

SDTMD

General accounting clarifications

Cost Allocation

3.5.1 (k): A cost allocation methodology shall be approved periodically by the Corporation and made known to its contractors to be used in determining eligible direct, indirect and general & administrative expenses and appropriate per diem, travel, and overhead rates.

The cost allocation methodology approved by the Corporation shall be modeled on OMB Circular A-122 (or successor document) currently 2CFR Part 230.

Specific requirements:

1. SDTMD requires general and administrative costs and other indirect costs to be pooled for allocation for contractors requesting assessment funds to support indirect costs.

Overhead pool: basis of allocation: modified total direct cost base. This methodology requires overhead costs to be pooled and allocated to program costs based on total program direct costs modified by removing certain direct costs from the denominator such as subcontractor and media buys, that if not removed would result in an inequitable allocation of overhead to programs: overhead supports direct labor.

2. Overhead pool/G&A includes costs associated with facility and costs associated with corporate governance. Such items are to be accumulated in the overhead cost pool. Overhead costs include:
 - a. Facility costs including but not limited to rent, utilities, and repair and maintenance, telephone. Excluding rent/facility costs directly related to satellite offices that don't support the organization as a whole.
 - b. Professional services including Legal, Accounting and business consultants
 - c. Executive compensation for CEO, CFO,
 - d. Administrative compensation
 - e. Depreciation
 - f. Corporate compliance expenditures: licenses, fees, income taxes
 - g. Office supplies
 - h. Liability insurance
 - i. Hospitality supplies/kitchen supplies provided for the benefit of employees.
 - j. Employee morale/entertainment
 - k. Training
 - l. Supervision
 - m. Recruitment

3. Modifications/exclusions/unallowable costs:
 - a. Idle facility costs
 - b. Compensation package in excess of standard industry practice
 - c. Late fees, interest, citations, penalties
 - d. Donations
 - e. Tangible personal property such as furniture and equipment.
 - f. Lobbying/political contributions
 - g. Alcohol
 - h. Sponsorships, travel, meals, lodging, or entertainment expenses unless directly attributable to providing district programs and authorized by Corporation in advance.
 - i. Any expenditure that has been or may be properly charged to a funding source other than District assessment funds.
 - j. Local advertising/marketing
 - k. Airfare in excess of coach rates
 - l. Any promotional materials that do not properly include the following language: Funded in part (or in whole) by the San Diego Tourism Marketing District Corporation with City of San Diego Tourism Marketing district Assessment Funds.
 - m. Any other unallowable expenses as defined in the contract agreement.

Direct Costs

Direct costs are those that can be identified specifically with a particular final cost objective. Direct costs are charged directly to programs.

Allowable direct costs that can be identified to more than one program are to be prorated individually as direct costs using a base most appropriate to the particular cost being prorated. These costs are considered to be joint costs and only the portion of the cost that is attributable to TMD program objectives and TMD hotels can be charged to TMD. The portion of a joint cost that benefits other members or non TMD properties cannot be charged to TMD.

Costs associated with the organizations non-administrative direct labor cost can be charged as direct program expenses proportional to time spent directly on SDTMD programs. Costs considered to be part of the overall employee compensation package include the following:

- a. Gross pay
- b. Payroll tax
- c. Workers' compensation insurance
- d. Health insurance for employees
- e. Contributions to qualified retirement plans

Per Diem Travel

3.5.1 (m) District funds are applied using the US General Services Administration rates (GSA rates) per day, per person, for meals, incidentals, and lodging while on official travel (when the provision for travel is required in order to perform obligations under the agreement).

Modifications to GSA guidelines:

a. Taxi, parking, vehicle rental will be considered as incidental costs and included in the per diem rates. Exception: Vehicle rental that is paid in lieu of airfare or when the vehicle is driving between meetings with clients/potential clients.

b. Contractor may request double the standard GSA rate using the standard rate or single rate for high/low cost locations.

c. When employee is a conference attendee or attending working sales lunches/dinners contractor is not required to reduce the per diem amount of attending employee.

d. First day and last day of travel: 75% of either doubles the standard GSA rate or single rate for high/low cost locations.

d. Substantiation of incurred travel costs:

1. Conferences: proof of registration, conference itinerary, travel itinerary to include airline receipts, and GSA report to support amount being requested, credit card bill and/or expense report.

2. Sales Missions: itinerary, location and clients visited, agenda and calendar, gas receipts (if rental) or mileage log if using a personal vehicle.

3. FAMS and Site Visits: car rental receipts, gas receipts, list of clients and agenda, site visit itinerary, airline receipts/itineraries if applicable for reimbursement.

Other requirements

1. Contractors to remit reconciliation packages/budgets using SDTMD's template and chart of accounts.
2. Explanation required on any submitted item in which the invoice is not self explanatory.
3. Any calculation shown on invoice reducing the amount requested needs to include explanation of methodology or rationale for determining cost.
4. Unclear, unexplained, or unsubstantiated reconciliation report items will be removed from submission and allowed to be resubmitted within the time period established in the contract.
5. Expenses incurred older than 60 days are not considered eligible for reimbursement without prior approval and extenuating circumstances.