0
Departmental Total				
Expenditures Per Financial Statement	1,202,901			
Deductions				
*Total Disallowed Costs	(5,755)	0	0	0
Functional Cost				
	1,197,146	0	976,130	221,016
Allocation Step 1				
Inbound - Equipment Depreciation:				
Equip Deprec	2,500	0	0	2,500
Inbound - All Others	199,192	199,192	0	0
Reallocate Admin Costs		(199,192)	162,079	37,113
Unallocated Costs	(260,629)	0	0	(260,629)
1st Allocation	1,138,209	0	1,138,209	0
Allocation Step 2				
Inbound - Accounting: 1826 Fixed Assets	1	0	0	1
Inbound - All Others	42,765	42,765	0	0
Reallocate Admin Costs		(42,765)	34,797	7,968
Unallocated Costs	(7,969)	0	0	(7,969)
2nd Allocation	34,797	0	34,797	0
Total For City Clerk				
Schedule .3 Total	1,173,006	0	1,173,006	0

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Schedule .4 - Detail Activity Allocations
For Department City Clerk**

Activity - City-Wide Svcs

Receiving Department	Allocation Units	Allocation Pct	Gross Allocation	Direct Billed	Allocation Step 1	Allocation Step 2	Total
Mayor & Council	353,870	0.132310	1,505		1,505		1,505
City Administrator	763,863	0.285605	3,251		3,251		3,251
Facility Management	1,918,916	0.717474	8,164		8,164		8,164
Human Resources	1,796,714	0.671783	7,643		7,643		7,643
Procurement	164,651	0.061562	698		698		698
City Attorney	2,718,098	1.016285	11,566		11,566		11,566
City Clerk	1,202,901	0.449759	5,117		5,117		5,117
Finance Administration	1,054,688	0.394343	4,488		4,488	136	4,624
Accounting	854,109	0.319348	3,634		3,634	107	3,741
Assessor	1,186,371	0.443579	5,048		5,048	153	5,201
Treasurer	391,861	0.146515	1,666		1,666	45	1,711
Non-Department Expenses	333,813	0.124811	1,419		1,419	38	1,457
Public Svcs Gen Fund Retiree	131,664	0.049229	560		560	15	575
Building Dept Admin	413,843	0.154734	1,760		1,760	46	1,806
Customer Service	250,550	0.093679	1,065		1,065	27	1,092
Community Development Gen Fund	4,439,666	1.659971	18,890		18,890	591	19,481
District Court	4,564,257	1.706555	19,421		19,421	605	20,026
Sustnblty & Innvton (Systems Planning)	226,568	0.084713	963		963	25	988
Police	26,102,670	9.759668	111,085		111,085	3,511	114,596
Police Parking Enforcement	1,485,862	0.555557	6,322		6,322	196	6,518
Fire	15,921,592	5.953010	67,756		67,756	2,133	69,889
Planning - Historic Preservation	97,439	0.036432	414		414	10	424
Bldg & Rent Svcs - Housing	1,016,681	0.380132	4,325		4,325	128	4,453
Bldg & Rent Svcs - Appeals	75,341	0.028170	319		319	6	325
Bldg & Rent Svcs - Deer Mgt	293,881	0.109881	1,250		1,250	33	1,283
Planning	1,143,765	0.427648	4,866		4,866	149	5,015
Engineering	83,314	0.031151	352		352	6	358
DPW (Field Ops) General Fund	4,593,728	1.717574	19,548		19,548	609	20,157
Parks & Recreation General Fund	6,278,146	2.347370	26,712		26,712	835	27,547
Utilities General Fund	848,145	0.317117	3,607		3,607	106	3,713
Fund 0002 Energy Projects	73,646	0.027536	312		312	6	318
Fund 0003 DDA Oper	12,694	0.004746	53		53		53
Fund 0004 Maintenance Facility	20,906	0.007817	88		88	1	89
Fund 0009 Smart Zone LDFA	3,105,885	1.161276	13,220		13,220	413	13,633
Fund 0011 Central Stores	1,200,725	0.448946	5,108		5,108	156	5,264
Fund 0012 Fleet Services	7,185,733	2.686712	30,579		30,579	958	31,537
Fund 0014 Info Technology	7,388,940	2.762690	31,442		31,442	981	32,423
Fund 0016 Community TV	2,051,216	0.766940	8,728		8,728	265	8,993
Fund 0021 Major Street	12,947,337	4.840950	55,099		55,099	1,737	56,836
Fund 0022 Local Street	2,541,938	0.950419	10,817		10,817	333	11,150
Fund 0023 Court Facilities	225,000	0.084126	957		957	25	982
Fund 0024 Open Space & Park Acq	2,934,709	1.097274	12,488		12,488	386	12,874
Fund 0025 Bandemer Prop	1,776	0.000664	6		6		6
Fund 0026 Construction Code	3,509,910	1.312339	14,938		14,938	461	15,399
Fund 0027 Drug Enforcement	70,579	0.026389	299		299	6	305
Fund 0028 Federal Forfeit	80,701	0.030174	342		342	6	348
Fund 0034 Parks Memorials & Contrib	122,067	0.045640	519		519	13	532
Fund 0035 General Debt Service	8,747,566	3.270675	37,224		37,224	1,168	38,392
Fund 0036 Metro Expansion	209,670	0.078394	891		891	24	915
Fund 0038 Special Assistance	5,000	0.001869	21		21		21
Fund 0041 Open Space Endowmt	4,591	0.001717	20		20		20
Fund 0042 Water Supply System	21,220,647	7.934302	90,306		90,306	2,853	93,159

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Schedule .2 - Costs To Be Allocated
For Department City Clerk**

	1st Allocation	2nd Allocation	Sub-Total	Total
Expenditures Per Financial Statement:	1,202,901			1,202,901
Deductions:				
Capital Outlay	-5,735			
Clerk-Animal Control-3172	-20			
Total Deductions:	-5,755			-5,755
Inbound Costs:				
Building Depreciation	52,898	29	52,927	
Equipment Depreciation	7,477		7,477	
Mayor & Council	1,641	1,138	2,779	
City Administrator	5,306	637	5,943	
Facility Management	60,178	7,317	67,495	
Human Resources	14,668	1,198	15,866	
Procurement	628	97	725	
City Attorney	58,896	5,297	64,193	
City Clerk		5,117	5,117	
Finance Administration		2,450	2,450	
Accounting		10,435	10,435	
Assessor		3,055	3,055	
Treasurer		974	974	
Non-Department Expenses		2,348	2,348	
Customer Service		2,585	2,585	
Sustnbilty & Innvton (Systems Planning)		89	89	
Total Allocated Additions:	201,692	42,766	244,458	244,458
Total To Be Allocated:	1,398,838	42,766		1,441,604

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .1 - Nature and Extent of Services
For Department City Clerk**

The City Clerk serves as secretary to the City Council. The Office is responsible for the maintenance of all Council agendas and proceedings, the dissemination of Council-related information, and the preservation and storage of all City records. In addition, the Clerk is responsible for the administering of all elections and voter registration within the City.

Costs associated with the Clerk's Office have been accounted for, and therefore functionalized, in the following manner:

City-wide Services – Costs associated with support for the City's operations have been allocated to all City programs based on the total dollar amount of actual expenditures for each.

Elections – Costs associated with the administration of elections and the registration of voters within the City are not considered to be central service functions. Therefore, these costs are unallocated within this cost plan.

This department receives allocations from other service departments. The allocations received are, in turn, reallocated to recipient departments according to the initial distribution established for this service department. This procedure provides for an appropriate allocation of all service department charges.

All applicable credits for direct-billed charges are accounted for in the initial allocation.

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .4 - Detail Activity Allocations
For Department City Clerk**

Activity - City-Wide Svcs

Receiving Department	Allocation Units	Allocation Pct	Gross Allocation	Direct Billed	Allocation Step 1	Allocation Step 2	Total
Fund 0043 Sewage Disposal System	20,467,844	7.652833	87,104		87,104	2,749	89,853
Fund 0044 Parking System	1,831,509	0.684793	7,792		7,792	236	8,028
Fund 0048 Airport	763,056	0.285303	3,248		3,248	92	3,340
Fund 0049 Project Management	3,237,332	1.210423	13,777		13,777	427	14,204
Fund 0052 VEBA Trust	321,738	0.120297	1,369		1,369	36	1,405
Fund 0055 Elizabeth Dean Trust	14,800	0.005534	63		63		63
Fund 0056 Art in Public Places	181	0.000068	1		1		1
Fund 0057 Insurance	29,171,946	10.907254	124,241		124,241	4,366	128,607
Fund 0058 Wheeler Center	386,864	0.144647	1,646		1,646	43	1,689
Fund 0059 Pension Trust	645,398	0.241311	2,748		2,748	76	2,824
Fund 0061 Alternative Transportation	376,254	0.140680	1,601		1,601	43	1,644
Fund 0062 Street Millage	19,699,794	7.365662	83,833		83,833	2,647	86,480
Fund 0064 Mich Justice Training	21,000	0.007852	89		89	1	90
Fund 0069 Stormwater Sewer System	7,159,956	2.677075	30,470		30,470	956	31,426
Fund 0071 Park Maint & Cap Imp	6,027,317	2.253586	25,647		25,647	800	26,447
Fund 0072 Solid Waste	16,157,890	6.041361	68,763		68,763	2,161	70,924
Fund 0074 Sewer Rev Bonds-08	4,057	0.001517	18		18		18
Fund 0075 Sewer Revenue Bonds	146,173	0.054654	620		620	16	636
Fund 0081 Storm Sewer Rev Bonds	16,035	0.005996	69		69		69
Fund 0092 Water Bond-08	3,020	0.001129	13		13		13
Fund 0093 Water Revenue Bonds	9,950	0.003720	42		42		42
Fund 0095 Water Bond Future 2019 Series	536,612	0.200637	2,281		2,281	62	2,343
Fund 0096 Water Pend'g Bond Series	409,945	0.153276	1,744		1,744	46	1,790
Fund 0099 Investment Pooled	191,975	0.071779	816		816	19	835
Fund 00CP General Capital	4,133,096	1.545346	17,589		17,589	545	18,134
Fund 00MG Major Grants	1,352,537	0.505707	5,754		5,754	174	5,928
Schedule .4 Total for City-Wide Svcs	267,454,483	100.000000	1,138,209		1,138,209	34,797	1,173,006

Allocation Basis: Dollar Amount of Expenditures by Program
Allocation Source: Financial Report

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .5 - Allocation Summary
For Department City Clerk**

Receiving Department	Total	City-Wide Svcs
Mayor & Council	1,505	1,505
City Administrator	3,251	3,251
Facility Management	8,164	8,164
Human Resources	7,643	7,643
Procurement	698	698
City Attorney	11,566	11,566
City Clerk	5,117	5,117
Finance Administration	4,624	4,624
Accounting	3,741	3,741
Assessor	5,201	5,201
Treasurer	1,711	1,711
Non-Department Expenses	1,457	1,457
Public Svcs Gen Fund Retiree	575	575
Building Dept Admin	1,806	1,806
Customer Service	1,092	1,092
Community Development Gen Fund	19,481	19,481
District Court	20,026	20,026
Sustainability & Innovation (Systems Planning)	988	988
Police	114,596	114,596
Police Parking Enforcement	6,518	6,518
Fire	69,889	69,889
Planning - Historic Preservation	424	424
Bldg & Rent Svcs - Housing	4,453	4,453
Bldg & Rent Svcs - Appeals	325	325
Bldg & Rent Svcs - Deer Mgt	1,283	1,283
Planning	5,015	5,015
Engineering	358	358
DPW (Field Ops) General Fund	20,157	20,157
Parks & Recreation General Fund	27,547	27,547
Utilities General Fund	3,713	3,713
Fund 0002 Energy Projects	318	318
Fund 0003 DDA Oper	53	53
Fund 0004 Maintenance Facility	80	80
Fund 0009 Smart Zone LDFA	13,633	13,633
Fund 0011 Central Stores	5,264	5,264
Fund 0012 Fleet Services	31,537	31,537
Fund 0014 Info Technology	32,423	32,423
Fund 0016 Community TV	8,993	8,993
Fund 0021 Major Street	56,836	56,836
Fund 0022 Local Street	11,150	11,150
Fund 0023 Court Facilities	982	982
Fund 0024 Open Space & Park Acq	12,874	12,874
Fund 0025 Bandemer Prop	6	6
Fund 0026 Construction Code	15,399	15,399
Fund 0027 Drug Enforcement	305	305
Fund 0028 Federal Forfeit	348	348
Fund 0034 Parks Memorials & Contrib	532	532
Fund 0035 General Debt Service	38,392	38,392
Fund 0036 Metro Expansion	915	915
Fund 0038 Special Assistance	21	21
Fund 0041 Open Space Endowment	20	20
Fund 0042 Water Supply System	93,159	93,159

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .5 - Allocation Summary
For Department City Clerk**

Receiving Department	Total	City-Wide Svcs
Fund 0043 Sewage Disposal System	89,853	89,853
Fund 0044 Parking System	8,028	8,028
Fund 0048 Airport	3,340	3,340
Fund 0049 Project Management	14,204	14,204
Fund 0052 VEBA Trust	1,405	1,405
Fund 0055 Elizabeth Dean Trust	63	63
Fund 0056 Art in Public Places	1	1
Fund 0057 Insurance	128,607	128,607
Fund 0058 Wheeler Center	1,689	1,689
Fund 0059 Pension Trust	2,824	2,824
Fund 0061 Alternative Transportation	1,644	1,644
Fund 0062 Street Millage	86,480	86,480
Fund 0064 Mich Justice Training	90	90
Fund 0069 Stormwater Sewer System	31,426	31,426
Fund 0071 Park Maint & Cap Imp	26,447	26,447
Fund 0072 Solid Waste	70,924	70,924
Fund 0074 Sewer Rev Bonds-08	18	18
Fund 0075 Sewer Revenue Bonds	636	636
Fund 0081 Storm Sewer Rev Bonds	69	69
Fund 0092 Water Bond-08	13	13
Fund 0093 Water Revenue Bonds	42	42
Fund 0095 Water Bond Future 2019 Series	2,343	2,343
Fund 0096 Water Pend'g Bond Series	1,790	1,790
Fund 0099 Investment Pooled	835	835
Fund 00CP General Capital	18,134	18,134
Fund 00MG Major Grants	5,928	5,928
Direct Bill	0	0
Total	1,173,006	1,173,006

City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .1 - Nature and Extent of Services
For Department Assessor

The City Assessor is in charge of appraising all property, real and personal, for ad valorem tax purposes. The office is responsible for recording and detailing each property transfer, property description change, and value change. The primary goal of the office is to maintain compliance with state law in the assessment of property.

The responsibilities of the Assessing Division are a component of the City's Tax Administration responsibilities. The assessing of properties directly relates to the City's ability to levy and collect real and personal property taxes. Costs associated with Tax Administration have been allocated to City programs to the extent that they receive funding for operations from real and personal property taxes levied and collected by the City.

Tax Administration costs have been allocated into three functional groupings. The percent of total costs allocated to each of these groupings is based upon the relative amount of tax dollars collected for each. The Tax Administration categories include the following:

General Operations – Costs associated with the collection of the City's general operating millage have been allocated to all general fund programs based upon actual expenditures for the fiscal year.

Special City Millages – Costs associated with the collection of special millages for non-general fund operations, i.e. DDA, Street Millage, Park Maintenance and Capital Improvement, etc., have been allocated to those City funds based upon the amount of actual tax dollars collected for each.

Other Units of Government – Costs associated with the collection of taxes for schools, colleges, and other non-city programs do not benefit City programs. As such, these costs have not been allocated within this cost allocation plan section.

This department receives allocations from other service departments. The allocations received are, in turn, reallocated to recipient departments according to the initial distribution established for this service department. This procedure provides for an appropriate allocation of all service department charges.

All applicable credits for direct-billed charges are accounted for in the initial allocation.

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .2 - Costs To Be Allocated
For Department Assessor**

	1st Allocation	2nd Allocation	Sub-Total	Total
Expenditures Per Financial Statement:	1,186,371			1,186,371
Inbound Costs:				
Building Depreciation	20,673	11	20,684	
Equipment Depreciation	1,945		1,945	
Mayor & Council	1,618	1,122	2,740	
City Administrator	5,954	717	6,671	
Facility Management	23,517	2,847	26,364	
Human Resources	20,158	1,663	21,821	
Procurement	267	40	307	
City Attorney	30,073	2,671	32,744	
City Clerk	5,048	153	5,201	
Finance Administration	165,481	9,232	174,713	
Accounting	6,097	121	6,218	
Assessor		3,013	3,013	
Treasurer		800	800	
Non-Department Expenses		3,266	3,266	
Customer Service		2,128	2,128	
Total Allocated Additions:	280,831	27,784	308,615	308,615
Total To Be Allocated:	1,467,202	27,784		1,494,986

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**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .3 - Costs Allocated By Activity
For Department Assessor**

	Total	G&A	Tax Adm-Gen Op	Tax Adm-Special	Tax Adm-Others**
Other Expense & Cost					
Personnel Services	540,832	0	75,662	75,554	389,616
Personnel Svcs-Other	90,400	0	12,647	12,629	65,124
Payroll Fringes	386,999	0	54,141	54,064	278,794
Other Services	17,720	0	2,479	2,475	12,766
Other Charges	114,384	0	16,002	15,979	82,403
Materials & Supplies	19,431	0	2,718	2,715	13,998
Employee Allowance	16,605	0	2,323	2,320	11,962
Rounding Adjustment	0	0	0	0	0
Departmental Total					
Expenditures Per Financial Statement	1,186,371				
Deductions					
*Total Disallowed Costs	0	0	0	0	0
Functional Cost					
Functional Cost	1,186,371	0	165,972	165,736	854,663
Allocation Step 1					
Inbound - All Others	280,831	280,831	0	0	0
Reallocate Admin Costs		(280,831)	39,286	39,228	202,317
Unallocated Costs	(1,056,980)	0	0	0	(1,056,980)
1st Allocation	410,222	0	205,258	204,964	0
Allocation Step 2					
Inbound - All Others	27,784	27,784	0	0	0
Reallocate Admin Costs		(27,784)	3,886	3,883	20,015
Unallocated Costs	(20,015)	0	0	0	(20,015)
2nd Allocation	7,769	0	3,886	3,883	0
Total For Assessor					
Schedule .3 Total	417,991	0	209,144	208,847	0

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .4 - Detail Activity Allocations
For Department Assessor**

Activity - Tax Adm-Gen Op

Receiving Department	Allocation Units	Allocation Pct	Gross Allocation	Direct Billed	Allocation Step 1	Allocation Step 2	Total
Mayor & Council	353,870.24	0.438463	899		899		899
City Administrator	763,862.71	0.946464	1,939		1,939		1,939
Facility Management	1,918,916.47	2.377634	4,876		4,876		4,876
Human Resources	1,796,714.16	2.226219	4,566		4,566		4,566
Procurement	164,651.05	0.204011	418		418		418
City Attorney	2,718,098.47	3.367861	6,909		6,909		6,909
City Clerk	1,202,900.91	1.490455	3,055		3,055		3,055
Finance Administration	1,054,687.64	1.306811	2,680		2,680		2,680
Accounting	854,109.35	1.058285	2,168		2,168		2,168
Assessor	1,186,371.08	1.469974	3,013		3,013		3,013
Treasurer	391,861.38	0.485536	992		992	18	1,010
Non-Department Expenses	333,812.69	0.413611	846		846	13	859
Public Svcs Gen Fund Retiree	131,664.00	0.163138	332		332	5	337
Building Dept Admin	413,843.34	0.512773	1,049		1,049	18	1,067
Customer Service	250,549.83	0.310444	633		633	11	644
Community Development Gen Fund	4,439,665.99	5.500970	11,289		11,289	244	11,533
District Court	4,564,257.17	5.655345	11,608		11,608	248	11,856
Sustnblty & Innvton (Systems Planning)	226,567.61	0.280729	574		574	8	582
Police	26,102,670.16	32.342524	66,454		66,454	1,608	68,062
Police Parking Enforcement	1,485,862.45	1.841058	3,778		3,778	74	3,852
Fire	15,921,592.46	19.727655	40,497		40,497	885	41,382
Planning - Historic Preservation	97,439.31	0.120732	245		245	2	247
Bldg & Rent Svcs - Housing	1,016,680.52	1.259718	2,582		2,582	49	2,631
Bldg & Rent Svcs - Appeals	75,341.28	0.093352	193		193	1	194
Bldg & Rent Svcs - Deer Mgt	293,880.66	0.364133	745		745	12	757
Planning	1,143,764.97	1.417182	2,905		2,905	55	2,960
Engineering	83,314.12	0.103230	211		211	2	213
DPW (Field Ops) General Fund	4,593,727.55	5.691860	11,685		11,685	250	11,935
Parks & Recreation General Fund	6,278,145.63	7.778939	15,966		15,966	344	16,310
Utilities General Fund	848,144.58	1.050894	2,151		2,151	39	2,190
Schedule .4 Total for Tax Adm-Gen Op	80,706,967.78	100.000000	205,258		205,258	3,886	209,144

Allocation Basis: Dollar Amount of General Fund Expenditures by Program
Allocation Source: Financial Report

← LDFA not included in this portion of allocation

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .4 - Detail Activity Allocations
For Department Assessor**

Activity - Tax Adm-Special

Receiving Department	Allocation Units	Allocation Pct	Gross Allocation	Direct Billed	Allocation Step 1	Allocation Step 2	Total
Treasurer	319,046.48	0.761910	1,558		1,558	24	1,582
Fund 0003 DDA Oper	6,458,807.38	15.424185	31,610		31,610	591	32,201
Fund 0009 Smart Zone LDFA	3,566,550.90	8.517229	17,454		17,454	321	17,775
Fund 0024 Open Space & Park Acq	2,422,898.71	5.786090	11,860		11,860	220	12,080
Fund 0035 General Debt Service	2,128.76	0.005084	9		9		9
Fund 0062 Street Millage	11,015,352.48	26.305606	53,915		53,915	1,024	54,939
Fund 0071 Park Maint & Cap Imp	5,578,491.18	13.321915	27,307		27,307	504	27,811
Fund 0072 Solid Waste	12,511,268.50	29.877981	61,251		61,251	1,199	62,450
Schedule .4 Total for Tax Adm-Special	41,874,544.39	100.000000	204,964		204,964	3,883	208,847

Allocation Basis: Dollar Amount of Special Millages Collected

Allocation Source: Tax Year Distribution Report - Treasurer

**City of Ann Arbor, MI
Cost Allocation Plan
Fiscal Year 2018 Actual Expenditures
Schedule .5 - Allocation Summary
For Department Assessor**

Receiving Department	Total	Tax Adm-Gen Op	Tax Adm-Special
Mayor & Council	899	899	0
City Administrator	1,939	1,939	0
Facility Management	4,876	4,876	0
Human Resources	4,566	4,566	0
Procurement	418	418	0
City Attorney	6,909	6,909	0
City Clerk	3,055	3,055	0
Finance Administration	2,680	2,680	0
Accounting	2,168	2,168	0
Assessor	3,013	3,013	0
Treasurer	2,592	1,010	1,582
Non-Department Expenses	859	859	0
Public Svcs Gen Fund Retiree	337	337	0
Building Dept Admin	1,067	1,067	0
Customer Service	644	644	0
Community Development Gen Fund	11,533	11,533	0
District Court	11,856	11,856	0
Sustnblty & Innvton (Systems Planning)	582	582	0
Police	68,062	68,062	0
Police Parking Enforcement	3,852	3,852	0
Fire	41,382	41,382	0
Planning - Historic Preservation	247	247	0
Bldg & Rent Svcs - Housing	2,631	2,631	0
Bldg & Rent Svcs - Appeals	194	194	0
Bldg & Rent Svcs - Deer Mgt	757	757	0
Planning	2,960	2,960	0
Engineering	213	213	0
DPW (Field Ops) General Fund	11,935	11,935	0
Parks & Recreation General Fund	16,310	16,310	0
Utilities General Fund	2,190	2,190	0
Fund 0003 DDA Oper	32,201	0	32,201
Fund 0009 Smart Zone LDFA	17,775	0	17,775
Fund 0024 Open Space & Park Acq	12,080	0	12,080
Fund 0035 General Debt Service	9	0	9
Fund 0062 Street Millage	54,939	0	54,939
Fund 0071 Park Maint & Cap Imp	27,811	0	27,811
Fund 0072 Solid Waste	62,450	0	62,450
Direct Bill	0	0	0
Total	417,991	209,144	208,847