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RESOLUTION NO. 12-2026

A RESOLUTION OF THE CITY OF LEAVENWORTH, WASHINGTON, AMENDING THE COST ALLOCATION PLAN

BE IT RESOLVED by the City Council of the City of Leavenworth, Washington as follows:

WHEREAS, the purpose of a Cost Allocation Plan is to outline the methodology, policies and financial reporting requirements of the City's biennial budget; and

WHEREAS, a cost allocation plan demonstrates the methodology for allocation of personnel and non-departmental expenditures for costs allocated to all funds including restricted and proprietary (Enterprise) funds; and

WHEREAS, charges to restricted and proprietary funds should be equitable and appropriate as part of a written plan that complies with all applicable laws and regulations including RCW 35A.33.122 and RCW 43.09.210; and

WHEREAS, the City Council reviewed and approved the last amended Cost Allocation Plan on November 26, 2019; and

WHEREAS, the City Council has currently reviewed the plan in 2026 for amendments, that are mainly due to significant increases in staffing levels across departments since 2021, and to ensure a timely review and update of the plan at least every eight years;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF LEAVENWORTH, WASHINGTON, DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The compilation of methodologies entitled "City of Leavenworth Cost Allocation Plan" attached hereto and incorporated herein by this reference as set forth in full, is hereby approved as the official cost allocation plan for the City of Leavenworth.

Section 2. Resolution 22-2019 Cost Allocation Plan is hereby repealed.

Passed by the City Council of the City of Leavenworth and approved by the Mayor this 14th day of July, 2026.

CITY OF LEAVENWORTH

By: DocuSigned by: Carl Florea A8B4411C12AB49D...
Carl J. Florea, Mayor

Attest: Signed by: Andrea Fischer D5CBE4ADAE1B451...
Andrea Fischer, City Clerk

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City of Leavenworth

Cost Allocation Plan

Amended on July 14, 2026

Prepared by City of Leavenworth Finance Department

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City Demographics

Introduction

The City of Leavenworth (City) was incorporated in 1906 and operates under the laws of the State of Washington applicable to a Non-Charter Code City with a Mayor-Council form of Government. The City of Leavenworth is a general-purpose government and provides the following services: administration, police (contracted), fire protection (through fire district), library (through a regional library district), cemetery, parks, community pool, street/parking maintenance and improvement, and garbage collection. In addition, the City owns and operates its own water, sewer and stormwater systems.

The City is a local government, established as a subdivision of the State of Washington. It is funded mostly by local taxing sources, but specific projects may be funded by some federal awards and pass-through awards from the State of Washington. The City administers various federal and state funded programs. While the federal portion of the City's total funding is important, it is not a major source of funding for the City and is generally not utilized for personnel costs. For federal funding purposes, the City utilizes the 15% de minimis as allowed by 2 CFR 200; therefore, an annual update of this plan is not required.

The City uses historical data upon which to build the Cost Allocation Plan (CAP) in most cases where positions may have multiple functions. However, the City assigns transaction data or staff to specific programs based on an analysis of functions and services planned for either the budgeted biennium where practical, otherwise the year preceding the biennium, and those assignments are quantified and described in this CAP. The allocations are monitored for actual activity and if a variance is deemed material in nature, then the allocation may be amended, such as is the case with the Central Services Fund for annual costs allocated to other departments/funds. The City also recognizes a significant amount of staff time to estimate and reconcile some positions, also known as "unduly burdensome", and in those cases will conduct sampling of work duties in at least one calendar year that will be used to determine the allocation percentages for the subsequent biennial budgets. The City will ensure an updated sampling occurs on at least a 4-year basis when this is utilized to ensure review is done for at least every two biennial budget cycles. The City may utilize more than one year of data on a case-by-case basis.

The following departments/functions have been identified as being managed by the City's Administrator in the City's Organizational Chart:

- Administration Department
    - Parking Department
- Finance Department
- Community Development Department
- Public Works Department

The City's Biennial Budget uses somewhat different categorizations, at a greater level of detail. This CAP uses as its main resource the City's Biennial Budget for purposes of identifying functional categories.

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Description of Allocable Costs

Introduction

The City provides support services to operating units (funds and departments) through the following cost centers within various funds.

- Legislative - Mayor and City Council
- Executive - City Administrator / Communications & HR Manager / Executive Assistant
- Financial, Recording & Elections - Finance Department & City Clerk
- Legal Services
- Centralized Services - Property Management
- Parks / Cemetery
- Community Development Department
- Public Works Department
- Parking Department
- Community Pool
- Non-Departmental:
    - Central Services Fund
    - Equipment Rental and Revolving Fund (ER&R)

Operating departments may charge one another for actual services provided, but this is rare. When it does occur, the charge is typically based on actual time incurred as documented on a project time sheet or other tracking sheet. This CAP does not quantify or present the amounts of these inter-departmental charges as these charges are outside of the central service allocation plan.

Of the above-referenced cost centers and departments, it has been determined by the City Administration that costs related to the following functions are not to be allocated, but rather charged directly to the General Fund:

- Mayor and City Council
- Property Management (unless specific to a single fund)
- Legal Services (unless specific to a single fund)

The City captures cost information at various levels of detail, using its accounting software Springbrook Express. In descending order, costs are captured at the fund level and the sub-fund or department level using the BARS coding (Budget Accounting and Reporting System for Washington).

Certain funds, departments and functions (cost centers) use BARS to separately account for services which are allocable to benefiting functions using a different allocation base and methodology. As a result, certain cost centers show more than one allocation. Another way in which the City can use departments and BARS is to capture unallowable costs separately from allowable costs.

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Costs Potentially Subject to Allocation

The following provides a description of the Costs Potentially Subject to Allocation (CPSA) and the benefiting functions. Although the costs of a fund, department, or function may be potentially subject to allocation, certain costs are not subject to allocation due to their nature. The CPSA has been summarized, for presentation purposes, into the following categories:

Allocable: Salaries, Benefits, Supplies, Services, and Intergovernmental.

Non-Allocable: Specific Account Line Items, Capital, Debt Service, Interfund, and Non-Expenditures.

Special Adjustments: If funds, departments, or functions receive external revenues for specific services provided, these revenues reduce the amount of costs that are allocated to the operating units.

As further described in the Definitions for Cost Allocation Bases listed below, certain Costs Subject to Allocation (CSA) may use a combination of bases to allocate its costs to benefiting operating units. The determination of the relative weight for each base may be a matter of judgment, or it may be based on underlying cost data.

The Finance Department will allocate costs based on actual data accumulated when necessary and if the calculated amount of variance between prior budget figures and current actual expenditures exceeds 15% this will be deemed material and adjustment will be made in the new year.

Definitions and Procedures for Cost Allocation Bases:

The following definitions and procedures are provided to clarify the definition of and procedures for calculating a cost allocation base that is utilized by the various positions of the City. All allocation bases allow for adjustments in percentage totals to be rounded up or down for ease of calculating percentage totals across multiple funds. An Allocation Base is defined as a form of measurement used to determine what level/time is expended to charge a staff person's activities to the appropriate benefiting fund.

- Capital Projects / Engineering – This form of measurement may be based on a prior budget period, up to four years or less of history, or applied based on the future biennial budget utilizing the capital sections of all funds relevant to these positions duties and distributed based on the total % of each fund's capital costs (actual for history or budgeted for future).

- Communications / Human Resources – This form of measurement is based on the number of FTE for each department and charged according to funds directly supporting those FTEs. Due to some FTE positions being funded by multiple funds this would require calculating the overall percentages of FTE that are budgeted by each fund.

- Direct Account of Time – This form of measurement requires daily accounting of an individual's time spent specifically on a single project or fund related activity. This can be very burdensome and is typically used for Public Works staff that work across many functions and funds such as Water, Sewer, Streets, Garbage, Stormwater, Parking, Lodging Tax, etc.

- Equipment & Vehicles – This form of measurement is determined by a percentage of use for each benefiting fund, as defined by the Public Works Department, for each piece of equipment and is based on the estimated use of the equipment. Each equipment item is maintained on the Equipment Rental & Revolving (ER&R) Schedule that is updated

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annually to identify ongoing maintenance and required fund reserves for future replacement. Calculations are based on the percentage of the benefiting department/fund for each vehicle and piece of equipment based on the estimated use of the vehicle/equipment. Included in these allocations is the purchase price/value of the item to determine an overall % value by department/fund. Each year depreciable costs are then charged to ensure a fund balance that will meet, at a minimum, 50% of the total vehicle replacement costs with the City striving to maintain 70% to 100% at any given time to ensure a strong fund balance for emergency reserves in accordance with the City's adopted Financial Policy. Maintenance, fuel and service costs are then calculated by the overall % to determine the amount charged to each benefiting department/fund. Regarding salaried positions, the mechanic position would be 100% included within the ER&R Fund to be allocated back to benefiting departments based on the methodology noted above for equipment maintenance and purchases. In addition, the Public Works Department administrative overhead costs can be included within the ER&R fund to also be allocated back to benefiting departments.

- FTE (Full-Time Equivalent) – This form of measurement is the actual count of staff within each department/division that can be utilized either city-wide for administrative level positions or as direct report employees under each supervisor/director.

- Fund Activity (Operating Expenditures) – This form of measurement includes allocable costs of the individual funds as identified above to include salaries/wages, supplies, services and intergovernmental activities all of which are included within a Fund's maintenance and operations section of the Fund. Fund Activity does not include non-allocable line items within the fund such as capital, debt service, interfund and non-expenditures as these expenses are typically contracted or requires just a few transactions per year and are not considered a large function of any single position. When positions utilize this allocation base, the Administration has the flexibility to amend the calculations and charge more to the General and Street Funds to relieve potential costs to either Restricted or Proprietary Funds.

- General Fund Only – This form of measurement is used for specific types of activities performed by employees and includes positions that are generally funded by revenues from within the General Fund. This includes but is not limited to Legislative, Legal Services, Planning, Building and Code Enforcement.

- Insurance – This form of measurement includes multiple levels of distribution and are further defined within the Non-Departmental (City-wide Expenditures) section of this document. In general, insurance related costs are charged directly to the benefiting fund/department per the annual insurance schedule's valuations for buildings, vehicles/equipment and excess charges due to claims.

- Parks & Cemetery Mixed Use – This form of measurement is used for any Parks related staff that is charged to the General Fund-Parks, General Fund-Cemetery, Street Fund, and Lodging Tax Fund when the position is not specifically designated to maintenance of the downtown tourist district area. The City may authorize a specific split between the General Fund and Lodging Tax Fund for specific positions that may be more dedicated to supporting tourism than other Parks positions; these determinations will be reviewed and approved by the Parks Supervisor and Public Works Director.

- Parks Downtown Tourism Support – This form of measurement is used for any Parks related staff that are solely dedicated to supporting and maintaining the downtown tourist district area year-round and is charged at 100% to Lodging Tax.

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- Permit Activity – This form of measurement includes allocable costs of the individual funds as identified by the number of permits issued that support the benefiting funds activities.

- Transaction Detail – This form of measurement utilizes data extracted directly from the City's financial software to determine the number of transactions processed by an individual user. The measurement is generally used for Finance staff to determine the amount of time spent specifically on utility related funds, utility billing, accounts payables/receivables, and payroll.

City Administrator, City Clerk, Executive Assistant, Communications / HR Manager, Parking, and Recreation & Tourism Manager:

City Administrator / City Clerk / Executive Assistant Positions:

Costs captured in this cost center include the salaries, benefits and other costs necessary to operate the City Administrator's Office. The City Administrator is the Chief Administrative Officer for the City, working closely with the Mayor and City Council and providing executive management oversight of all operating units. This would include human resources and information technology support when applicable. The City Clerk & Executive Assistant work closely with the City Administrator, Mayor and City Council on all functions and is therefore allocated the same as the Administrator. These positions' costs are allocated to benefiting operating units based on a percentage of total department FTE and based on the fund activity of each operating unit. The department FTE and fund activity most closely tracks the effort of the City Administrator, City Clerk, and Executive Assistant in addressing the executive management oversight and other service needs of each operating unit.

Allocation Base: FTE – 50% is allocated using this base.

Allocation Base: Fund Activity (Operating Expenditures) – 50% is allocated using this base.

Communications & HR Manager Position:

The Communications & HR Manager reports directly to the City Administrator and is included in this cost center for that reason. This position utilizes a defined allocation base that is designed by the amount of FTE's within all departments/funds as the work performed may support all funds at various times throughout the year.

Allocation Base: Communications / Human Resources – 100% is allocated using this base.

Parking Positions:

Parking department staff report directly to the City Administrator and are included in this cost center for that reason. All parking positions are covered directly by Parking revenues generated.

Allocation Base: Direct Account of Time – 100% is allocated using this base.

Recreation & Tourism Manager:

The Recreation & Tourism Manager position reports directly to the City Administrator and is included in this cost center for that reason. This position is split with 50% of the duties dedicated to supporting the Pool Operations and paid via the Pool Fund and 50% dedicated to supporting tourism events, festivals, and activities and paid via the Lodging Tax Fund.

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Allocation Base: Direct Account of Time – 100% is allocated using this base.

Finance Department:

Costs captured in this cost center include the salaries, benefits and other costs necessary to operate the Finance Department function. The Finance Department provides Council and committee support, engages in legislative activities, develops resolutions and ordinances for City Council related to Finance, processes all financial transactions, and supports a number of City-wide activities.

Finance Director:

Allocation Base: FTE – 25% is allocated using this base.

Allocation Base: Fund Activity (Operating Expenditures) – 75% is allocated using this base.

Finance Deputy Treasurer, Utility Billing Specialist, and Accounts Payable Specialist:

Allocation Base: Transaction Detail and/or Fund Activity – 100% of these general ledger transactions from the Springbrook Express software are used to determine staff time distribution for Payroll, Utility Billing, and Accounts Payable/Accounts Receivable related transactions. The percentages generated across varying funds may be broken down further for Utilities based on a percentage of the individual Utility Fund's operating revenues or operating expenditures. Payroll may be further calculated for the Deputy Treasurer position based on the number of FTE (Full Time Equivalent) positions for each fund. The Accounts Payable Specialist may be calculated based on the total operating expenses of each fund.

Community Development Department:

Costs captured in this cost center include salaries, benefits and other costs necessary to provide management and administration of Planning and Building/Code Enforcement. Since several functions are contained in this cost center, and the benefit to operating units varies, several cost allocation bases are used.

Community Development Director Position:

Allocation Base: FTE – 50% is allocated using this base.

Allocation Base: Fund Activity (Operating Expenditures) – 50% is allocated using this base.

Senior Planner, Assistant Planner, Building Official, and Building Code Inspector Positions:

Allocation Base: General Fund Only – 100% is allocated using this base as these positions are supported solely from revenues generated for their services within the General Fund.

Permit Technician Position:

Allocation Base: Permit Activity – 100% is allocated based on the percentage of permits that support a variety of permitting activities that could include the General Fund, Street, Water, Sewer, Stormwater, Parking, and Lodging Tax funds. Permits issued are counted and assigned points by the Community Development Director based on what fund they support to determine overall percentages to charge to individual funds.

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Public Works Department:

Costs captured in this cost center include salaries, benefits and other costs necessary to provide management and administration of Public Works [City Hall/Festhalle Maintenance, Parks, Cemetery, Streets, Pool, Downtown Tourist Facilities (Lodging Tax Fund), Water, Sewer, Stormwater, Garbage, and Parking] and vehicle maintenance. Since several functions are contained in this cost center, and the benefit to operating units varies, some allocation bases are used through the direct sampling of a minimum of two public works employees' detailed timesheets for services performed by fund/department; this sampling is completed in the year prior to the biennial budget and is utilized for both years of the biennial budget and can be used for up to four years and is further described below for specific types of maintenance worker positions.

Public Works Director, Contract & Grant Coordinator, and Public Works Administrative Assistant Positions:

Allocation Base: FTE – 25% is allocated using this base utilizing public works staff only.

Allocation Base: Fund Activity (Operating Expenditures) – 75% is allocated using this base.

City Engineer & Staff Engineer:

Allocation Base: Capital Projects / Engineering – 100% is allocated using this base.

Parks and Cemetery Full-Time and Part-Time Positions:

Starting new in 2026 these positions will utilize direct account of daily time tracking for future budget purposes. The following Categories have been developed by the Parks Supervisor to allocate costs that are expected to occur as historical data is not yet developed:

Parks Maintenance Worker: Parks Repair – These positions include the Parks Supervisor, Assistant Parks Supervisor and 2 FTE Parks Positions. These positions will initially be budgeted with 47% Lodging Tax, 43% General Fund Parks, 6.25% Streets, and 3.75% General Fund Cemetery.

Parks Maintenance Worker: Parks Turf /Landscaping – These positions include 2 FTE Parks Positions. These positions will initially be budgeted with 53% General Fund Parks, 22% Lodging Tax, 18.75% General Fund Cemetery, and 6.25% Streets.

8-Month Season Parks Maintenance Worker – These two positions include direct support to downtown tourism only and are allocated 100% to Lodging Tax.

24-Hour Parks Maintenance Worker: Summer Flower Watering – This position includes direct support to downtown tourism only and is allocated 100% to Lodging Tax.

24-Hour Parks Maintenance Worker: Restrooms – This position includes most support to downtown tourism but may also include some time for parks restrooms less frequented by tourists and is allocated with 75% Lodging Tax and 25% General Fund Parks.

Allocation Base: Direct Account of Time – 100% is allocated using this base. This base will be used for creation of the 2028 – 2029 Biennial Budget utilizing direct account of time from the 2026 – 2027 tracking data.

Public Works Mechanic Position:

Allocation Base: Equipment and Vehicles – 100% is allocated using this base.

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Public Works Water Plant, Sewer Plant, Facility Maintenance Worker and Refuse Positions:

Allocation Base: Direct Account of Time – 100% is allocated using this base.

Public Works Maintenance Worker Positions – General Utility Crew:

Allocation Base: Direct Account of Time – At a minimum, two employees will be tracked for specific hours to charge across the General Fund's Central Services (Festhalle and City Hall Maintenance), Parks and Cemetery, Streets, Parking, Downtown Tourist Facilities, Water, Sewer, Stormwater and Garbage Funds.

Public Works Maintenance Worker Positions – Utility Crew/Pool Maintenance:

Allocation Base: Direct Account of Time – This allocation base is used on two of the General Utility Crew positions, as noted above, that additionally address Pool Maintenance needs annually and are tracked for specific hours to charge across the General Fund's Central Services (Festhalle and City Hall Maintenance), Parks and Cemetery, Streets, Parking, Downtown Tourist Facilities, Pool, Water, Sewer, Stormwater and Garbage Funds.

Non-Departmental (City-wide Expenditures):

Costs captured include office supplies, insurance, and other costs necessary to support City-wide operations such as financial systems utilized to support all departments and annual audit and code update costs. These are included across various funds and are identified below by cost bases. Non-allocable costs such as community service contracts, health and human services funding are excluded as they are included within the General Fund. Fund activity most closely tracks supplies and services provided to operating units. Insurance claims most closely track the value of insurance to operating units.

Allocation Base: Fund Activity (Operating Expenditures) – 100% of the Non-Departmental cost center's budget is allocated using this base with exception to computer purchases that are allocated to the benefiting fund/department. This would include all costs within the Central Services Fund.

Allocation Base: Insurance – Insurance costs are set at multiple levels of distribution.

- For building and vehicle/equipment coverage this is charged directly to the benefiting fund/department per the annual insurance schedule's valuations.

- For base liability a set figure was initially determined in 2015 and will be increased each year by the total percent increase of the overall insurance increase. These figures are then calculated based on the percent of the vehicles, equipment and building percentages determined above and charged to each benefiting fund/department. It is allowed to do one-time cost resets in years that insurance costs are escalated more than 10% in the annual rates due to overall insurance market changes that are deemed to not be directly related to increased claims costs.

- Excess liability is calculated based on the remaining insurance costs that are generated from claims and are charged directly to the fund/department for which the claim was made. The City retains the ability to charge excess liability costs for any fund to the General Fund for support of payments.

Allocation Base: Equipment & Vehicles – 100% is allocated using this base.

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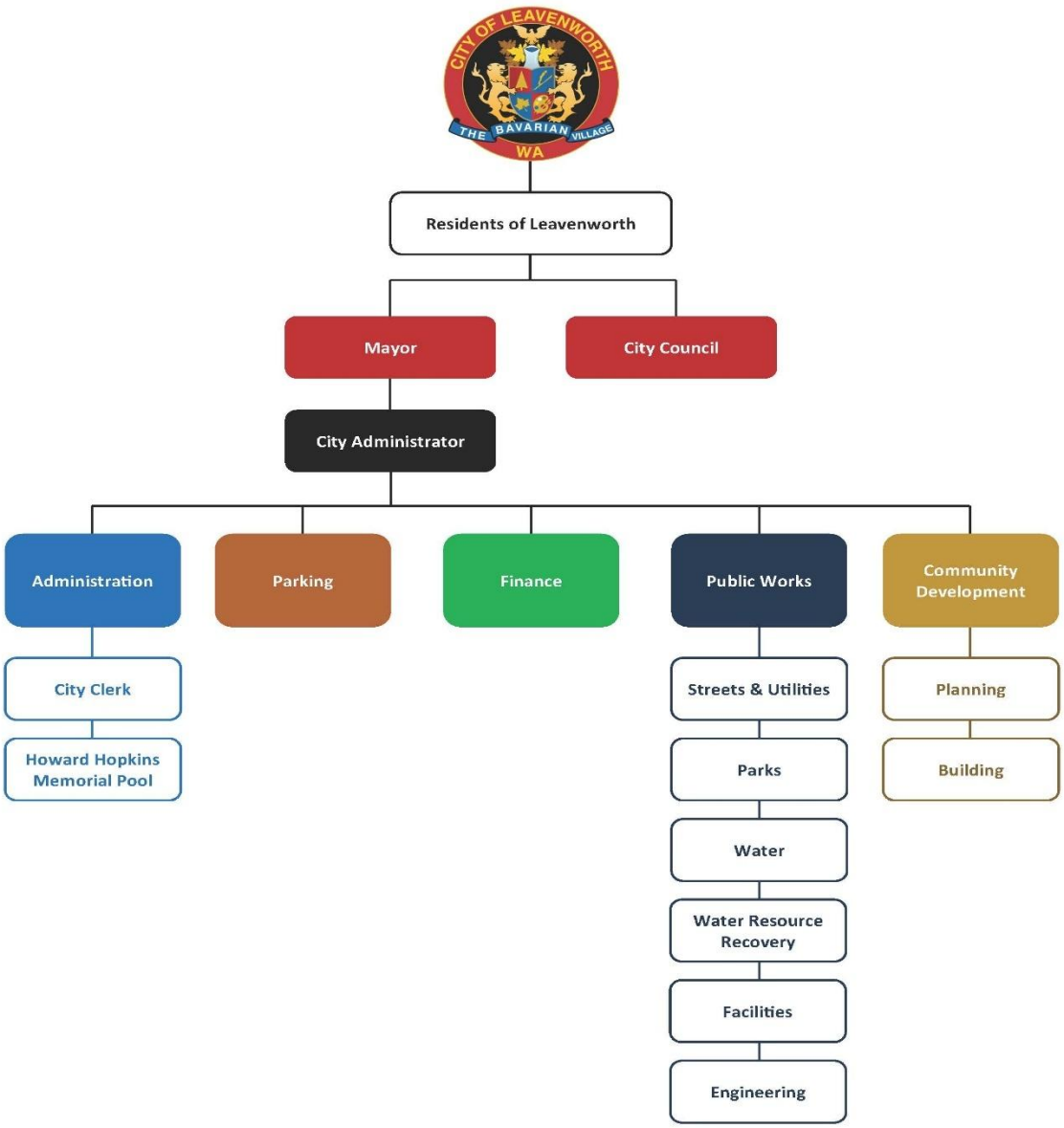
Appendix A: Organization Chart



REV August 15, 2025