

Community Development Authority

Cost Allocation Plan

Effective: 01/01/2018

Last Revised: 06/25/2020

Purpose/General Statements

The purpose of this cost allocation policy is to summarize, in writing, the methods and procedures that the Community Development Authority of the City of Madison (CDA) will use to charge direct costs and to allocate indirect costs to various programs, grants, contracts, project, and/or asset management project (AMP).

The Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, or *Uniform Guidance* (2 CFR 200), establishes the principles for determining costs of grants, contracts and other agreements with the Federal Government. Direct costs are those that can be identified specifically with a particular final cost objective, such as a Federal award, or other internally or externally funded activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy [2 CFR 200.413 (a)]. Indirect costs are those that have been incurred for common or joint objectives and cannot be readily identified with a particular grant, contract, program, or amp.

Only costs that are allowable, in accordance with the Uniform Guidance, are to be charged to programs administered by the CDA.

General Approach

The CDA follows US generally accepted accounting principles (GAAP) and uses the accrual basis of accounting. The general approach of the CDA in allocating costs to particular grants and programs is as follows:

- A. All allowable direct costs are charged directly to the grant or program.
- B. All allowable direct costs incurred in the Public Housing Program are charged directly to the amp where the cost was incurred.
- C. Allowable direct costs that can be attributed to more than one program are prorated individually as direct costs using a base most appropriate to the particular cost being prorated.
- D. All other allowable general and administrative costs (costs that benefit all programs and departments that cannot be attributed to a specific program or department) are allocated to programs, grants, projects, amps, etc. using a base that results in an equitable distribution.

Allocation of Costs

The following summarizes the procedures that are used by the Community Development Authority to allocate costs:

A. Service Types (Administration, Tenant Services, and Maintenance, and Capital Fund) – The current chart of accounts has four service types. Costs are allocated to the most appropriate service within the grant, program, project or amp. Below are the service type definitions:

1. Administration – All allowable costs incurred to administer federally funded programs and grants. In the public housing program, asset management fees and allowable Central Operating Cost Center (COCC) expenses are considered administrative expenses.
Example: Investigative services, Office supplies, Postage, administrative staff wages.

2. Tenant Services – All allowable costs incurred as a result of providing a direct service (not administrative function) to residents or program participants.
Example: All costs expensed to Multifamily Service Coordinator and ROSS grants and security services.

3. Maintenance – All allowable costs incurred to maintain CDA owned properties.
Example: Maintenance staff wages, repair and maintenance supplies, and utilities.

4. Capital Fund – All allowable costs charged directly to the Capital Fund Grant Program.
Example: Paving contract for Truax Park Apartments.

B. Salaries – Allocated based on time spent on each program or grant. Salaries and wages are charged directly to the program for which work has been done using a default payroll allocation. Documentation of time spent on each program is calculated using one of the following methods:

| Staff Work Category | Work Location | Service Type | Allocation Method |
|---|----------------------|---------------------|---|
| Administrative Staff | Site Offices | Administration | Allocation follows number of units per amp to total units managed by that site office. |
| Admissions & Eligibility Staff | Central Office | Administration | Manager reviews workload of staff on an as needed basis and updates default payroll allocation to accurately reflect time spent on each program. FTE allocation is used while establishing a baseline data or when no workload data is available. |
| Section 8 Staff | Central Office | Administration | All salaries are allocated to the Section 8 program. |
| Service Coordinators | Site Offices | Tenant Services | All salaries are allocated to the appropriate grant program. |
| Maintenance Staff | Site Offices | Maintenance | All Maintenance Staff document time spent at each AMP on their timesheets. Salaries and wages are charged directly to the AMP for which work was done. Default payroll allocation for leave time follows unit count percentages. |
| Housing Operations Program Manager | Central Office | Administration | Allocation follows Example 2 below. |
| Capital Project Manager | Central Office | Administration | Allocation follows total number of units managed by the CDA. The Public Housing portion of this allocation is charged to the COCC and covered by the Capital Fund Program Fee. |

1. Overtime and Premiums are allocated based on actual time spent on each program, grant, or amp. When an employee works overtime that benefit more than one program, grant, or amp the default payroll allocation will be used.
 2. Fringe Benefits (Health Insurance, Dental Insurance, Wage Insurance, WI Retirement System, FICA, and Workers Compensation) are allocated using the employee's default payroll allocation.
 3. Vacation, holiday, sick leave, and all other leave benefits are allocated using the employees default payroll allocation.
- C. Office Expenses and Supplies (including office supplies and postage)** – Allocated based on usage. Expenses used for a specific program or grant funded activity will be charged directly to that program or grant. Costs that benefit more than one program or department will be allocated based on the ratio in Example 1 or 2.
- D. Printing (including supplies, maintenance, and repair)** – Expenses are charged directly to the program or amp that benefits from the supply or service. Costs that benefit all or more than one program or amp will be allocated based on the ratio in Example 1 or 2.
- E. Utilities** – Allocated based on usage and charged directly to the appropriate amp.
- F. Professional Services Costs (including consultants, investigative services, waste removal services, elevator repair, etc.)** – Allocated to the program benefiting from the service. All professional service costs are charged directly to the program for which the service was incurred. Costs that benefit one program or amp will be charged directly to that program or amp. Costs that benefit more than one program or amp will be allocated based on the ratio in Example 1 or 2.
- G. Professional Security Services** – Allocated to the appropriate amp based on the number of amp units benefiting as a percentage of total units. Security services are considered tenant service expenses.
- H. Telephone/Communications** – Fax lines, cell phone lines, and telephone lines are charged directly to the program, grant, or amp if readily identifiable. Other telephone or communication expenses that benefit all or more than one program, grant, or amp will be allocated based on the ratio in Example 1 or 2.
- I. Travel Costs** – All travel costs (local and out-of-town) are charged directly to the program, grant, or amp for which the employee works. If the employee spends time on more than one program or grant, the default payroll allocation will be used. Travel costs that benefit all or more than one program, grant or amp will be allocated based on the ratio in Example 1 or 2.
- J. Conference and Training Costs** – Allocated to the program, grant, or amp benefiting from the training or conference. Costs that benefit all or more than one program, grant, or amp will be allocated based on the ratio in Example 1 or 2.
- K. Insurance** – Insurance needed for a particular program is charged directly to the program requiring the coverage. Property insurance is charged directly to the amp receiving the coverage. Other insurance that benefits all or more than one program or amp will be allocated based on the ratio in Example 1 or 2. Insurance is an administrative expense.

- L. **Audit** – Identifiable direct audit costs are charged directly to the program or grant. Audit costs that benefit all programs (or funds) are allocated based on the ratio of each programs expenses to total expenses audited. Audit fees are considered administrative expenses. [24 CFR 990.190 (d); 24 CFR 905.200 (b)(16)].
- M. **Taxes & PILOT** – Identifiable direct taxes or PILOT costs are charged directly to the amp or project and are considered administrative expenses.
- N. **Inter-Departmental Charges (from City of Madison Departments)** – Expenses are charged directly to the program, grant, project, or amp that benefits from the service. Expenses that benefit more than one program, grant, project, or amp are allocated based on the ratio in Example 1 or 2.
- O. **COCC Asset Management & Bookkeeping Fees** – A direct expense charged directly to the amp or property. The CDA sets the asset management and bookkeeping fees annually during the budget process by comparing the current fee to the HUD approved maximum fee amount for the market location and assessing expenses in the Central Operating Cost Center (COCC) and feasibility for the amp or project. Fees are calculated by multiplying the set fee times the occupied units per month and are charged directly to the amp or project as an administrative expense. [24 CFR Part 900].
- P. **Other Costs** – Other joint costs will be allocated on a basis determined to be appropriate to the particular costs. Costs are charged directly to programs that benefit from the supply or service. Costs that benefit all or more than one program, grant, project, or amp will be allocated based on the ratio in Example 1 or 2.

Examples of Allocation Methodology

Example 1 – Public Housing AMPs & Multifamily Properties

Example Expense Amount = \$50,000

- A. Costs that benefit all Public Housing amps are allocated to the amp based on the ratio of each amp’s total units, as follows:

| AMP | Total Units | % | Amount Allocated |
|----------------------|-------------|-------------|---------------------|
| 200 – East LIPH | 166 | 21% | \$ 10,401.00 |
| 300 – West Scattered | 129 | 16% | \$ 8,802.71 |
| 300 – Romnes | 168 | 21% | \$ 10,526.32 |
| 400 – Triangle LIPH | 224 | 28% | \$ 14,035.09 |
| 500 – Truax Phase 1 | 71 | 9% | \$ 4,448.62 |
| 600 – Truax Phase 2 | 40 | 5% | \$ 2,506.27 |
| Total | 798 | 100% | \$ 50,000.00 |

- B. Costs that benefit only units managed by one Site Office are allocated to the amps or property benefiting from the supply or service based on the ratio of each amp/property's units to total managed units, as follows:

| Site Office | AMP/Property | Total Units | % | Amount Allocated |
|-----------------|----------------------|-------------|-------------|---------------------|
| East | 200 – East LIPH | 166 | 60% | \$ 29,963.90 |
| | 500 – Truax Phase 1 | 71 | 26% | \$ 12,815.88 |
| | 600 – Truax Phase 2 | 40 | 14% | \$ 7,220.22 |
| | Total | 277 | 100% | \$50,000.00 |
| West | 300 – Romnes | 168 | 56% | \$ 28,282.83 |
| | 300 – West Scattered | 129 | 44% | \$ 21,717.17 |
| | Total | 297 | 100% | \$ 50,000.00 |
| Triangle | 400 – Triangle LIPH | 224 | 66% | \$ 33,038.35 |
| | Parkside Apartments | 95 | 28% | \$ 14,011.80 |
| | Karabis Apartments | 20 | 6% | \$ 2,949.85 |
| | Total | 339 | 100% | \$ 50,000.00 |

- C. Costs that benefit all Public Housing and Multifamily units are allocated to the AMP or property based on the ratio of each AMP/Property's units to total units, as follows:

| AMP or Property | Total Units | % | Amount Allocated |
|-----------------------------|-------------|-----|------------------|
| 200 - East | 166 | 18% | \$ 9,090.91 |
| 500 – Truax Phase 1 | 71 | 8% | \$ 3,888.28 |
| 600 – Truax Phase 2 | 40 | 4% | \$ 2,190.58 |
| 300 – West Scattered | 129 | 14% | \$ 7,064.62 |
| 300 – Romnes | 168 | 18% | \$ 9,200.44 |
| 400 - Triangle | 224 | 25% | \$ 12,267.25 |
| Parkside Apartments | 95 | 11% | \$ 5,202.63 |
| Karabis Apartments | 20 | 2% | \$ 1,095.29 |

Example 2 – All Programs

Example Amount = \$50,000.00

- A. Costs that benefit all programs are allocated to the program based on a ratio of each program's FTEs, as follows:

| Program | FTE | % | Amount Allocated |
|--------------------------------------|--------------|-------------|---------------------|
| Public Housing | 30.99 | 58% | \$ 29,235.85 |
| Multifamily Housing: Parkside | 1.29 | 11% | \$ 5,716.98 |
| Multifamily Housing: Karabis | 6.06 | 2% | \$ 1,216.98 |
| Section 8 | 14.66 | 28% | \$ 13,830.19 |
| Total | 53.00 | 100% | \$ 50,000.00 |

B. Costs that benefit all programs but are specific to the Central Administrative Office are allocated to the program based on the ratio of each program’s FTEs at the Central Office, as follows:

| Program | FTE | % | Amount Allocated |
|-------------------------------|--------------|-------------|---------------------|
| Central Operating Cost Center | 4.18 | 21% | \$ 10,500.00 |
| Multifamily Housing: Parkside | 1.12 | 6% | \$ 2,800.00 |
| Multifamily Housing: Karabis | 0.48 | 2% | \$1,175.00 |
| Section 8 | 14.22 | 71% | \$ 35,525.00 |
| Total | 20.00 | 100% | \$ 50,000.00 |