

# **BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.**

## **COST ALLOCATION PLAN**

**FISCAL YEAR 2023**

**July 1, 2022 - June 30, 2023**

**699 Perimeter Drive**

**Lexington, KY**

**EIN# 61-0725990**

**Contact: Jacqueline Vaught, CFO**

**Email: [jvaught@bgadd.org](mailto:jvaught@bgadd.org)**

**Phone: 859-269-8021**

**Fax: 859-269-7917**

**Website: [www.bgadd.org](http://www.bgadd.org)**

## I. INTRODUCTORY STATEMENTS

### A. Introduction

The Bluegrass Area Development District Board is dedicated to providing basic services to the social, economic and physical development of a 17 county region. It is with this concept in mind that the Bluegrass Area Development District Board of Director's submits its FY2023 Cost Allocation Policy.

Following the procedures set forth by the Department for Local Government, 2 CFR Part 200 formerly 2 CFR Part 225 (OMB Circulars A-87), KRS 147.050 and A-133, contained herein is the Cost Allocation Plan for Fiscal Year 2023.

### B. Operating Policies

The Board of Directors of Bluegrass ADD has adopted operating policies covering the following topics:

- Personnel Policies
- Purchasing and Procurement Policies
- Recruitment and Hiring Procedures
- Board, Executive Director and Staff Travel Policies
- Policies and Procedures on Contracting
- Policy on Cash Management and Investments
- Policy on Meeting Expenses
- Policy on Credit Cards
- Whistleblower Policy
- Conflict of Interest Policy

### C. Other

Bluegrass Area Development District uses a computer system for accounting tasks. This system is designed to provide the ADD with more efficient and accurate accounting, personnel and financial information.

Data is entered from time sheets, expense allocation/approval forms and deposit records into the accounting system. Other data is updated as information is received.

## II. WORK ELEMENT AND GRANT ROSTER FY23

### Grant # Account Description

11210	Computer Services - Scott	53071	Adult Admin 270AD22
11220	Lake Village Water IT	53091	Adult Admin 273AD21
12010	Nicholasville Video	53112	Adult Program 271DW20
12011	Nicholasville Video Recording	53113	Adult Program 271DW21
12030	Flemingsburg Video	53114	Adult Program 270AD22
12060	Audiovisual Services	53115	Adult Program 273AD22
13010	Nicholasville PD Website	53140	Adult Program 271DW17
16060	Anderson Planning TA	53141	Adult Program 273AD19
21639	Judy Creek Trail RTP - Stanton	53151	Adult Program 270AD20
21651	Gtown/Scott Sewer KIA SX9012	53161	Adult Program 273AD20
21663	Millersburg Military Inst CDBG	53171	Adult Program 271DW19
21670	Lincoln US 127 Sewer Ph 2 KIA	54021	DW Admin 272DW20
21678	Bourbon Bedford Acres KIA	54031	DW Admin 271DW20

21684	Estill Mack Theatre CDBG	54041	DW Admin 272DW21
21685	Bourbon AgTech Scientific CDBG	54051	DW Admin 271DW21
21686	Wilmore Granary Stabiliz CDBG	54060	DW Admin 271DW16
21693	Stanton CDBG/ARC I/I	54061	DW Admin 272DW22
21694	North Mercer Water CDBG	54071	DW Admin 271DW22
21695	Bourbon YMCA Teen Act Ctr CDB	54111	DW Program 271DW19
21701	Lancaster Sewer Impr Proj CDBG	54121	DW Program 272DW20
21705	Berea Walnut Meadow Pump CDB	54131	DW Program 271DW20
21706	Stanton Water Improvements Pro	54141	DW Program 272DW21
21707	Estill Co ECWD KIA	54151	DW Program 271DW21
21712	Lincoln SD CDBG	54161	DW Program 272DW22
21721	Lincoln McKinney WD KIA	54180	DW Program 271DW17
21725	Midway CDBG Bluegrass Dist.	56070	Youth Admin 274YT20
21733	Hazard Mitigation Plan Update	56080	Youth Admin 274YT21
21734	Wilmore Tank Rehab Proj KIA	56090	Youth Admin 274YT22
21735	City of N Middletown Fire Stat	56170	YOS Program 274YT20
21736	Ravenna FEMA Stormwater Desig	56180	YOS Program 274YT21
21800	Estill Co Fiscal Court ARPA	56190	YOS Program 274YT22
21801	City of Irvine ARPA	57170	YIS Program 274YT20
21802	Jessamine Co Fiscal Court ARPA	57180	YIS Program 274YT21
21803	Bourbon Co Fiscal Court ARPA	57190	YIS Program 274YT22
21804	City of Stanton ARPA	58050	Youth Summit
21805	City of Ravenna ARPA	58060	MCSI
21806	Nicholas Co Fiscal Court ARPA	58070	Workforce Summit
21807	Harrison Co ARPA Admin	58080	WellCare Works
21808	Harrison Co ARPA Admin	58090	Isaiah House
21809	City Of Harrodsburg ARPA Admin	71200	JFA 120 EDA
21810	City of Berea ARPA Admin	71250	JFA 125 CDBG/Gr Writing/Proj D
21811	N. Middletown ARPA Admin	71300	JFA 130 ARC
21812	City of Winchester ARPA	71400	JFA 140 Public Admin
21813	Anderson County ARPA Admin	71500	JFA 150 Committees
21814	City of Crab Orchard ARPA	71600	EDA Cares
21815	City of Lancaster ARPA	80010	Mapping Assistance
21816	City of Wilmore ARPA	82240	Anderson GPS E911
21817	Lincoln Co Fiscal Court ARPA	82250	Jessamine Co GIS Reapportionme
22000	KIA 409 Council	83060	Madison County PVA Mapping
22300	Franklin Co Planning Assistanc	85090	KYTC Local Roads Anderson
23010	Berea KIA WX21151040	85100	KYTC Local Roads Bourbon
25140	Office of Local Defense Comm	85110	KYTC Local Roads Boyle
30000	Transportation	85120	KYTC Local Roads Clark
39000	GIS Transportation	85130	KYTC Local Roads Estill
40000	Homecare	85140	KYTC Local Roads Franklin
42000	Title III	85150	KYTC Local Roads Garrard
42030	Title III C1	85160	KYTC Local Roads Harrison
42040	Title III C2	85170	KYTC Local Roads Jessamine
42050	Title III-D (note 1)	85180	KYTC Local Roads Lincoln
42060	Title III B Ombudsman	85190	KYTC Local Roads Madison
42250	Title VII-Elder Abuse	85200	KYTC Local Roads Mercer
42400	CMS SHIP	85210	KYTC Local Roads Nicholas
42420	Aging - Med ADRC No Wrong Doo	85220	KYTC Local Roads Powell
43500	Consumer Directed Options	85230	KYTC Local Roads Scott
46000	Title VII Ombudsman	85240	KYTC Local Roads Woodford
46010	LTC Ombudsman State	85302	Danville Mapping Agreement
47000	NSIP USDA	85407	Powell Clerk's Web Map
48020	PDI Non-Medicaid ADRC	85423	Danville E911 Maps & Data Coll
48030	ADRC	85424	Nicholas/Carlisle E911
48040	CDC	85425	Homeland Security Geo Audits

48050	Aging - FAST	85426	Franklin Co E Government
48100	Aging MIPPA-SHIP	85431	Danville Boyle P&Z Mapping
48110	Aging MIPPA-AAA	85432	Cynthiana GPS
48120	Aging MIPPA-ADRC	85433	Danville E911 TA
49000	Family Caregiver-E	85437	Estill Co E911
49500	BMH Aging Coalition	85439	Powell E911
49640	Humana - Emergency HDM	85440	UMAST Upgrade
49700	PCHP Community Care Anthem M	88000	KIA GIS
50050	Computer Coding & IT 273SR20	88100	Jessamine GIS
51120	Trade 205BE19	90000	Dental Office
51130	Trade 205BE20	91000	Non-Grant
52130	NEG Covid 19 258CV20	92000	Comprehensive Plan NG
52131	NEG Covid 19 258CV21	93000	Bluegrass Cat Project
53015	Adult Admin 273AD22	94000	Families 1st Corona Act - Leave

### III. CHART OF ACCOUNTS

The Chart of Accounts is arranged as follows. 100 series account numbers are assets, 200 are liabilities, 300 are revenues, 400 are direct grant expenses, 500 are direct contract pass-thru, 700 and 900 are shared and indirect expenses, and account 820 will not be charged to grants.

#### G/L# Account Description

101	CASH OPERATING	264	BACKGROUND CHECKS - KARES
102	CASH AGING	277	ACCRUED TAX PAYABLE
103	CASH WIOA	290	TENANT DEPOSIT PAYABLE
104	CASH PAYROLL	291	NET PENSION LIABILITY
106	INVESTMENTS MM	292	NET OPEB LIABILITY
107	INVESTMENTS CD	295	DEFERRED PENSION PLAN INFLOWS
109	CASH BLUEGRASS CAT	298	FUND BALANCE
110	CASH CDO PAYROLL	301	FEDERAL REVENUE
112	CASH CDO OPERATING	302	STATE REVENUE
113	CASH TENANT	304	LOCAL REVENUE
114	PREPAID EXPENSE	305	LOCAL MATCH REVENUE
115	A/R FEDERAL	380	LOCAL REVENUE - CONTRIBUTIONS
116	A/R STATE	381	LOCAL REVENUE - INTEREST/OTHER
117	A/R LOCAL	382	LOCAL REVENUE - RENT
118	A/R LOCAL MATCH	383	GAIN/LOSS ON ASSET DISPOSAL
119	A/R OTHER	410	DIRECT SALARIES
120	REIMBURSABLE RECEIVABLE	411	DIRECT SALARIES CDO
126	A/R UNBILLED	420	DIRECT BENEFITS
127	UNAPPLIED CASH ON ACCOUNT	421	DIRECT BENEFITS CDO
151	EQUIPMENT	424	DIRECT ANNUAL LEAVE
152	LEASEHOLD IMPROVEMENTS	426	DIRECT POSTAGE
153	EQUIPMENT MOBILE ONE STOP	428	DIRECT PHONE
154	EQUIPMENT AGING SOFTWARE	430	DIRECT TRAVEL
155	EQUIPMENT GIS SOFTWARE	431	DIRECT COMMITTEE/BOARD TRAVEL
157	EQUIPMENT ACCOUNTING SOFTWARE	433	DIRECT EQUIPMENT PURCHASE
158	EQUIPMENT SOFTWARE	435	DIRECT SUPPLIES
161	ACCUMULATED DEPRECIATION	436	DIRECT COMPUTER SUPPLIES/SOFTW
162	ACCUMULATED AMORTIZATION	440	DIRECT FEES
163	ACCUMULATED DEPRECIATION MOBIL	445	DIRECT LEGAL FEES
164	ACCUMULATED DEPRECIATION AGING	450	DIRECT PRINTING & PUBLISHING
165	ACCUMULATED DEPRECIATION GIS S	460	DIRECT OTHER

167	ACCUMULATED DEPRECIATION ACCOU	461	DIRECT TEMP SERVICES
168	ACCUMULATED DEPRECIATION SOFTW	462	DIRECT MEETING EXPENSE
170	CDO ALLOWANCE FOR BAD DEBT	463	DIRECT PROFESSIONAL DEVELOP
171	LAND	465	DIRECT GIS MILEAGE EXPENSE
172	BUILDING	472	DIRECT EQUIP RENT/MAINT
173	PARKING LOT	490	DIRECT BAD DEBT EXPENSE
174	BUILDING IMPROVEMENTS HVAC	491	RECOUPMENT EXPENSE
175	BUILDING IMPROVEMENTS	497	TENANT BUILDING COSTS
182	ACCUMULATED DEPRECIATION BUILD	501	C/S CONTRACTS
183	ACCUMULATED DEPRECIATION PARKI	505	C/S BOARD STRATEGIC PLAN
184	ACCUMULATED DEPRECIATION BUILD	510	C/S ASSESSMENTS
185	ACCUMULATED DEPRECIATION BUILD	511	C/S PARTICIPANT TRAVEL
195	DEFERRED PENSION PLAN OUTFLOWS	512	C/S PARTICIPANT CHILDCARE
196	DEFERRED OPEB OUTFLOWS	515	C/S FOLLOW UP INCENTIVE
200	ACCOUNTS PAYABLE BLUEGRASS CAT	516	C/S TUITION, FEES, SUPPLIES
201	ACCOUNTS PAYABLE OPERATING	517	C/S MARKETING
202	ACCOUNTS PAYABLE AGING	518	C/S MOBILE JOB CENTER
203	ACCOUNTS PAYABLE WIOA	520	C/S WORK EXPERIENCE OUT
204	ACCOUNTS PAYABLE CDO	525	C/S CAREER CENTER
205	INTEREST PAYABLE AGING	527	C/S INCUMBENT WORKER TRAINING
206	INTEREST PAYABLE WIOA	530	C/S JOB FAIR
207	FICA PAYABLE	535	C/S CHAMBER/ASSOC MEMBER & FEE
208	FEDERAL WITHHOLDING TAXES PAYA	540	C/S EMPLOYERS ASSESSMENTS
209	STATE WITHHOLDING TAXES PAYABL	550	CONTRACT SERVICES CP
210	CITY WITHHOLDING TAXES PAYABLE	570	CONTRACT SERVICES AGING
211	COUNTY SCHOOL TAX PAYABLE	711	INDIRECT SALARIES
212	125 VOUCHER DEDUCTION PAYABLE	721	INDIRECT BENEFITS
213	MISCELLANEOUS WITHHOLDINGS	731	INDIRECT TRAVEL
214	IRS 457 EMPLOYEE WITHHOLDINGS	736	INDIRECT SUPPLIES
215	PENSION CERS EMPLOYEE	741	INDIRECT DUES, FEES, SUBSCRIPT
216	ACCRUED SALARIES	745	INDIRECT LEGAL FEES
217	WELLNESS PAYABLE	751	INDIRECT PRINTING/PUBLISHING
218	AFLAC PAYABLE	755	INDIRECT GIS DEPR
219	VISION INSURANCE PAYABLE	761	INDIRECT OTHER
220	DELTA DENTAL INSURANCE	763	INDIRECT PROFESSIONAL DEVELOPM
221	HEALTH INSURANCE PAYABLE	771	INDIRECT TEMPORARY SERVICES
222	LIFE INSURANCE PAYABLE	775	INDIRECT COMPUTER SUPPLIES/SOF
223	ANNUAL LEAVE PAYABLE	781	INDIRECT BOARD TRAINING
224	HOLIDAY LEAVE PAYABLE	782	INDIRECT EQUIP PURCHASE
225	UNEMPLOYMENT COMPENSATION PAYA	783	INDIRECT EQUIP RENT/MAINT
226	SICK LEAVE PAYABLE	784	INDIRECT INTEREST EXPENSE
227	PENSION NYLIFE EMPLOYEE	786	INDIRECT POSTAGE EXPENSE
228	PENSION CERS EMPLOYER	788	INDIRECT PHONE EXPENSE
229	OWED TO GRANTOR	789	INDIRECT EQUIP DEPRECIATION
230	EMPLOYEE'S COFFEE FUND PAYABLE	790	INDIRECT AUDIT FEES
231	EMPLOYEE'S ASSOCIATION DUES	791	INDIRECT MEETING EXPENSE
232	ACCRUED PAYABLES OPERATING	792	INDIRECT OFFICE INSURANCE
233	ACCRUED PAYABLES AGING	793	INDIRECT COMPUTER SERVICE
234	CREDIT CARDS PAYABLE	820	TRANSFERS
235	UNEARNED REVENUE	925	INDIRECT II BUILDING RENT
236	CREDIT CARDS PAYABLE AGING	930	INDIRECT II JANITORIAL
238	ACCRUED PAYABLES WIOA	932	INDIRECT II UTILITIES ELECTRIC
239	ACCRUED PAYABLES CDO	933	INDIRECT II UTILITIES WATER
241	DANVILLE WH TAX PAYABLE 1%	934	INDIRECT II UTILITIES SEWER
243	RICHMOND WH TAX PAYABLE 2%	935	INDIRECT II GARBAGE/LANDFILL U
246	GEORGETOWN WH TAX PAYABLE 1%	936	INDIRECT II BUILDING SUPPLIES
249	FICA PAYABLE CDO	937	INDIRECT II LANDSCAPING EXPENS

250	FEDERAL WITHHOLDING TAXES PAYA	938	INDIRECT II REPAIRS AND MAINTENANCE
251	STATE WITHHOLDING TAXES PAYABLE	939	INDIRECT II HVAC REPAIRS AND MAINTENANCE
252	CITY WITHHOLDING TAXES PAYABLE	940	INDIRECT II ELEVATOR REPAIRS/MAINTENANCE
253	COUNTY SCHOOL TAX PAYABLE CDO	945	INDIRECT II PROPERTY INSURANCE
254	MISCELLANEOUS WITHHOLDINGS CDO	946	INDIRECT II BUILDING FEES
262	BACKGROUND CHECKS SCL II	955	INDIRECT II DEPRECIATION BUILDING
263	BACKGROUND CHECKS CDO	957	INDIRECT II DEPRECIATION IMPROVEMENT

#### IV. FORMAL BOOKS OF ENTRY

As noted in the Introductory Statement, Bluegrass ADD uses an automated accounting system, CYMA. CYMA contains an Accounts Payable, Accounts Receivable, Purchase Orders, Human Resource, Payroll, General Ledger and a Bank Reconciliation module. This system generates the following reports as needed:

1. **Accounts Payable Journals** - The Detail Invoice Register and Proof Listing (Post Invoices to Accounts Payable) lists each invoice showing to whom it is being paid, the invoice number, a description of the expense, the amount and the account charged. The Accounts Payable Check Register lists the payee's name, check date, check amount and the check number issued.
2. **Detail General Ledger** - Lists each account and the transactions made during the month. Includes beginning balance, transactions during the month, and ending balance.
3. **Summary General Ledger** - Lists each account and summarizes the transactions made during the month. Includes beginning balance, net transactions during the month, and ending balance.
4. **FASB 117 Financial Statements** – Includes Statements of Financial Position, Statements of Activities, Statements of Functional Expenses and Statement of Cash Flows as required by Not for Profit entities.
5. **Income Statements** – Lists each revenue and expense account. Available by accounting period in year-to-date and comparative formats. Available in comprehensive format, by grant or by program.
6. **Balance Sheet** – Lists assets, liabilities and fund balances. Available in detail and sub-type format.
7. **Shared Cost Pro-ration Report (Pool I)** - Shows total direct salary and burden for each grant and the pro-rated percentage.
8. **Shared Cost Allocation Report (Pool I)** - Shows each grants' portion of shared costs in pool I.
9. **Excluded Labor and Burden Report (Pool II)**- Shows excluded total direct salary and burden by grant and employee for staff that reside outside the Bluegrass ADD office at 699 Perimeter Drive.
10. **Shared Cost Pro-ration II Report (Pool II)** - Shows total direct salary and burden for each grant and the pro-rated percentage excluding direct salary and burden for staff that reside outside the Bluegrass ADD office at 699 Perimeter Drive.
11. **Shared Cost Allocation II Report (Pool II)** - Shows each grants' portion of shared costs in pool II.

12. **Grant Reports** – Entry reports, ledgers, financial reports and profile reports by grant.
13. **Trial Balance** of General Ledger - Shows all accounts and the end of month balance.
14. **Payroll Register** - Shows salaries and benefits paid to each employee charged by cost objectives.

## **V. Shared Cost Allocation Policy and Indirect Cost Plan**

The Bluegrass Area Development District, Inc. (BGADD) is an IRS 501C3 tax exempt organization unit of regional government and a not-for-profit corporation which has as its' primary purpose the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of a seventeen-county area in Central Kentucky (Kentucky Region XV). Executive Order 71-1267 signed November 16, 1971, designated the BGADD as the official comprehensive planning and program development agency for Central Kentucky. The Order further designated the BGADD as the regional clearinghouse pursuant to United States Office of Management and Budget Circular A-95. The 1972 Kentucky Legislature introduced and passed legislation (House Bill No. 423) which created and established the District under Kentucky Law. The BGADD is funded by federal, state and local grants, contracts and contributions. Therefore, all costs incurred are charged either directly or indirectly to a grant program, contract or cost objective. Those costs which are not allowable under grant programs are charged to local operations and are funded from local resources. The BGADD financial statements are presented on the modified accrual basis of accounting and prepared in conformance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board.

The Bluegrass Area Development District, Inc. has prepared this Cost Allocation Plan in conformance with 2 CFR Part 200 formerly 2 CFR Part 225 (OMB Circular A-87) and KRS 147.050. 2 CFR Part 200 Appendix VII sets the threshold for a Federal Cognizant Agency at \$35 million of direct federal funds. The Bluegrass ADD does not receive \$35 million of direct federal funds; therefore the U.S. Department of Commerce serves as the Federal Oversight Agency. The BGADD presents the plan to the Governor's Department for Local Government for review. The BGADD Board of Directors employ's an independent auditor annually.

Definitions used in this Plan are as follows:

1. Grantee means the BGADD which is responsible for administration of grants.
2. The cost allocation policy prescribes the methods used to identify, accumulate, and distribute allowable costs to grants, contracts and cost objectives. Costs which are direct costs but require an excessive tracking system may be charged as shared.
3. Cost, as used herein, is the cost determined on the accrual basis of accounting as prescribed by the Federal grantor agency, as discharge of the BGADD's accountability for Federal funds.
4. Cost objective is a pool, center, or area established for units, functions, objects or items of expense, as well as ultimate projects, contracts, and other activities.

5. Grantor agency is any department, agency, commission, or instrumentality in the executive branch of the Federal, State or other Government - which makes grants to or contracts with the BGADD.
6. A grant is an agreement between the Federal or State or local government or instrumentality thereof, whereby the Government provides funds or aid in-kind to carry out specified programs, services, or activities. The principles and policies stated in 2 CFR Part 200 as applicable to grants in general also apply to any federally sponsored cost reimbursement type of agreement performed by a State or local government, including contracts, subcontracts and subgrants.
7. Grant programs are those activities and operations of the BGADD which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.
8. Direct costs are costs that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of costs pending distribution in due course to grants and other ultimate cost objectives. Typical direct costs chargeable to grant programs are:
  - A. Compensation of employees for the time and effort devoted specifically to the execution of grant programs and documented by detailed time records signed by the employee and approved by the supervisor.
  - B. Cost of materials acquired, consumed, or expended specifically for the purpose of the grant.
  - C. Equipment and other approved capital expenditures.
  - D. Other items of expense incurred specifically to carry out the grant agreement.
  - E. Services furnished specifically for the grant program by other agencies, provided such charges are consistent with criteria as outlined in these principles.
9. Indirect/Shared costs are those costs (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type incurred by the grantee in supplying goods, services, and facilities to the grant program. To facilitate equitable distribution of indirect expenses to the cost objectives served, it is necessary to establish a pool of indirect costs incurred by the grantee. The indirect cost pool should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived. The costs to be allocated to grant programs must be allowable under such programs and meet the following general criteria:
  - A. Be necessary and reasonable for proper and efficient administration of the grant program, be allocable there-to under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State or local governments.
  - B. Be authorized or not prohibited under Federal, State or local laws or regulations.
  - C. Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitations as to types or amounts of cost items.
  - D. Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other grant activities of the BGADD.
  - E. Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.
  - F. Not be allocable to or included as a cost of any other federally financed program in either the current or a prior period.

G. Be net of all applicable credits.

### **Cost Allocation Policy**

1. The Salaries of employees are charged as direct costs to the grants or program cost objective in which their work is attributable. These charges are based upon time sheets submitted by each employee. The salaries of those whose total time it not directly attributable to specific grant programs, such as the Executive Director or Receptionist will be charged to the indirect cost pool. Those employees whose time is partially direct and partially indirect will have their salaries pro-rated based upon their time sheets.
2. The Employee Burden which can be specifically related to an employee whose salary is charged as a direct cost is also charged as a direct cost. Similarly, the employee burden of those persons charging salary as an indirect cost will also be charged to the indirect cost pool.
3. Consultant Contracts and Contractual Services whose content can be directly attributed to a specific grant or program element are charged as direct costs to those programs. Other contracts, such as those for public information or secretarial services whose content cannot be directly attributed to a specific grant program, are charged as an indirect cost and allocated on the basis of total salary plus benefit dollars.
4. Printing costs, including copy machine costs, that are readily identifiable and attributable to documents within a specific grant or cost objective are charged as direct costs. Those printing costs that are not easily identifiable as benefiting a specific grant program are charged as an indirect cost and are allocated on the basis of total salary plus benefit dollars.
5. Travel costs of employees are charged as direct costs to the grants or program cost objective in which their travel is attributable. These charges are based upon travel voucher submitted by each employee and approved by their direct supervisor. Travel costs which are administrative in nature and not attributable to a specific grant program, will be charged as an indirect cost and allocated on the basis of total salary plus benefit dollars. In-state mileage and overnight travel will be reimbursed at the State rate. Out of state mileage and overnight travel will be reimbursed at the federal rate. The FY23 in-state mileage rate changes quarterly. Out of state travel costs which exceed state mileage or per diem rates are charged to local funds.
6. Vacation, Sick and Holiday Leave which can be specifically related to an employee whose salary is being charged as a direct cost is also charged as a direct cost. Leave which is related to an employee whose salary is being charged as an indirect cost is also charged as an indirect cost.
7. Audit fees are charged as an indirect cost and are allocated based upon total salary plus benefit dollars.
8. Equipment rental related to specific identifiable programs will be charged as a direct cost to the benefiting grant. Equipment rental benefiting all grant programs will be charged as an indirect cost.
9. Equipment purchased specifically for a grant program will be expensed directly to the benefiting grant program in accordance with grantor instructions in the year acquired. Equipment purchases having a per unit acquisition cost of more than \$2,500 will be capitalized and depreciated over its' estimated useful life

(normally three to five years). Equipment of a technological nature (such as computers) will be depreciated over three years using the straight line method. Depreciation on equipment benefiting all grant programs will be charged as an indirect cost. No depreciation will be charged for equipment purchases previously expensed to a grant program. Equipment having a fair market value of less than \$5,000 will be disposed in accordance with 29 CFR Part 97 Section 32 when no longer needed. Online auctions will be used to dispose of surplus property where feasible. A physical inventory is taken annually of all equipment having a per unit acquisition cost of more than \$2,500.

10. Communication costs, including telephone, postage, and similar items are charged direct based upon detail analysis of usage for benefiting programs. Those communication costs that cannot be identified as direct charges will be charged as an indirect cost and allocated on the basis of salary plus benefit dollars.
11. Building depreciation, utilities, building repairs and maintenance, janitorial, personal property insurance and other space usage related costs are charged as an indirect cost and reside in cost pool II. These costs are eligible to be direct costs to grant programs; however, to charge them directly would require an extensive amount of record keeping.

Additional costs which are not identified above may be charged as a direct or indirect cost, unless otherwise indicated by the Commonwealth of Kentucky, Governor's Department for Local Government or prohibited by Federal regulations.

#### **Indirect Cost Plan**

The Shared & Indirect Costs will be pooled using two cost pools. The Shared & Indirect Costs that are described in numbers 1-10, will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars of all staff employed by BGADD regardless of physical location) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor.

The Shared & Indirect Costs that are described in number 11 will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars of staff that are physically located at 699 Perimeter Drive) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor.

The Shared and Indirect Costs in both pools are cumulative and allocated monthly. At the end of the Fiscal Year, the final costs will be distributed, and a final rate will be determined based on Total Actual shared and Indirect costs divided by Total Actual Direct Salary and Total Actual Direct Benefit costs. The indirect cost rate calculated in the proposal is considered a provisional rate until the rate is finalized at June per the Audited Financial Statements. This practice and methodology allows BGADD to be consistent in cost allocation throughout the Fiscal Year.

**BLUEGRASS AREA DEVELOPMENT DISTRICT**  
**Shared Cost Rate Calculation**  
**For the Year Ending June 30, 2021**

**Shared & Indirect Costs Applied <sup>1</sup>**

Salary	\$510,194
Fringe Benefits	400,403
Building Usage and Depreciation	246,388
Computer Services	70,598
Professional Fees	42,146
Insurance	38,253
Dues, Fees, Subscriptions	30,927
Telephone & Postage	21,391
Printing and Publications	18,728
Legal Fees	12,658
Equipment Rental	11,387
Other	7,401
Supplies	5,859
Equipment Depreciation	4,093
Equipment Purchase	2,239
Travel, Staff	156

Total Shared & Indirect Costs \$1,422,821

**Direct Salaries & Benefits <sup>2</sup>**

Salary	\$2,104,529
Benefits	<u>1,276,547</u>

Total Direct Salary & Benefits \$3,381,076

**Shared & Indirect Rate Calculation**

Total Shared & Indirect Costs		\$1,422,821			
	=		=		42%
Total Direct Salary & Benefits		\$3,381,076			

<sup>1</sup> From FY21 Audit, Page 77, "Schedule of Indirect Costs Applied".

<sup>2</sup> From FY21 Audit, Page 31, "Budgetary Comparison Schedule" (net of indirect salary and indirect benefit costs) and Page 73, "Non-Grant Departmental Schedule" (Benefits are net of FY21 Pension and Insurance Expense)

**BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.**  
**PROGRAM SUMMARY**  
Year ended June 30, 2021

	Community & Infrastructure Development	Mapping / GIS	Aging	PDS	Workforce Development	Planning & Zoning Assistance	Water & Sewer Planning	Transport. Planning	Homeland Security	Economic Development	Management Services	Bluegrass Cat Project	Non-Grant	Regional Coordinator JFA	Totals Programs
<b>Revenues</b>															
Federal and state:															
Received	\$ -	\$ 74,800	\$ 6,395,936	\$ 18,160,051	\$ 4,159,876	\$ -	\$ 75,000	\$ 104,724	\$ -	\$ -	\$ 4,172	\$ -	\$ -	\$ 526,502	\$ 29,501,060
Receivable	-	-	1,000,139	337,303	1,277,278	-	-	-	-	-	-	-	-	24,536	2,639,256
Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:															
Contributions	-	-	-	-	-	-	-	-	-	-	-	-	155,324	-	155,324
Rent	-	-	-	-	-	-	-	-	-	-	-	-	82,712	-	82,712
Interest	-	-	-	-	-	-	-	-	-	-	-	-	8,605	-	8,605
Matching/In-kind	-	-	48,610	-	-	-	-	-	-	-	-	-	-	-	48,610
Service fees	70,906	64,769	4,031	1,896	894	7,669	8,238	-	4,924	40,200	11,705	207,354	-	-	422,586
Total revenues	<u>70,906</u>	<u>139,569</u>	<u>7,448,716</u>	<u>18,499,250</u>	<u>5,438,048</u>	<u>7,669</u>	<u>83,238</u>	<u>104,724</u>	<u>4,924</u>	<u>40,200</u>	<u>15,877</u>	<u>207,354</u>	<u>246,641</u>	<u>551,038</u>	<u>32,858,153</u>
<b>Expenditures</b>															
Direct costs:															
Salaries	9,573	54,792	407,037	803,325	394,600	4,316	30,344	52,216	2,208	26,949	6,117	-	9,550	303,502	2,104,529
Employee burden	3,856	29,050	240,711	505,691	238,161	2,228	20,517	30,741	1,121	13,381	3,763	-	33,543	182,412	1,305,175
Annual leave	351	3,834	27,342	45,910	24,720	198	2,281	2,795	107	1,865	462	-	6,385	23,541	139,791
Travel	245	(1,072)	4,891	1,147	1,163	-	224	2,204	-	3,831	305	-	34	1,005	13,977
Legal	-	-	-	-	5,981	-	-	-	-	-	-	96	2,793	-	8,870
Bad debts	-	-	-	79,264	-	-	-	-	-	-	-	-	117,202	-	196,466
Recoupment	-	-	-	16,500	-	-	-	-	-	-	-	-	-	-	16,500
Other	24	6,339	95,457	189,176	44,097	-	2,586	464	87	312	-	-	27,386	30,281	396,209
Contract costs	-	-	6,417,876	16,311,513	4,463,048	-	-	-	-	-	8,344	207,258	-	-	27,408,039
Total direct costs	14,049	92,943	7,193,314	17,952,526	5,171,770	6,742	55,952	88,420	3,523	46,338	18,991	207,354	196,893	540,741	31,589,555
Indirect costs applied	<u>5,651</u>	<u>35,281</u>	<u>272,585</u>	<u>550,859</u>	<u>266,278</u>	<u>2,754</u>	<u>21,403</u>	<u>34,910</u>	<u>1,401</u>	<u>16,972</u>	<u>4,157</u>	<u>-</u>	<u>6,088</u>	<u>204,482</u>	<u>1,422,821</u>
Total expenditures	<u>19,700</u>	<u>128,224</u>	<u>7,465,899</u>	<u>18,503,385</u>	<u>5,438,048</u>	<u>9,496</u>	<u>77,355</u>	<u>123,330</u>	<u>4,924</u>	<u>63,310</u>	<u>23,148</u>	<u>207,354</u>	<u>202,981</u>	<u>745,223</u>	<u>33,012,376</u>
Revenues over expenditures	\$ <u>51,206</u>	\$ <u>11,345</u>	\$ <u>(17,183)</u>	\$ <u>(4,135)</u>	\$ <u>-</u>	\$ <u>(1,827)</u>	\$ <u>5,883</u>	\$ <u>(18,606)</u>	\$ <u>-</u>	\$ <u>(23,110)</u>	\$ <u>(7,271)</u>	\$ <u>-</u>	\$ <u>43,660</u>	\$ <u>(194,185)</u>	\$ <u>(154,223)</u>

See report of independent auditors.

# Organizational Structure

*Bluegrass Area Development District*

