

RESOLUTION 2012-010

**A RESOLUTION OF THE CITY OF BINGEN, WASHINGTON
OVERHEAD ALLOCATION POLICY**

WHEREAS, the City of Bingen budgets and calculates overhead allocation to the operating and maintenance funds of the city; and

WHEREAS, the Washington State Auditor's Office has provided guidance and recommendations regarding how cities calculate overhead allocations; and

**NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF BINGEN,
WASHINGTON, HEREBY RESOLVES AS FOLLOWS:**

Section 1. The following overhead allocation policy is adopted:

1. Overhead costs are allocated to all operating and maintenance funds, including any capital and debt funds attributed to the specific operating and maintenance funds.

For purposes of this policy, Current Expense includes the following funds:

001 – Current Expense
104 – Community Development
151 – Police Car Reserve
152 – Fire Equipment Reserve
154 – Fire Fund
302 – Building Construction
305 – Park Construction and Maintenance

For purposes of this policy, Street includes the following funds:

101 – Street
153 – Street Equipment Reserve
155 – Street Construction and Maintenance

For purposes of this policy, Real Estate Excise includes the following funds:

301 – Excise Taxes

For purposes of this policy, Water includes the following funds:

401 – Water
421 – Water Construction and Maintenance
422 – Water Equipment

For purposes of this policy, Sewer includes the following funds:

403 – Sewer
411 – 1995 Bond Reserve
414 – 1995 Bond Redemption
423 – Sewer Construction and Maintenance
424 – Sewer Equipment

For purposes of this policy, Treatment Plant includes the following funds:

405 – Treatment Plant
410 – 1973 Bond Reserve
413 – 1973 Bond Redemption
425 – Treatment Plant Replacement (capital expenditures for existing treatment plant)
428 – Sewer Reserve (for future replacement or expansion of the treatment plant per interlocal agreement)

2. Overhead costs include finance/administrative expenditures coded to 001.514 23 excluding any expenses that are already prorated between the operating and maintenance funds including but not limited to: labor attorney expenditures and BIAS software maintenance agreement expenditures. Finance/administrative expenditures directly support all the operating and maintenance funds and the costs shall be shared appropriately.
3. Operating and maintenance expenditures are used to determine the percent that overhead costs are allocated to each operating and maintenance fund. Operating and maintenance expenditures for the purposes of this policy do not include the following:
 - a. Capital expenditures including equipment and uniforms purchased out of capital expenditure funds, capital improvements, and professional services when paid out of capital expenditure funds. Professional services includes but are not limited to architectural and engineering services and planning services for such things as water and wastewater plans and feasibility plans.
 - b. Debt payments.
 - c. Ending balances.
 - d. Interfund transfers and interfund loan payments

- e. State funds (596 expenditures).
- 4. The overhead cost allocation is established when the budget is adopted and amended any time there is an amendment to expenditures in a fund.
- 5. Overhead cost allocations will be made through an interfund transfer on a monthly basis based on the budget adopted at that time.
- 6. The overhead cost allocation plan is reconciled at the end of the year based on actual expenditures and adjusted as necessary. Expenditures are reviewed to determine if they are an appropriate overhead cost.

ADOPTED by the City Council of the City of Bingen, Washington and approved by its Mayor, at a regularly scheduled open public meeting thereof this 18th day of December 2012.



Mayor

Attest:


City Clerk - Treasurer

Approved as to Form:


Attorney