

STATE OF NEVADA  
STATE WIDE COST ALLOCATION PLAN  
BASED ON ACTUAL COSTS FOR  
THE FISCAL YEAR ENDING JUNE 30, 2002

FIXED FOR THE FISCAL YEAR  
ENDING JUNE 30, 2004

**PRM Group**  
**June 30, 2003**

## CERTIFICATION OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

All costs included in this proposal dated 06/30/2003 to establish cost allocation or billings for 07/01/03 to 06/30/04 are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State and Local Governments" and the Federal awards to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the awards to which they are allocated in accordance with applicable requirements. Further, those costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently.

I declare that the foregoing is true and correct.

Government Unit: State of Nevada

Signature: \_\_\_\_\_

Name of Official: John P. Comeaux

Title: \_\_\_\_\_

Date of Execution: \_\_\_\_\_

## **STATE OF NEVADA**

### **BUILDING USE ALLOWANCE**

#### **NATURE AND EXTENT OF SERVICES**

The State does not currently depreciate its fixed assets for accounting purposes. Therefore, a use charge of two percent of the cost of construction and renovation of State buildings has been included in this Schedule. Building use charges are allocated to internal service funds since no building use charges or depreciation are included in the internal service fund financial statements. Use charges for fourteen buildings are included in this Schedule.

The capital projects account used to construct the State Library (1991 through 1993) included the acquisition of library fixtures. These are separately identified per the detail accounting records for the capital project, and are not included in the value used to determine the Library's building use charge. Fixtures include shelving, stack mechanical systems, tables and chairs, and other items necessary for library operation. A use charge of 6 2/3 percent of the total cost of these fixtures is included in the building use charge for the library, since the State's general fixed asset system does not split fixtures from building costs and does not list individual fixture components that were acquired through the capital projects account.

The building use charges are allocated to all central service departments, internal service funds, and other State agencies based upon the usable square footage occupied as identified by Buildings and Grounds.

REF: A-87, Attachment B, paragraph B.11.

**STATE OF NEVADA**  
**EQUIPMENT DEPRECIATION**  
**NATURE AND EXTENT OF SERVICES**

The State does not currently depreciate equipment for accounting purposes. However, for central service departments allocated in this cost plan, and for the Nevada Attorney General, equipment depreciation was calculated on the State personal property per the State's fixed asset listing at June 30, 2002. Depreciation is based on a life of five years with ten percent residual value for all electronic equipment, including personal computers, facsimile machines, transcribers, etc. Other office fixtures are depreciated over a useful life of fifteen years with a ten percent residual value. Vehicles are depreciated over seven years with a ten percent residual value. Depreciation is taken the year of acquisition, so electronic equipment purchased before fiscal 1998, vehicles purchased before 1996, and other equipment purchased before fiscal 1987 are considered fully depreciated, and no amount of use charge is claimed for these assets. (The State Controller's fixed asset reporting system includes fiscal year of acquisition and not the specific date.)

Operating departments and internal service funds determine the equipment use charges applicable to their respective activities. Internal service funds, per generally accepted accounting principles, include equipment depreciation on their financial statements.

The use charge is based upon the State Equipment Inventory records maintained by the Controller's Office. Each department is directly allocated its use charge.

REF: A-87, Attachment B, paragraph B.11.

**STATE OF NEVADA**

**STATE CONTROLLER**

**NATURE AND EXTENT OF SERVICES**

The State Controller's office administers the state accounting system to permit fair, accurate and consistent financial reporting in accordance with generally accepted accounting principles (GAAP) that provide current and historical financial information. The office pays claims against the state and ensures compliance with state fiscal and federal revenue laws.

Relevant costs in the State Controller's office are captured in the accounting services function and are allocated on the number of accounting transactions per budget account.

REF: A-87, Attachment B, paragraph B.1.

**STATE OF NEVADA**

**STATE TREASURER**

**NATURE AND EXTENT OF SERVICES**

The State Treasurer is responsible for receiving, disbursement, and keeping all monies of the state. The office is responsible for the safeguard of securities pledged as collateral by banks and other financial institutions having state deposits, the record maintenance for those securities and investment income earnings to state agencies. For cost plan purposes costs are grouped into eight functions. Only the first four of these functions are allocated.

- 1) Welfare Warrants – 100% Allocation to Welfare.
- 2) Disbursements – Allocation based upon the number of payment vouchers processed per budget.
- 3) Federal Draws – Allocation based upon the number of draws by department.
- 4) ESD Accounting – 100% Allocation to Employment Security Division.
- 5) Investments – Not allocated.
- 6) Municipal Bond – Not allocated.
- 7) EPA Revolving Fund – Not allocated.
- 8) Other – Not allocated.

## **STATE OF NEVADA**

### **BUDGET**

#### **NATURE AND EXTENT OF SERVICES**

The Division's primary duties are preparation and presentation of the Governor's Executive Budget. The Division's staff provides policy direction, management oversight, and coordinated planning to state agencies. The Division also acts as support staff to the State Board of Examiners and provides forecasts of state revenues. For cost plan purposes costs are grouped into four functions.

- 1) Budget Support – Allocation based upon the number of direct agency hours.
- 2) State Planning – Accumulated planning costs allocated to State Planning for redistribution.
- 3) General Government – Includes a portion of budget development assigned to legislative processes, not allocated.
- 4) Single Audit – Allocation based upon the number of accounting transactions per budget account.

## **STATE OF NEVADA**

### **MUSEUMS, LIBRARY & ARTS – CULTURAL AFFAIRS ADMINISTRATION**

#### **NATURE AND EXTENT OF SERVICES**

It is the mission of the department of Museums, Library and Arts to enrich the lives of the citizens and of the visitors to the State of Nevada, recognizing the diversity of the State, through leadership in cultural and information management, promotion of cultural resources and activities, and education. The department includes the Division of Museums and History; Nevada State Library and Archives; State Historic Preservation Office; and the Nevada Arts Council. For cost plan purposes costs are allocated based on the number of FTE's per constituent division and program budgets.



**STATE OF NEVADA**  
**NEVADA STATE LIBRARY**  
**NATURE AND EXTENT OF SERVICES**

The State Library serves as a reference center for State agencies, businesses, individuals, and other libraries, with the predominant user being other State agencies. A full range of library information services, including research and reference assistance, are provided to state agencies, elected officials and the public, through access to library materials including books, government publications and databases. In addition, the Library operates the State Publications Distribution Center; State Data Center. For cost plan purposes costs are grouped into three functions. Costs associated with supporting access to the public and to State employees are split equally between these two groups, and the State employees access is allocated to State agencies.

- 1) State Access – Allocated based upon the number of employees per budget account up to 100.
- 2) Public Access – Not allocated.
- 3) Other – Not allocated.

REF: A-87, Attachment B, paragraph B.19.

## **STATE OF NEVADA**

### **STATE ARCHIVES**

#### **NATURE AND EXTENT OF SERVICES**

The State Archives and Records Management programs have a mandate to administer comprehensive programs for the cost effective and efficient creation, maintenance, retention, preservation and disposition of Executive Branch and local government records. The programs provide technical assistance and advice to the Judicial and Legislative branches of government in the administration of their records management programs. For cost plan purposes costs are grouped into four functions.

- 1) Archives Reference – Archives staff research and retrieve records on the behalf of State agencies. Allocated based upon the number of archive references per State agency.
- 2) Records Management – The archivist assists all State agencies in complying with State and Federal records retention and disposal requirements. Allocated based upon the RDA work per agency.
- 3) Records Center – Costs for the records center operations are allocated to each State agency based on the number of retrievals from the center requested by each. Allocated based upon the number of requests per agency.
- 4) Other – Costs of providing services to local governments, the public and other organizations. These costs are not allocated.

REF: A-87, Attachment B, paragraph B.19.b.

**STATE OF NEVADA**

**LAW LIBRARY**

**NATURE AND EXTENT OF SERVICES**

The Supreme Court Library serves as a comprehensive, current resource for legal research performed by the Justices and staff of the Nevada Supreme Court, and supplements the local legal resources of the Office of the Attorney General, the Legislature, local area government and the private bar. The costs associated with the Law Library are allocated based on the number of referrals and requests by user group.

REF: A-87, Attachment B, paragraph B.16.

**STATE OF NEVADA**

**STATE PLANNING**

**NATURE AND EXTENT OF SERVICES**

The Division's primary duties are preparation and presentation of the Governor's Executive Budget. The Division's staff provides policy direction, management oversight, and coordinated planning to state agencies. The Division also acts as support staff to the State Board of Examiners and provides forecasts of state revenues. The Planning staff operates the State Clearinghouse program to coordinate the review of federally required environmental documents and grant applications. Costs in this division are allocated based upon the number of direct agency hours reported by Budget Division staff.

REF: A-87, Attachment B, paragraph B.3, B.19.

## **STATE OF NEVADA**

### **INTERNAL AUDIT**

#### **NATURE AND EXTENT OF SERVICES**

The mission of the Division of Internal Audits is to improve state government operations and ensure taxpayer monies are spent wisely by providing executive branch agencies with analyses, appraisals, recommendations, training, and assistance concerning the adequacy of their systems of internal controls and effectiveness and efficiency of agency operations. Three distinct functions are provided within the unit: internal audit of agency financial procedures; support and preparation of agency controls and practices; and post audit of selected financial transactions to verify compliance with agency procedures. Personnel-based allocations have been used until the unit accumulates sufficient historical data to allow allocation on direct measures of service.

- 1) Internal Audit – Allocation based upon the number of employees per budget account up to 100.
- 2) FMTC – Allocation based upon the number of employees per budget account up to 100.
- 3) Post Review – Allocation based upon the number of accounting transactions per budget account.

**STATE OF NEVADA**

**HUMAN RESOURCES ADMIN.**

**NATURE AND EXTENT OF SERVICES**

The Department of Human Resources is responsible for coordinating, facilitating and directing the activities undertaken by its constituent division and programs and to ensure the proper coordination and interfacing of federal, state, local government and private sector programs and activities to provide for an appropriate allocation of resources to best meet the needs of Nevada's citizens. For cost plan purposes costs are grouped into two functions.

- 1) Department Administration – Allocation based upon the number of employees by division.
- 2) Programs – Not allocated.

**STATE OF NEVADA**

**LEGISLATIVE AUDITOR**

**NATURE AND EXTENT OF SERVICES**

The Legislative auditor conducts operational efficiency and compliance auditing of all State agencies. Their reports are reviewed at both the Executive and Legislative level to ensure compliance. These reviews include, where appropriate, compliance with federal program requirements, and recommendations for improving performance in meeting the

For cost plan purposes costs are allocated based upon a seven year average of the percentage of annual hours by agency.

**STATE OF NEVADA**  
**INTEGRATED FINANCIAL SYSTEM**  
**NATURE AND EXTENT OF SERVICES**

Beginning in fiscal 1998, the State undertook implementation of an integrated statewide financial, statewide payroll, statewide personnel, and transportation federal highway funds accounting system to support the operations of all State agencies. This system, referred to as the Integrated Financial System, or IFS, was implemented in three phases. The first phase, completed by June 30, 1999, concluded with the system being placed in operation using centralized data capture. The second phase, completed June 30, 2001, included deployment of data warehousing capabilities for statewide accounting, statewide payroll and personnel, and Nevada Department of Transportation accounting. The third phase, which overlapped the second, began July 1, 2000 and ended June 30, 2002, resulting in the decentralization of the application, including training of users in all State agencies. The system as deployed serves all State agencies for transaction processing and for related reporting and data gathering.

The system was funded by appropriations from the General Fund for the statewide accounting and personnel-payroll portions, and from the Highway Fund for NDOT accounting and federal reporting. Costs were identified between the three subsystems based on costs identified by the primary software and implementation vendor over the life of the project. For cost recovery purposes, the plan allocates the depreciation on the capitalized cost of the statewide financial system, which is based on a ten year life, and on the portion of the project costs related to the financial system only.

In addition, beginning in FY 2002, the IFS project budget included operating costs that support the ongoing operations of IFS, including software maintenance charges, operational staff costs, coordination among the different user groups within the integrated system, etc. Operating costs were split equally among the three operating areas – statewide accounting, statewide payroll-personnel, and NDOT accounting – and the costs related to statewide accounting are allocated, along with statewide accounting depreciation, based on the number of accounting transactions processed for each State budget account. Operating costs for the payroll-personnel system were allocated to the Personnel Fund. Since NDOT had paid from the Highway Fund for its share of the IFS operating costs, these costs were not allocated.