

**Greater Albany SD 8J**  
Administrative Regulation

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**Cost Accounting Guidelines for Public Improvements of Over \$50,000**

Whenever the district intends to perform or construct a public improvement estimated to cost more than \$50,000 with its own equipment or personnel, the district shall follow the following Model Cost Accounting Guidelines as developed by the State of Oregon Executive Department:

1. Numeric Coding System

A numeric coding system for accounting purposes should be developed. Each project will be assigned an account number.

Entities with automated accounting systems are encouraged to establish cost centers for accumulating project costs. Many related costs may be incurred long before construction actually begins. Project accounting codes are, therefore, essential to ensure that all chargeable costs are recorded.

2. Personal Services Cost

- A. The use of detailed time records is a fundamental requirement for accurately accumulating labor costs. Employee time records should provide information at an hourly level for type of activity and by project.
- B. The costs of employee vacation, sick leave, all other employer paid insurance and/or retirement benefits and all other employer paid benefits should be reflected in hourly charge rates. Workers' compensation costs used in this calculation shall be based on actual rates paid.
- C. Travel time to and from the job site should be charged to the project.

3. Materials

- A. Materials issuance from inventory or stores for use on a particular project should be documented by requisition forms.
- B. Direct material purchases for use on a specific project should be documented by purchase orders and invoices.
- C. Costs of other supplies not directly chargeable to a specific project should be considered in overhead calculation. See Section 5.

4. Equipment Usage Rates

- A. Agencies may develop internal usage rates based on depreciation schedules, investment cost (ORS 279.023(3)), and operating costs such as fuel, oil and repairs.
- B. Agencies may use widely accepted rate schedules such as those used by the Oregon State Highway Division for “external” work such as force account or price agreement.

5. Overhead and Related Costs

- A. All general administrative and other “overhead” expenses directly or indirectly applicable to construction activities should be identified and charged. The use of formula or percentage charge rates is acceptable if those rates are supported by documentation. Documentation would consist of workpapers showing the rationale and computations for allocating general administrative expenses.
- B. Accounting principles require the capitalization of a wide range of ancillary costs. Examples are engineering, legal and other professional fees, acquisition costs, freight and transportation and site preparation.

6. Financial Reporting

The final project costs will be closed to the appropriate ledger account. Public agencies are encouraged to prepare costs reports on completion of each project.