# 9204 ILLUSTRATION
## ALLOCATION OF PERSONAL SERVICES COSTS
## FOR THE FISCAL YEAR ENDING JUNE 30, ___ 1/

| UNITS | DIRECT HOURS | PROGRAMS 10 | 15 | 20 | 25 | 30 | PERSONAL SERVICES COSTS 2/ | PROGRAMS 10 | 15 | 20 | 25 | 30 | ADMIN |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | 65,000 | 20,000<br>30.8% | 15,000<br>23.1% | 10,000<br>15.3% | | 20,000<br>30.8% | 400,000 | 123,200 | 92,400 | 61,200 | | 123,200 | |
| 2 | | | | | X 3/ | | 630,000 | | | | 630,000 | | |
| 3 | 125,000 | 40,000<br>32% | 50,000<br>40% | 35,000<br>28% | | | 750,000 | 240,000 | 300,0000 | 210,000 | | | |
| 4 | 80,000 | | | | 40,000<br>50% | 40,000<br>50% | 540,000 | | | | 270,000 | 270,000 | |
| 5 & 7 4/ | 150,000 | 10,000<br>6.7% | | 100,000<br>66.6% | | 40,000<br>26.7% | 960,000 | 64,320 | | 639,360 | | 256,320 | |
| 6 | 90,000 | | 30,000<br>33.3% | | 60,000<br>66.7% | | 650,000 | | 216,450 | | 433,550 | | |
| ADMINISTRATION | | | | | | | 300,000 | | | | | | 300,000 |
| | | | | | | | 4,230,000 | 427,520 | 608,850 | 910,560 | 1,333,550 | 649,520 | 300,000 |
| PERCENTAGE OF TOTAL PERSONAL SERVICES | | | | | | | | 10.1% | 14.4% | 21.5% | 31.5% | 15.4% | 7.1% |
| PERCENTAGE OF TOTAL PERSONAL SERVICES WITHOUT ADMINISTRATION | | | | | | | | 10.9% | 15.5% | 23.2% | 33.9% | 16.5% | |

Allocation Steps:

a. Determine the hours charged to each program.
b. Determine the percentage of direct hours charged to each program to the hours charged to all programs.
c. Use the percentages in b above to allocate the unit's personal services costs.
d. After personal services costs of all units are allocated, total the costs charged to each program. Determine percentages of each program to total costs for all programs including administration.

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1/ Allocation may be made as often as the department desires, with a minimum of once a year at year-end.
2/ Personal services costs are the actual amount paid for personal services and staff benefits.
3/ Unit 2 personnel do not keep time sheets since all of their time is spent on one program.
4/ Units 5 and 7 are combined because their salary mix is the same.

**9204 ILLUSTRATION**
**ALLOCATION OF OPERATING AND EXPENSE AND EQUIPMENT COSTS**
**FOR THE FISCAL YEAR ENDING JUNE 30, ____1/**

| | TOTAL EXPENDITURES | PROGRAMS | | | | | ADMINISTRATION |
|---|---|---|---|---|---|---|---|
| | | 10 | 15 | 20 | 25 | 30 | |
| Freight | 5,000 | | | | 5,000 | | |
| Consulting Services | 25,000 | | 25,000 | | | | |
| Rent | 200,000 | 20,000 | 35,000 | 40,000 | 53,000 | 45,000 | 7,000 |
| Travel-in-State | 120,000 | 15,480 | 21,960 | | 48,240 | 23,520 | 10,800 |
| | | 12.9% | 18.3% | | 40.2% | 19.6% | 9.0% |
| Other OE&E | 700,000 | 70,700 | 100,800 | 150,500 | 220,500 | 107,800 | 49,700 |
| | | 10.1% | 14.45% | 21.5% | 31.5% | 15.4% | 7.1% |
| Equipment | 40,000 | | | 30,000 | | 10,000 | |
| TOTAL | 1,090,000 | 106,180 | 182,760 | 220,500 | 326,740 | 186,320 | 67,500 |

Allocation Steps:

a Charge to programs those costs which can be identified directly to a program (freight, consulting services, and equipment).

b Allocate expenses by their allocation bases:

1) Rent is allocated on the basis of square feet.

2) Travel-in-state is allocated on the basis of actual personal services costs charged to those programs which require its personnel to travel.

3) All other operating expenses which cannot be identified directly to a program or allocated more accurately utilizing another allocation basis is allocated on the basis of salaries and wages costs charged to programs.

Note: This example shows different allocation bases used to allocate different types of costs. Departments will use a basis which will allocate each type of cost equitably.

**9204 ILLUSTRATION**
**ALLOCATION OF SERVICE UNIT AND ADMINISTRATION COSTS TO PROGRAMS**
**FOR THE FISCAL YEAR ENDING JUNE 30, ____1/**

## ALLOCATION OF SERVICE UNIT COSTS TO PROGRAMS

| | | PROGRAMS | | | | | |
|---|---|---|---|---|---|---|---|
| | | 10 | 15 | 20 | 25 | 30 | ADMINISTRATION |
| Hours | 2,001 | 84 | 100 | 335 | 1,339 | 59 | 84 |
| Allocation Percentages | 100% | 4.2% | 5.1% | 16.7% | 66.9% | 2.9% | 4.2% |
| Service Unit Costs | 239,000 | 10,038 | 12,189 | 39,913 | 159,891 | 6,931 | 10,038 |

## ALLOCATION OF ADMINISTRATION COSTS TO PROGRAMS

| | | PROGRAMS | | | | |
|---|---|---|---|---|---|---|
| ADMINISTRATION | | 10 | 15 | 20 | 25 | 30 |
| Personal Services | 300,000 | | | | | |
| OE&E | 67,500 | | | | | |
| Service Unit Costs | 10,038 | | | | | |
| TOTAL | 377,538 | | | | | |
| Allocation Percentages 1/ | 100% | 10.9% | 15.5% | 23.2% | 33.9% | 16.5% |
| Allocation | 377,538 | 41,152 | 58,518 | 87,589 | 127,985 | 62,294 |

1/ Percentage is calculated by dividing total of program's personal services by the total department's personal services.

**9204 ILLUSTRATION**
**RECONCILIATION OF PROGRAM COSTS**
**FOR THE FISCAL YEAR ENDING JUNE 30, ____1/**

**RECONCILIATION OF PROGRAM COSTS**

| | PROGRAMS | | | | | TOTAL COSTS |
|---|---|---|---|---|---|---|
| | 10 | 15 | 20 | 25 | 30 | |
| Personal Services | 427,520 | 608,850 | 910,560 | 1,333,550 | 649,520 | 3,930,000 |
| OE&E | 106,180 | 182,760 | 220,500 | 326,740 | 186,320 | 1,022,500 |
| Service Unit Costs | 10,038 | 12,189 | 39,913 | 159,891 | 6,931 | 228,962 |
| Administration | 41,152 | 58,518 | 87,589 | 127,985 | 62,294 | 377,538 |
| Total Program Costs | 584,890 | 862,317 | 1,258,562 | 1,948,166 | 905,065 | 5,559,000 |
| Total Per General Ledger Appropriation Expenditures Account | | | | | | 5,559,000 |