

## **Steps for COCS:**

### Basic Steps

There are four basic steps in the process of conducting a Cost of Community Services study:

- 1) Meet with local sponsors and define land use categories.
- 2) Collect data: Obtain relevant reports and other financial records, interview officials, boards and departments.
- 3) Allocate revenues and expenditures by land use.
- 4) Analyze data and calculate ratios.

### Specific Steps

- 1) **Set up spreadsheet** – include all revenue and expenditure line items with dollar amounts from most recent fiscal year actual budget. This should include General Fund and Schools at least. Be sure all dollar amounts sum to totals of actuals given in the budget document.
- 2) **Get Assessors information** – Obtain Total Assessed Value for year, broken down by land use Adjustments:
  - If farm, forest and recreational land enrolled in the use-assessment program are included in the commercial category, subtract these values from commercial and add to the farm/open space category.
  - Separate out value of farmhouses from farmland: Subtract house values and house lots from farm/open space category and add to residential category (leave value of land and farm building --silos, barns, outbuildings, etc.—in farm/open space category)
  - If apartments are included in commercial category, subtract value of apartments from commercial and add to residential category.Review records to determine if any other adjustments need to be made to ensure that the categories are consistent with the land use definitions being used in the study.

- 3) **Meet with Finance Manager**

- Explain need to allocate revenues and expenditures into land use categories
- Understand format of budget
- Make sure spreadsheet is set up correctly and includes all relevant line items

#### Allocate Revenues

- Go through revenues to understand nature of each and how each was generated in terms of land use; for each revenue, get percentages of \$s that were generated by residential, commercial, industrial, and farm/open space and enter this info onto spreadsheet
- For any revenues that have not been allocated to land use, note which department head should be interviewed

#### Begin Allocating Expenditures

- Go through expenditures on spreadsheet to understand nature of each and for any that are not straightforward, ask the Auditor how the funds were spent according to land use, or who to interview to find out.

**4) Schedule interviews with department heads** – Set up face-to-face interviews of ½ hour to 1 hour with each department head, depending on the complexity of his/her budget. Try to schedule these appointments together, over a period of 2-3 weeks, to make the process easier for you.

**5) Meet with department heads to finish allocating expenditures** – At each interview, ask the department head how the money was spent for the given year – to service residents, businesses, industries, farm & open space, or a combination. If the answer is a combination, get a percentage breakdown of the actual dollar amount you have on your spreadsheet into the land use categories. Use records of department activities, if available, or a detailed breakdown department expenditures by subcategory. If documentation is not available, use the judgment of the person you are interviewing. If all else fails, use the fall-back percentage of assessed value by land use (determined in step 2) after confirming with the department head that this is the best estimate available. (See *Allocating Expenditures* on p.15-17 of guide)

**6) Final meeting with Finance Manager–**

- Resolve any remaining questions about allocations
- Ensure that all relevant revenues and expenditures are included in the analysis (water, sewer, volunteer fire departments, grants, etc.)

**7) Finish entering information onto spreadsheet –**

- Make sure the dollar amount for all line items (rows) has been allocated across the land use categories according to the correct percentage and sums to the total.
- Make sure that total revenues and total expenditures include all line items and match the totals given on the budget document.
- Check to make sure all you assumptions are consistent

**8) Calculate Final Land Use Ratios**

- For each land use category, divide total expenditures into total revenues to get the cost per dollar of revenue.

**9) Develop Final Report**

- Final Draft
- Internal Review
- Client Review
- Incorporate client comments
- Final Review
- Print, bind and mail final report

**10) Presentation of Findings**

- Develop power point slide
- Work with client to set up meeting, press, and handouts
- Present findings, answer questions