

Pioneering Times

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Indirect Cost Studies Compliance is in the Details Are your indirect costs up to date?

As state aid is cut and local revenues decrease, are your indirect costs up to date? If not, you may be missing out on an important funding source.

Indirect costs are those costs that cannot be directly or exclusively assigned to one service. Enterprises often benefit from expenditures made by the general fund. The Massachusetts Department of Revenue (DOR) recommends that these indirect costs be identified and allocated



Attention to detail ensures DOR compliance.

to the enterprise fund using clearly established formulas to prorate the expense among departments.

Pioneer Consulting Group, Inc. has completed more than 40 indirect cost studies for Massachusetts Enterprise Funds. All of our studies itemize time and expense by department, and include a percentage for fringe benefits. Employee benefits must also be accounted for in the indirect cost study. Employee benefits include health and life insurance, FICA, medical expenses, workers compensation, unemployment insurance, pension and retirement costs.

We believe that each department that provides support to the enterprise fund must be interviewed. The interviews will determine the amount of time each employee dedicates to enterprise functions to ensure the fund is not over or under charged. All studies are completed using an Excel spreadsheet and become property of the client upon completion. The spreadsheets are in an easy to use and easy to understand format for future annual updates.

The DOR recommends that every community with an enterprise fund establish a written, internal policy regarding indirect cost allocation and should review this policy annually. The policy should be reasonable and calculated on a fair and consistent basis. Local financial officials should understand and agree on what indirect costs are appropriated as part of the General Fund operating budget and what percentage of these costs should be allocated to the enterprise fund.

Record Rainfall: Good for your Lawn, Bad for your Revenues

The summer of 2008 brought record rainfall totals for most of Massachusetts. The Massachusetts Department of Conservation and Recreation reports that rainfall increases range from 4 percent to 30 percent above average. The rainfall is great news for reservoirs and aquifers, however the news is not great for municipalities and utilities that rely on water sales for revenue.

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Service Provided

- Water & Sewer Rates
- Indirect Cost Studies
- Impact Fees
- GASB 34 Compliance
- Rules & Regulations

Many water and sewer departments are experiencing a decrease in their water consumption of more than 10%. The combination of decreased consumption and lower collection rates, due to a slumping economy, will result in many communities experiencing a revenue deficit for Fiscal Year 2009 and future fiscal years.

Pioneer can help! We can assist you in reviewing the current water and sewer rates to determine if an increase is warranted. We can review your current charges to determine if there are other rates and charges not currently being utilized.

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Pioneer Consulting Group, Inc. provides the following services to municipal government and governmental utilities:

- Water and Sewer Rate Studies
- Indirect Cost Studies
- System Development Charges (Impact Fees)
- GASB 34 Fixed Asset Compliance

Please call 860-354-3105 to inquire how we can assist your community with our cost effective solutions.

About us

Pioneer Consulting Group, Inc. provides water rate, sewer rate and financial consulting services to municipal government and governmental utilities throughout North America. Established in 1996, our staff consists of Certified Public Accountants (CPA), financial and consulting professionals. Our clients range in size from small water districts to large cities and towns. Each client is important to us regardless of its size.

We understand that there is no single solution to today's financial and political concerns. PCG provides solutions that are responsive to each community's individual needs and objectives. We accomplish these objectives by listening to your needs and concerns, knowing what questions to ask and based upon our past experience. Personal attention and frequent on site visits are the cornerstone of our success.

Biographies



Douglas W. Gardner is of President of Pioneer Consulting Group, Inc. Since 1996, Mr. Gardner has completed more than 40 cost of service studies, 100 GASB 34 fixed asset studies and has served more than 175 municipalities nationwide.



Wesley T Gardner, Jr., CPA has more than 40 years of varied experience in industry, government and consulting. He is a frequent speaker at utility association meetings and has published a number of articles in utility association publications. Wes has completed more than 200 cost of service and utility rate studies.