

<b>RURAL DEVELOPMENT PROJECT POLICIES AND PROCEDURES</b>	<b>Issued by:</b> RDP Statewide Director DANIEL REGAN	<b>Policy No.:</b> <b>FIN 006</b>
		<b>Effective Date:</b> 8/1/2009
<i>Cost Allocation for Statewide and Maui County Projects</i>	<b>Approved by:</b> RDP Statewide Director DANIEL REGAN	<b>Revision No.:</b> 9/18/2009
		<b>Supersedes Policy:</b> N/A

- I. **PURPOSE:** To establish a policy and procedure for allocating the cost of non-salary expenditures which benefit all RDP grants.
- II. **STAFF RESPONSIBILITES:** Follow the cost allocation ratio that is published at the beginning of each month to charge grants with the costs of non-salary expenditures which benefit all RDP grants.
- III. **POLICY:** It is our policy to fairly allocate the cost of non-salary expenditures on items that benefit all RDP grants. To do so, we have established a cost allocation ratio (aka CAR). The cost allocation ratio is based upon the unexpended balances remaining in each open grant as they relate to the total. The cost allocation ratio will be calculated at the beginning of each month and the cost of all non-salary expenditures on items that benefit all RDP grants will be allocated to the open grants in accordance with that ratio.

Non-salary expenditures are those expenditures which are non-project specific expenditures, the cost of which should be shared among all open grants.

- IV. **PROCEDURE:** The cost allocation ratio will be calculated by using the consolidated Budget Status Reports ("BSR") for each grant and determining what each grant's unexpended balance is related to the total unexpended balances of all the grants. See charts below:

**Allocation Ratio Computation for Statewide and Maui**

<b>Grant</b>	<b>Unexpended Balance</b>	<b>Cost Allocation Ratio</b>
EA-14982*	\$	14982 UB / total
EA-14829	\$	14829 UB / total
EA-15654	\$	15654 UB / total
EA-18820	\$	18820 UB/ total
TOTAL		100%

\* This grant excluded from sharing in non-salary expenditures for Molokai/Lanai, see below Allocation Ratio Computation.

**Allocation Ratio Computation for Molokai and Lanai**

Grant	Unexpended Balance	Cost Allocation Ratio
EA-14829	\$	14829 UB / total
EA-15654	\$	15654 UB / total
EA-18820	\$	18820 UB/ total
TOTAL		100%

- On the first working day of each month, the Statewide Office will print the consolidated BSR for each open grant from FMIS.
- Ascertain the unexpended balance remaining in each grant. Using the appropriate allocation ratio formats presented above.
- The Statewide Director will publish the information to all RDP Staff.
- Computation worksheets and supporting consolidated BSRs will be maintained by the Statewide office for future audit purposes.
- The cost of any non-salary expenditure which item(s) benefit all RDP grants is to be allocated according to the CAR using the Cost Allocation Spreadsheet. See also charts below:

**Cost Computation for Statewide and Maui**

Grant	Cost Allocation Ratio	Cost Of Item	Cost to Grant
EA-14982*	%	\$	\$
EA-14829	%	\$	\$
EA-15654	%	\$	\$
EA-18820	%	\$	\$
Total	100%	---	\$

\* This grant excluded from sharing in non-salary expenditures for Molokai and Lanai, see below cost computation

**Cost Computation for Molokai and Lanai**

Grant	Cost Allocation Ratio	Cost Of Item	Cost to Grant
EA-14829	%	\$	\$
EA-15654	%	\$	\$
EA-18820	%	\$	\$
Total	100%	---	\$