

BARREN RIVER AREA DEVELOPMENT DISTRICT

COST ALLOCATION PLAN

FISCAL YEAR

2021

TABLE OF CONTENTS

	Page
I. Introduction	1
II. Fiscal Management Summary	2
III. Operating Policies	4
IV. Work Elements	4
V. Chart of Accounts	6
VI. Books of Entry	9
VII. Cost Allocation Policy	9
VIII. Supporting Documentation	12
IX. Summary Schedule of Programs of the Most Recent Audited Year	13
X. Indirect Cost Allocation of the Most Recent Audited Year	14
XI. Certificate of Indirect Costs	15
XII. Organizational Chart	16

I. INTRODUCTION

The Barren River Area Development District (BRADD) is a special district of local government established under KRS 147A. In addition to authorization by the General Assembly, the BRADD has been designated as an Economic Development District by the Economic Development Administration and Local Development District by the Appalachian Regional Commission. Funding for the activities undertaken through these designations is administered through the Joint Funding Agreement (JFA) by the Department for Local Government (DLG). The BRADD also serves as the grant recipient/administrative unit for the Area Agency on Aging and Independent Living.

Through contractual relationships with Federal, State and Local governments, BRADD provides services in a variety of other areas. For instance, BRADD serves as contract agent for Regional Transportation Planning, Regional Transit Planning, Water and Wastewater Planning for the Kentucky Infrastructure Authority, Hazardous Mitigation Planning and Implementing for Kentucky Emergency Management and FEMA, and GIS/GPS services for various agencies. The BRADD also operates a Revolving Loan Fund program.

For the upcoming fiscal year, it is expected that the BRADD will administer about 60 individual programs/elements funded by federal, state and local sources. The number of programs/elements may change during the course of the year due to unexpected new grants and programs.

The number of programs and the variety of funding sources that are administered by the BRADD necessitates that a financial management system that is efficient and equitable has been developed to ensure that fairness in the distribution of costs is achieved. This Cost Allocation Plan has been developed to meet that need.

The Plan has been developed to comply with the relevant cost principles established in 2 CFR Part 200. In addition, App. VII of part 200, Section D.1.b of Uniform Guidance which reads: "A governmental department or agency unit that receives more than \$35 million in direct Federal funding must submit its indirect cost rate proposal to its cognizant agency for indirect costs. Other governmental department or agency must develop an indirect cost proposal in accordance with the requirement of this Part and maintain the proposal and related supporting documentation for audit. These governmental departments or agencies are not required to submit their proposal unless they are specifically requested to do so by the cognizant agency". Economic Development Administration (EDA), who serves as BRADD's cognizant agency, confirms that BRADD is not required to submit Indirect Cost Allocation Plan (CAP) due to receiving less than \$35 million in annual cumulative direct Federal funding. The plan is developed according to the Uniform Guidance and maintained for audit.

II. FISCAL MANAGEMENT SUMMARY

The Board of Directors of the Barren River Area Development District has established a goal of fiscal management which embodies complete integrity, absence of waste, overall fairness, and practicality. In support of this goal, the Board has adopted Administrative Policies and stipulated independent accountant technical assistance, as needed, in addition to the independent audit. The BRADD's Executive Committee also meets quarterly to review and approve all accounts payable and credit card expenditures. Changes in personnel are also reported to the Committee at these meetings. As a management policy, the District will utilize the JFA Administrative Handbook FY 2021 issued by the Department for Local Government as a guide to Joint Funding Agreement Participation.

The basic parts of JFA Fiscal Management are:

- Written operating and accounting procedures
- Formal books of entry
- Authorized budgets
- Documentation supporting expenditures

To improve the capability of the ADD to manage its operations, the management process has been adapted for computer processing of accounting information. The BRADD utilizes Accufund, software specifically developed for grants management by local governments. These computing capabilities allow staff to charge costs to the appropriate funding source in an efficient manner.

This plan is reviewed and approved by the BRADD's Executive Council. The budget and all related computations are subject to change. Some operating expenses may change. The Council will be advised of changes necessitating budget revisions during the fiscal year.

These changes are not reflective of whims of the ADD. Participating federal agencies can guarantee funds only after authorized and appropriated by Congress, which may not act before the end of the first quarter. The Congressional authority may be affected by Presidential rescission. Similarly, the Governor may find it necessary to alter funds appropriated by the General Assembly to meet the Constitutional mandate for a balanced budget. The State budget process may be delayed. New programs may be developed.

As of this writing, this Cost Allocation Plan contains more than 60 work elements. Five of the elements are in the Joint Funding Agreement subject to supervision by the Department for Local Government. Most of the remaining elements reflect agreements through other instrumentalities. However, all elements are included in this plan and subject to the same constraints to assure fairness, integrity, and practicality of management.

Essentially, the plan equitably distributes to each work element the staff necessary to accomplish scheduled tasks. The assignment includes other direct costs, including salary, benefits, and travel costs of assigned professional staff. (Some personnel costs such as unemployment insurance, pension administration and others are treated as indirect costs for practicality.)

An employee's annual leave earned during the fiscal year will be charged to the work elements to which the employee is assigned, in the same manner as holidays are allowed. The accrued value of unused annual leave earned by employees is accounted for through annual leave payable. The funds will be accessed for the cost of paying for employee leave or to pay departing employees for any unused leave. This accrual policy has been established with guidance from Uniform Guidance.

The following four points have been adopted by the BRADD Board of Directors as the Administrative Policy for Financial Management.

1. Financial Control - The policy of the Barren River Area Development District shall be to receive, hold, and disburse all funds by means assuring the maximum security and efficiency. To the extent fiscally feasible, duties shall be separated so that no individual has complete authority over an entire financial transaction. Employees involved in financial transactions shall be bonded. The systems for fiscal control shall provide for periodic reports from auditable records. The District shall prepare annually a Cost Allocation Plan, which shall reflect work elements and methodology of the fair distribution of direct and indirect costs.
2. Receipts and Disbursements - The Executive Director or the Executive Assistant shall be responsible for opening mail, listing checks with the Records Administrator, making a copy of the checks and delivering checks to the Finance Assistant, who shall use a remote scanner to electronically send deposits to the bank for same day deposits. EFT wires shall be verified and recorded by a Finance Officer. All deposits shall be recorded as a credit to the proper elements. A Finance Officer shall review all checks for payment of appropriately documented obligations. The Finance Officer shall log all checks, which have 2 digitized approved signatures, with the Records Administrator before mailing. The Executive Director shall be responsible for the review of check registers. When funds are transferred electronically, i.e. for payroll, records of the transaction must be maintained and approved by Executive Director or designated staff.
3. Accounting System and Records - The accounting system shall provide the information required to meet all contractual reporting requirements. All entries in the accounting records with supporting documentation shall be reviewed by Finance officers other than the one who prepares and records those. Payments shall be cross-referenced to supporting documents. The imprest petty cash fund shall be accounted for in a ledger maintained by the Finance Officer. Bank statements shall be reconciled monthly.

4. Travel - Travel shall comply with regulations set forth in contracts agreed to by the Board of Directors, or pursuant to By-Laws and Policies approved by the Executive Council on behalf of the Board.

III. OPERATING POLICIES

The Board of Directors has adopted operating policies, which consist of the following.

Personnel Policies
Procurement Policies
Travel Policies for Staff and Board members
Credit Card Policies
Investment Policies
Open Records Policies
Fraud/Conflict of Interest Policies

IV. WORK ELEMENTS

JFA ELEMENTS

1200 Community and Economic Development
1250 Community Development Block Grants
1300 Appalachian Regional Commission
1400 Management Assistance
1500 Program Administration

NON JFA ELEMENTS

1100 Regional Support
1520 Revolving Loan Fund Administration
1600 Water Management Planning
1700 Regional Transportation Planning
1710 Federal Transit Administration-Regional Planning
1720 Simulator Training
175X Center Lines
2xxx Local Contracts
3100 Aging general
3300 Mental Health & Aging
3400 Aging-Title IIIB- Supportive Services

3401 Aging-Title III C1-Supportive Services
3402 Aging-Title III C2-Supportive Services
3403 Aging-Title IIID
3404 Aging-Title IIIE-Supportive Services
3405 Aging-Title VII Elder Abuse
3406 Aging-Title VII Ombudsman
3407 Aging-Title IIIB-Ombudsman
3420 Aging-Title III Supportive Services Case Manager
3450 Aging-Title III E Case Manager
3490 Aging-Aging & Disability Resource Center
3500 Aging-State Health Insurance Program
3510 Aging-State Health Insurance Program-Training
3520 Aging-State Health Insurance Program Case Management
3530 Aging-Medicare Improvement Patient and Provider Act-Ship-Jul-Sep
3531 Aging-Medicare Improvement Patient and Provider Act-Ship-Oct-Jun
3535 Aging-Medicare Improvement Patient and Provider Act-ADRC-Jul-Sep
3536 Aging-Medicare Improvement Patient and Provider Act-ADRC-Oct-Jun
3540 Aging-Medicare Improvement Patient and Provider Act- AAA-Jul-Sep
3541 Aging-Medicare Improvement Patient and Provider Act- AAA-Oct-Jun
3550 Aging-Functional Assessment Services Team
3600 Aging-Homecare Program
3610 Aging-Homecare Case Manager
3650 Aging-Personal Care Attendant Program
3660 Aging-Personal Care Attendant Program Case Manager-Coordination
3670 Aging-Personal Care Attendant Program Case Manager- Evaluation
3800 Aging-State Long Term Care Ombudsman
3850 Aging-Nutrition Services Incentive Program
3900 Participant Directed Services
3920 Participant Directed Services -Goods & Services
3950 Veterans Directed Care Services

V. BARREN RIVER AREA DEVELOPMENT DISTRICT

CHART OF ACCOUNTS

1000	Cash
1050	Petty Cash
1202	CD-Local Edmonton State
1205	CD-Local American Bank & Trust
1206	CD-Local- Independence Bank
1207	CD-Local-South Central Bank
1300	Accounts receivable
1310	Allowance for Bad Debt
1400	Prepaid
1512	Note receivable Steamer
1513	Note receivable Anthurium
1700	Fixed Assets
1705	Fixed Asset-Local
1706	Fixed Asset - Ford Escape
1708	BRDC Building
1709	BRDC Comp Equip
1710	BRDC Office Equip
1711	BRDC Land
1712	Fixed Asset – 2018 Honda CRV
1713	Fixed Asset – 2016 Honda CRV
1800	Accumulated Depreciation
1806	Accumulated Depreciation-Ford Escape
1808	Accumulated Depreciation-BRDC Bldg.
1809	Accumulated Depreciation-BRDC Comp Equip
1810	Accumulated Depreciation-BRDC Office Equip
1812	Accumulated Depreciation-2018 Honda CRV
1813	Accumulated Depreciation-2016 Honda CRV
1999	Due To/From
2000	Accounts Payable
2150	Annual Leave Payable
2200	Salary Payable
2300	Fed Tax Payable
2310	Medicare Tax Payable
2320	FICA payable
2330	State Tax Payable
2340	City Tax Payable
2350	County Tax Payable
2355	Occupational Tax payable
2400	Health Insurance Payable
2410	HRA Payable
2411	HSA Payable
2415	HRA Admin Payable
2420	Dental Ins Payable

2430	Vision Ins Payable
2440	Aflac Payable
2441	United Way Payable
2442	MASA payable
2445	Allstate Payable
2450	Disability Payable
2460	Life Insurance Payable
2461	Life Insurance Voluntary Payable
2480	CERS Payable
2481	Employee Health Contribution Payable
2490	401 (K) Payable
2495	Roth 401k Payable
2500	Unearned Revenue
2999	Accrued payroll
3000	Fund Balance
3500	Investment in Fixed Assets
4000	Revenue-Federal
4100	Revenue-State
4150	Revenue-State-Unmatched
4200	Revenue-Local
4300	Revenue-Other
4305	Vehicle Revenue-Local
4400	Revenue-Program Income
4412	Interest Revenue – Steamer Seafood
4413	Interest Revenue – Anthurium
4500	Revenue-Interest Income
4600	Revenue-Investment Income
4700	Revenue-In-Kind
5000	Transfer In
6000	Direct Salary
6100	Direct Burden
6150	Direct Annual Leave
7000	Transfer Out
7100	Direct Professional Exp.
7200	Direct Travel
7210	Direct Vehicle
7230	Direct Board Travel
7300	Direct Staff Training
7405	Direct Advertising
7415	Direct Dues/Subscription
7420	Direct Insurance
7425	Direct Marketing Expense
7430	Direct Meeting Expense
7432	Direct Annual Meeting Exp.
7435	Direct Phone/Fax
7440	Direct Postage
7445	Direct Printing/Copying
7450	Direct Supplies
7455	Direct Miscellaneous

7460	Direct Data Technology
7500	Direct Space Rent
7550	Direct Equipment
7560	Direct Furniture Rent
7600	Direct Contractual Services
7610	Direct Contractual Travel
7620	Direct Intern
7640	Direct Audit Fee
7650	Direct Legal
7700	Direct Equipment Rent
7770	Depreciation Expense
7705	Vehicle Expense-Local
7800	Interest Expense
7801	Debt Service-Principal
7802	Debt Service-Interest
7900	Dir Bad Debt Expense/Recovery
8000	Indirect Salary
8100	Indirect Burden
8150	Indirect Annual Leave
8200	Indirect Travel
8210	Indirect Vehicle
8300	Indirect Staff Training
8405	Indirect Advertising
8410	Indirect Bank Charge
8415	Indirect Dues/Subscription
8420	Indirect Insurance
8430	Indirect Meeting Expenses
8435	Indirect Phone/Fax
8440	Indirect Postage
8445	Indirect Printing/Copying
8450	Indirect Supplies
8455	Indirect Miscellaneous
8460	Indirect Financial Data Technology
8465	Indirect Pension Management
8500	Indirect Space Rent
8510	Indirect Bldg. Depreciation Exp.
8600	Indirect Contractual Services
8610	Indirect Contractual Travel
8620	Indirect Intern
8630	Indirect Intern Travel
8640	Indirect Audit Fee
8650	Indirect Legal
8700	Indirect Utilities
8710	Indirect Janitorial Service
8720	Indirect Bldg. Supplies
8730	Indirect Bldg. Maintenance
8740	Indirect Auto Exp.
8770	Indirect Building Rent
8900	Indirect Cost

VI. BOOKS OF ENTRY

The BRADD maintains computing software to record and calculate information for BRADD financial management. The accounting software package – Accufund, developed for the computer includes the following modules:

- (1) Accufund Accounting Suite
- (2) Automation Workbench
- (3) Payroll
- (4) Human Resources
- (5) Employee Portal
- (6) Employee Portal self Service

VII. COST ALLOCATION POLICY

Essentially, those personnel and other costs incurred only because of the work element, and which may be readily and accurately ascribed to that element, are charged as direct costs. All other costs are charged indirectly when it is impractical to charge them directly to a cost objective without a disproportionate amount of effort or the cost is incurred for a common or joint purpose benefitting more than one cost objective. The indirect costs are distributed proportionately based upon an established methodology.

1. Salary - Work time of regular full-time, part-time, temporary, or seasonal staff is charged as a Direct Cost to the program element(s) in which they have assigned responsibilities or to which their work is deemed beneficial. Work time of employees that benefits more than one work element and the allocation of time to direct charge would require an inordinate amount of effort are charged to indirect costs.
2. Personnel Burden - All employees' benefit costs specifically related to an employee are charged in the same manner as that employee's salary, either direct or indirect. Some burden costs are general and cannot be specifically related and are charged as indirect.
3. Staff Travel/Training - The regular full-time, part-time, temporary, or seasonal staff charged directly to work element(s) will have their travel costs charged accordingly. Travel costs for indirect staff time will be charged to the indirect cost pool. Mileage and per diem follow 200 KAR 2:006.
4. Board Training - Training recommended for BRADD Board to increase the knowledge of officials to further the goals of the BRADD will be charged to the general fund. Mileage

- and per diem will be reimbursed following 200 KAR 2:006.
5. Other Travel - Costs or required reimbursements for other travel such as council members/other board members will be charged as a direct cost to the work element to which the activity is assigned.
 6. Other – Other costs, including but not limited to: communications, printing, postage, equipment and supplies, will be charged as direct costs when possible. Other costs that cannot be readily identified to an individual program will be charged as indirect.
 7. Building cost/Rent – Office space, equipment and furniture depreciation, building insurance, utilities and routine operational costs such as janitorial and general maintenance of the main office building will be charged as indirect.
 8. Insurance – General and public officials’ liabilities, workers compensation, bonding, and other exposures are considered indirect costs.
 9. Services and fees - General services of benefit to all ADD programs, such as indirect audit costs, general legal advice, office supplies, pension management fee, and staff development programs, are costs that are shared as an economical and rational management methodology. It will be in the scope of the Independent Auditor to determine that such costs are allowable, appropriate, and shared properly.
 10. Other In-Kind - In-kind contributions of services from outside agencies or personnel may be utilized as a match for certain programs provided that the value of the services is substantiated in an appropriate manner.

All additional costs, which are not identified above, may be charged as indirect costs, unless prohibited by federal regulations.

Determination of Indirect Cost Methodology

The determination of BRADD’s indirect costs is based upon the State, Local, and Indian Tribe Indirect Cost Proposals (Uniform Guidance). The specific indirect cost methodology used is set forth in Appendix VII, Part 200, and Section F3 which reads:

“Indirect Cost Allocations Not Using Rates: In certain situations, governmental departments or agencies (components of the governmental unit), because of the nature of their Federal awards, may be required to develop a cost allocation plan that distributes indirect (and, in some cases, direct) costs to the specific funding sources. In these cases, a narrative cost allocation methodology should be developed, documented, maintained for audit, or submitted, as appropriate, to the cognizant agency for indirect costs for review, negotiation, and approval.”

BRADD programs and funding awards sometimes begin or end in the middle of the basis period, the time during which costs are incurred and accumulated for allocation. Due to the nature of these awards, the BRADD chose this methodology since it is the appropriate, most equitable, and most accurate manner to allocate our indirect costs. By using this methodology, actual indirect costs are charged throughout the year to the funding sources instead of using an amount established through a predetermined rate. Cumulative indirect costs are therefore allocated on a monthly basis, eliminating the need to reallocate adjustments in another basis period.

A Summary Schedule of Programs and Indirect Cost Calculation sheet for the most recent audited year are included to illustrate the indirect cost methodology.

Process for Indirect Cost Allocation

Indirect cost pools are established containing all identified costs to be allocated. The basis for indirect cost allocation is the cumulative year to date direct salary and burden (excluding annual leave). The cumulative year to date indirect cost pools are allocated to each element based on percentage of year to date salary and benefits of that element to the total year to date direct salaries and benefits of all active participating elements. If an element is closed during the fiscal year, it becomes inactive and its salary and benefits is not counted toward the basis for indirect cost allocation. The indirect cost that has been allocated to it is also excluded from the indirect cost pool for allocation from the point it became inactive.

BRADD is currently utilizing one indirect cost pool. The cost pool represents indirect costs that benefit all programs/elements and would be impractical to charge them directly. Those costs are, but not limited to, indirect salaries and benefits, travel, audit and legal, telephone, supplies, insurance, postage, printing, accounting software, computer support and maintenance, dues, depreciation charges (if any) for the building, utilities, janitor, building supplies and maintenance and any other costs that benefit more than one program/element.

The indirect cost pools are monitored to ensure that those expenses that can be direct charged are not included.

VIII. SUPPORTING DOCUMENTATION

All expenditures are supported by required authorizations and documentation prior to payment. Procedures and policies, with required forms, have been adopted and are available in the BRADD Administrative Policies Handbook and the financial internal control policies. The following is a summary of the required forms and processes used to support payment.

Employee Timesheet- Time sheets are prepared and signed by each employee for each semi-monthly pay period to denote their work in that period for the various elements. The form is then submitted to the employee's immediate supervisor or designee for review and signature. The employee then submits the time sheet to the appropriate Finance Officer who shall review the form for possible errors or omissions. After review, the time sheet is used to process payroll and to enter the employee's time into the proper work element.

Travel Form - A travel form is prepared and submitted semi-monthly by employees or Board members claiming reimbursement for incurred travel expenses. The form is certified by the claimant, reviewed and signed by the employee's immediate supervisor or designee and reviewed by a Finance Officer for compliance with policies, errors and/or omissions.

Credit Card Form - Credit cards are issued to staff that travel on a regular basis. For those employees that do not travel as often, a card is available for checkout on an as needed basis. Policies have been established for eligible uses of credit cards. Credit card forms, with original receipts, must be submitted to the Finance Officer for review of the eligibility of the costs and for errors and/or omissions on monthly basis. The Executive Director reviews and approves credit card statements on a monthly basis.

Other documents- Other supporting documents including, but not limited to, invoices, payment request, contracts, packing slips etc. are reviewed by Finance Officer before payments can be made.

IX. BARREN RIVER AREA DEVELOPMENT DISTRICT
Summary Schedule of Programs
For the year ended June 30, 2019
PROGRAMS

	<u>General Fund</u>	<u>JFA and Non JFA</u>	<u>Aging</u>	<u>PDS</u>	<u>VDS</u>	<u>Revolving Loan Prog</u>	<u>Total</u>
Salaries	10,204	242,849	402,645	395,129	905	2,135	1,053,867
Benefits	4,022	96,051	174,933	173,656	405	779	449,846
Annual leave	542	14,263	25,534	21,577	90	129	62,135
Travel & Training	4,459	23,713	20,985	25,423	105	157	74,842
Other Costs	112,220	22,663	34,536	48,532	750	25,395	244,096
Contractual Services	1,200	-	15	1,254	-	-	2,469
Program Services	24,730	8,145	2,418,623	4,166,592	7,084	-	6,625,174
Indirect costs	5,049	120,406	205,150	201,888	465	1,035	533,993
Total expenditures	<u>162,426</u>	<u>528,090</u>	<u>3,282,421</u>	<u>5,034,051</u>	<u>9,804</u>	<u>29,630</u>	<u>9,046,422</u>

Barren River Area Development District
JFA and Non-JFA
Statement of Indirect Costs
For the Year Ended June 30, 2019

	<u>Indirect Cost</u>	
Salaries and benefits	316,386	
Travel	15,554	
Audit and Legal	38,866	
Pension Management	1,225	
Telephone	6,808	
Supplies	8,142	
Insurance	39,615	
Postage	2,263	
Printing	1,340	
Dues and Subscription	984	
Computer support and Maintenance	22,251	
Other	427	
Depreciation	5,138	
Utilities	28,391	
Building Maintenance and Janitorial	<u>46,602</u>	
Total	<u>533,993</u>	
Allocation basis: Total direct salary and benefits	1,503,713	36%

**Certificate of Indirect Costs
For State & Local Governments and Indian Tribes**

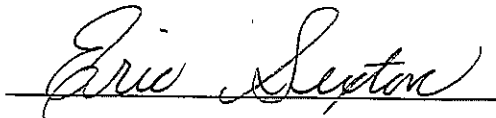
This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

- (1) All costs included in this proposal 04/29/2020 to establish billing or final indirect cost rates for fiscal year 2021 are allowable in accordance with the requirements of the Federal award(s) to which they apply and the provisions of 2 CFR Part 200 Subpart E-Cost Principles. Unallowable costs have been adjusted for in allocating costs as indicated in the indirect cost proposal.
- (2) All costs included in this proposal are properly allocable to Federal awards on the basis of a beneficial or causal relationship between the expenses incurred and the agreements to which they are allocated in accordance with applicable requirements. Further, the same costs that have been treated as indirect costs have not been claimed as direct costs. Similar types of costs have been accounted for consistently and the Federal government will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: Barren River Area Development District

Signature:



Name of Official (printed): Eric Sexton

Title: Executive Director

Date of Execution: 04/29/2020

This certification:

- Is a requirement per 2 CFR Part 200 Subpart E Subsection 200.415 and Appendix VII Section D.3.;
- Must be submitted as part of the annual indirect cost rate proposal; and
- Must be signed on behalf of the non-Federal entity by an individual at a level no lower than vice president or chief financial officer of the organization.

