# 9213.2 ILLUSTRATION

ALLOCATION OF OPERATING AND EXPENSE AND EQUIPMENT COSTS FOR THE FISCAL YEAR ENDING JUNE 30,20XX

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% | 14.5% | 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.