



UNITED STATES DEPARTMENT OF COMMERCE
Economic Development Administration
Washington, DC 20230

04/30/2020

Darryl McGaha
Executive Director
Lake Cumberland Area Development District
P.O. Box 1570
Russell Springs, KY 42642

RE: Indirect Cost Rate Certificate

Darryl:

With this letter, the Economic Development Administration (EDA), a component of the Department of Commerce, acknowledges receipt of your Certificate of Indirect Costs for FY 2021 dated 04/07/2020. As a unit of state or local government that receives less than \$35 million in annual cumulative direct Federal funding, you are not required to submit an indirect cost rate proposal to EDA and, consequently, EDA will not review your submission at this time. For more information on this requirement, see 2 C.F.R. part 200, App. VII § D.1.b.

Your organization is required to develop an indirect cost rate proposal in accordance with 2 C.F.R. part 200 and retain it with related supporting documentation for audit. For more information on this requirement, see 2 C.F.R. part 200, App. VII § D.1.b. and 2 C.F.R. § 200.333. EDA reserves the right to review this or future indirect cost rate proposals at a later time to ensure conformity with the requirements of 2 C.F.R. part 200. Typically, EDA will exercise this right if there is a relevant audit finding, a concern is raised by another government agency concerning a particular indirect cost rate, and/or if EDA finds an anomaly in an indirect cost rate proposal. In such circumstances EDA may review such an indirect cost rate proposal itself or through another Federal agency.

Please contact my office at 202-482-2917 if you have any questions or concerns.

Sincerely,

A handwritten signature in black ink that reads "Bernadette Grafton".

Bernadette Grafton
Program Analyst
Economic Development Administration

**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 4/7/2020 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: Lake Cumberland Area Development District

Signature:



Name of Official (printed): Darryl McGaha

Title: Executive Director

Date of Execution: 4/7/2020

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.

**COST ALLOCATION POLICY
For the Year Ended June 30,
2019**

8. **Equipment Rental/Purchase** – The purchase of equipment and/or any depreciation or rental charge on purchased equipment is charged, if allowable, as a direct cost to the applicable program element(s). All other equipment purchases and/or depreciation, or rental is to be charged as a shared cost.
9. **Communications** - All communication costs, including telephone, postage and the like, are charged as shared costs unless directly attributable to a program.
10. **Classified Advertising** – All classified advertising costs are charged as direct costs to the applicable program element(s). General classified advertising costs are charged as shared costs.

All additional costs which are not identified above are charged as shared costs unless otherwise indicated by the Department for Local Government or are prohibited.

**Shown below is LCADD's indirect cost allocation percentage for the year
ended June 30, 2019**

A. General and Administrative - Shared Costs:			
Salaries	\$	390,439	
Personnel Burden		155,457	
Leave Time		33,004	
Travel, staff and board		27,301	
Equipment maintenance and rent		31,701	
Building rentals		129,738	
Registration and meeting expense		8,836	
Contractual services, audit and legal		37,560	
Utilities and telephone		46,986	
Janitorial expenses		18,980	
Auto expense		56,371	
Dues and memberships		9,944	
Printing and publications		1,621	
Supplies		17,613	
Insurance		43,294	
Postage		6,076	
Other		<u>2,044</u>	
Total Shared Costs			\$ 1,016,965
B. Direct Salaries and Benefits:			
Salaries	\$	2,733,311	
Benefits		<u>1,201,824</u>	
Total Direct Salaries and Benefits			3,935,135
C. Total Shared Costs			1,016,965
FY 2019 Shared Costs Rate (C/ B)			25.84%

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

Cost Allocation Plan FY'2021

I. Introduction

The Lake Cumberland Area Development District Board of Directors is dedicated to the continued functioning of the regional concept for Economic Development and Growth. It is through the regional concept that the greatest amount of benefit to the area can be delivered with the fewest number of dollars. It is with this concept in mind that the Lake Cumberland Area Development District Board of Directors submits its FY'2021 Cost Allocation Plan.

This is to certify the Board of Directors of the Lake Cumberland Area Development District has approved the operating policies of the Lake Cumberland Area Development District.

The Lake Cumberland Area Development District has prepared this Cost Allocation Plan in conformance with 2 CFR Part 200 (OMB Uniform Guidance). Review of this plan is the responsibility of the Commonwealth of Kentucky Department of Local Government.

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

**Cost Allocation Plan
FY'2021**

III. Master Chart of Accounts

The Chart of Accounts, included and a part of the accounting system of the District is applicable to all funds administered by the Area Development District.

The account numbers representing revenues for specific programs are:

30000's Revenues

Account numbers representing expenditure objects are as follows:

41000 Salaries
412XX Personnel Burden
41500 Leave Time
43000 Travel
44000-47000 Direct Costs
90000 Shared Costs

In the event direct charges to specific cost categories are applied to individual program elements, the following account numbers will be applied to expenditure objects:

412XX Personnel Burden
41500 Leave
42000 Contracts
43000 Travel
44000-47000 Other
91000-96600 Shared Costs

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

Cost Allocation Plan FY'2020

AS 10100-10300 Cash in Bank	LI 25400 Marion Co Payroll Tax
AS 10400 Miscellaneous Transfers	LI 25500 Audit Payable
AS 10700 Prepaid Background Checks	LI 25600 Accufund Software
AS 10800 Deferred Outflows - Pension	LI 25700 Allstate Ins Payable
AS 12000 Investments	LI 25800 Cake Fund
AS 13000 A/R Federal	LI 25900 Nelson Co Payroll Tax
AS 13100 A/R State	LI 26000 Bardstown Payroll Tax
AS 13200 A/R Other	LI 27000 Lake Area Foundation
AS 13800 Travel Advances	NA 29100 Fund Balance
AS 14000 Prepaid Expenses	RE 30100 Revenue - Federal
LI 20000 A/P	RE 30200 Revenue - State
AS 20800 Deferred Revenue	RE 30300 Revenue - Local
LI 20900 Accrued Payroll	RE 30400 Revenue - Donations
LI 21000 Accrued Leave Payable	RE 30500 Revenue - Match
LI 21300 Garnishment	RE 30600 Revenue - Local Contributions
LI 21400 Deferred Inflows - Pension	RE 30301 Revenue - Local Admin
LI 21500 Net Pension Liability	RE 31000 Revenue - Interest Earned
LI 22000 Federal Income Tax Payable	RE 31001 Revenue - Interest Earned-Loans
LI 22100 KY State Income Tax Payable	RE 31002 Revenue - Intrst from Excess to RLF
LI 22200 Pension Services Withheld	RE 31003 Revenue - Intrst Earned on Savings
LI 22300 Unemployment Insurance Payable	RE 31004 Revenue - Intrst Earned RLF Excess
LI 22400 City Payroll Tax	EX 41000 Salaries & Wages
LI 22500 Russell Co Payroll Tax	EX 412XX Personnel Burden
LI 22600 Employee Health Insurance	EX 41500 Leave Time
LI 22700 Employee Life Ins Payable	EX 42000 Contracts
LI 22800 Disability Income Ins Payable	EX 43000 Travel
LI 22900 Medicare Withholding	EX 44000 Printing/Publications
LI 23000 Medicare Employer Match	EX 44100 Insurance
LI 23100 FICA Withholding	EX 44200 Registration
LI 23200 FICA Employer Match	EX 44300 Equipment Purchase
LI 23400 Retirement Installment #2	EX 44500 Janitorial
LI 23500 Deferred Compensation	EX 44600 Memberships
LI 23600 Dental/Vision Insurance	EX 44700 Legal
LI 23700 Commonwealth Credit Union	EX 45000 Postage
LI 23800 Pulaski Co Payroll Tax	EX 45100 Office Rent
LI 23900 Clinton Co Payroll Tax	EX 45200 Equipment Maint/Rent
LI 24000 Taylor Co Payroll Tax	EX 45300 Utilities
LI 24100 HSA Payable	EX 45400 Telephone/Cable
LI 24200 Wayne Co Payroll Tax	EX 45500 Audit
LI 24300 McCreary Co Payroll Tax	EX 45600 Computer Expense
LI 24400 Cumberland Co Payroll Tax	EX 45700 Meeting Expense
LI 24500 Campbellsville City Tax	EX 45800 Supplies
LI 24600 Whitley Co Tax	EX 45900 Auto Lease
LI 24700 Somerset City Tax	EX 46000 Depreciation Expense
LI 24800 Elizabethtown City Tax	EX 46100 Landscaping
LI 24900 Leitchfield Payroll Tax	EX 46200 Interest Expense
LI 25000 Insurance Payable	EX 46300 Blacktopping Expense
LI 25100 Grayson Co Payroll Tax	EX 46400 Loan Fee Expense
LI 25200 Lebanon Payroll Tax	EX 46500 Food Supplies Expense
LI 25300 Board Travel Payable	EX 46600 Miscellaneous

EX 46700 LAF Miscellaneous
EX 46800 Support Group Expense
EX 46900 Voucher/Supplemental Expense

EX 47000 Respite Expense
EX 51000-56600 Pooled Costs
EX 91000-96600 Shared Costs

LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

Cost Allocation Plan FY'2021

IV. Formal Books of Entry

The Formal Books of Entry are described as follows:

1. Cash Receipts - Duplicate deposit slips are used as a posting source. Each receipt of money is posted and updated monthly to the general ledger through cash receipts module.
2. Preliminary Check Register - Each voucher to be paid is keyed in and a preliminary check register is printed and reviewed. The cash disbursements are posted to the general ledger's appropriate account when the checks are printed. This register is used to record all non-payroll expenditures.
3. Payroll Register - This register records each payroll check and distribution of withholdings. Also, reports regarding distribution of time charges are generated from payroll and posted to the general ledger.
4. General Ledger - Final book entry where all cash disbursements, cash receipts, payroll and journal entries are posted.
5. Revenue and Expenditures Register – This register records the month-to-date and year-to-date revenue and expenditures per grant as well as comparing these amounts to their corresponding budgets.

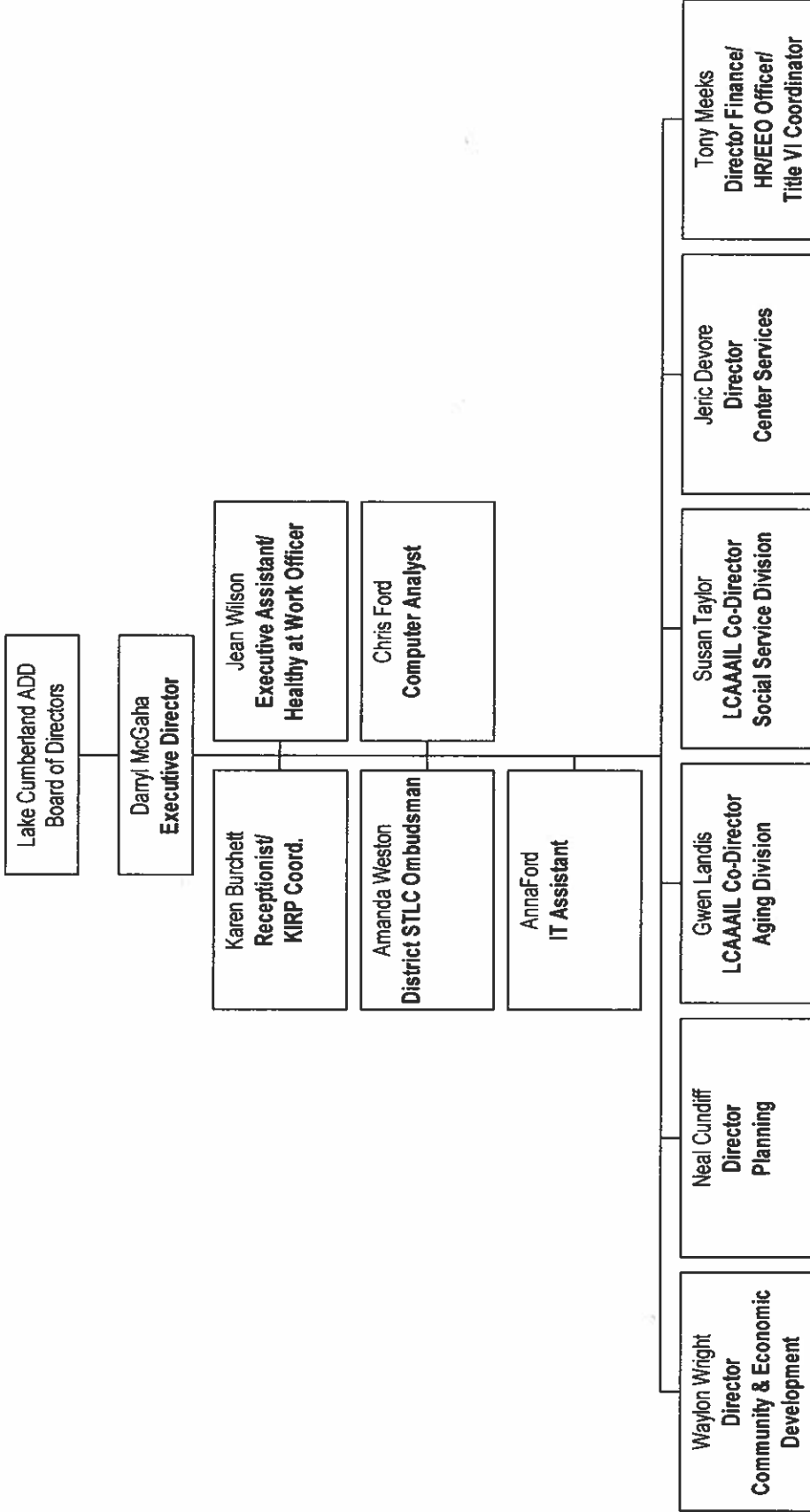
LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

**Cost Allocation Plan
FY'2021**

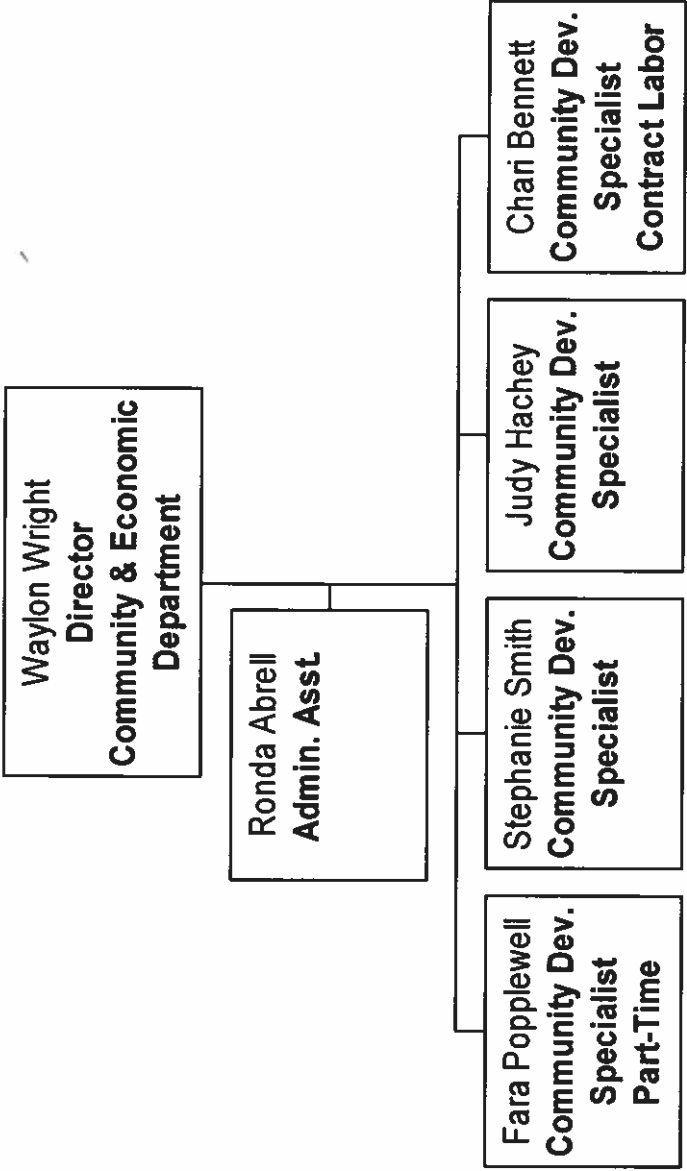
V. CAP Organizational Chart

The following pages are the Lake Cumberland Area Development District's Organizational Chart.

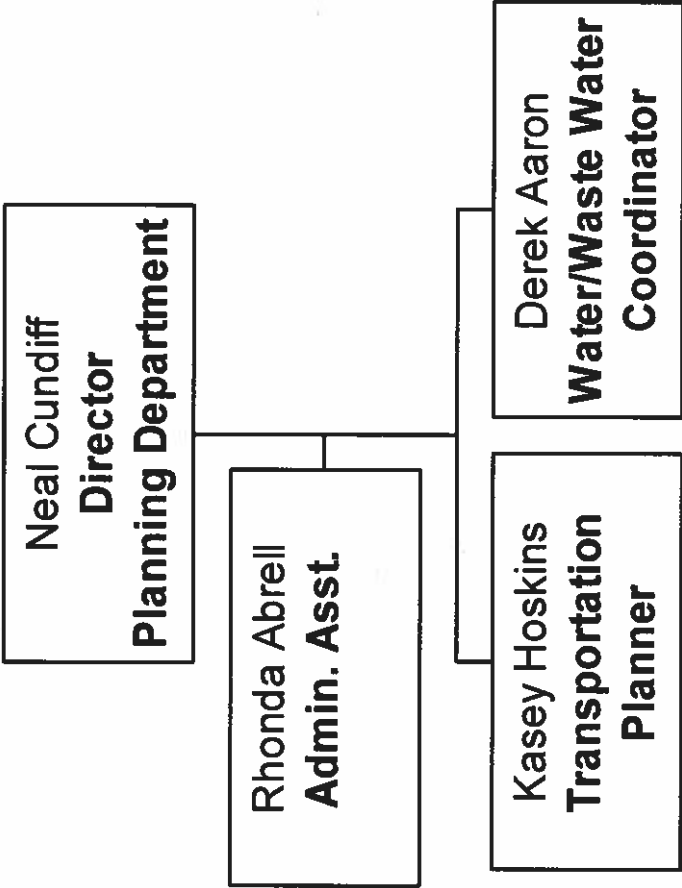
Lake Cumberland Area Development District Organizational Chart



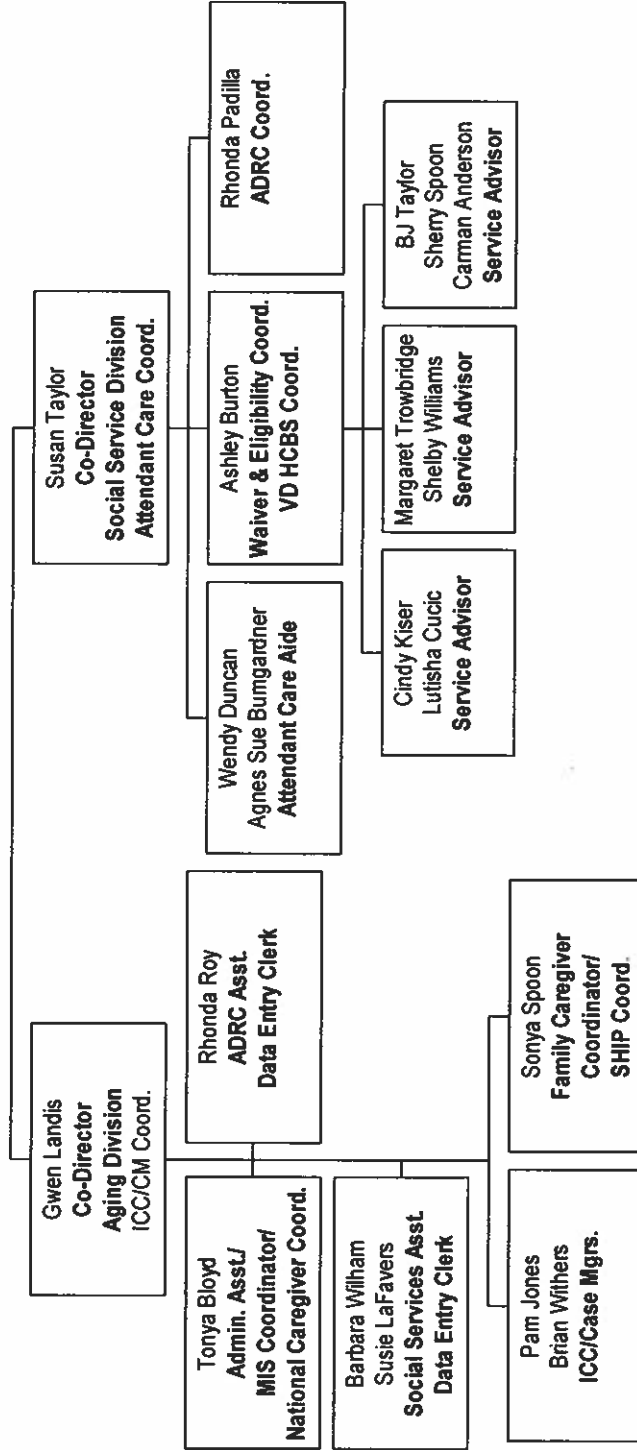
Community & Economic Development Department



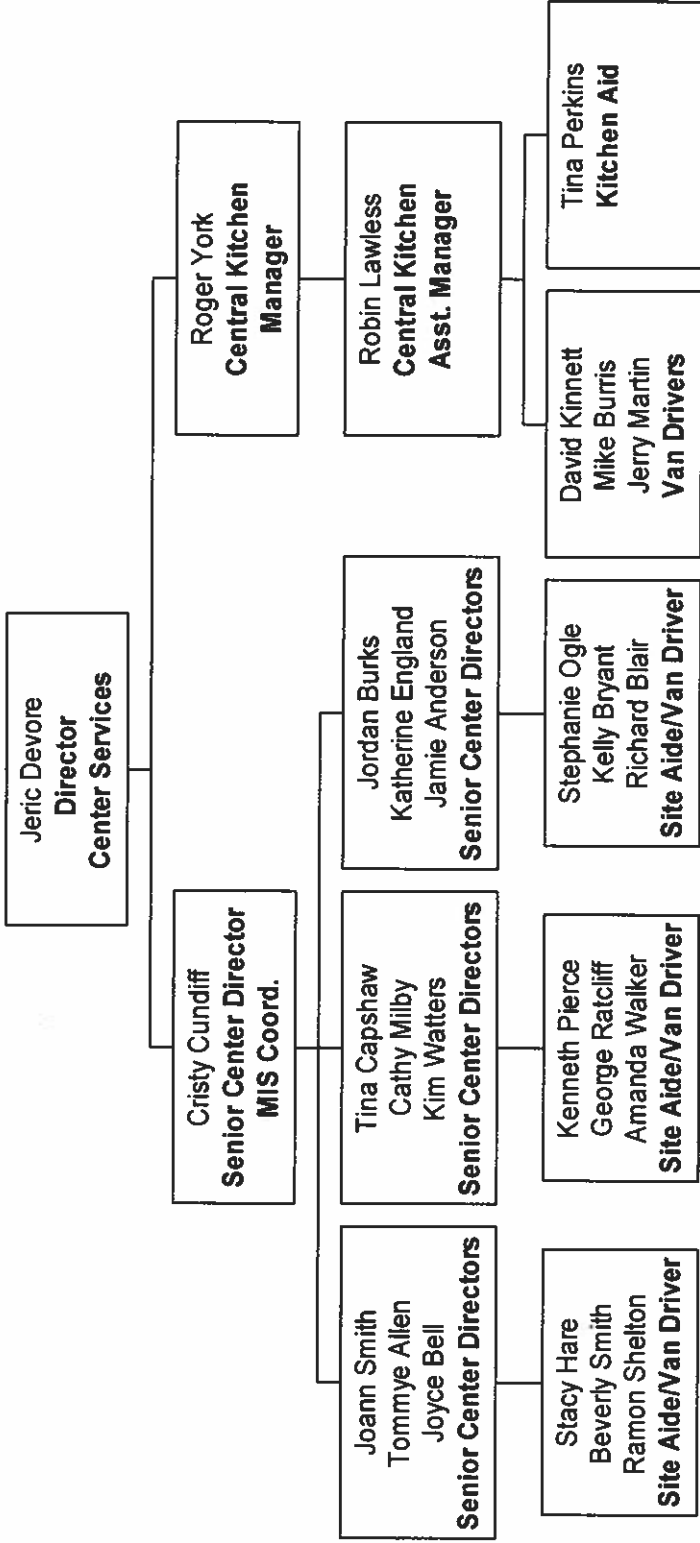
Planning Department



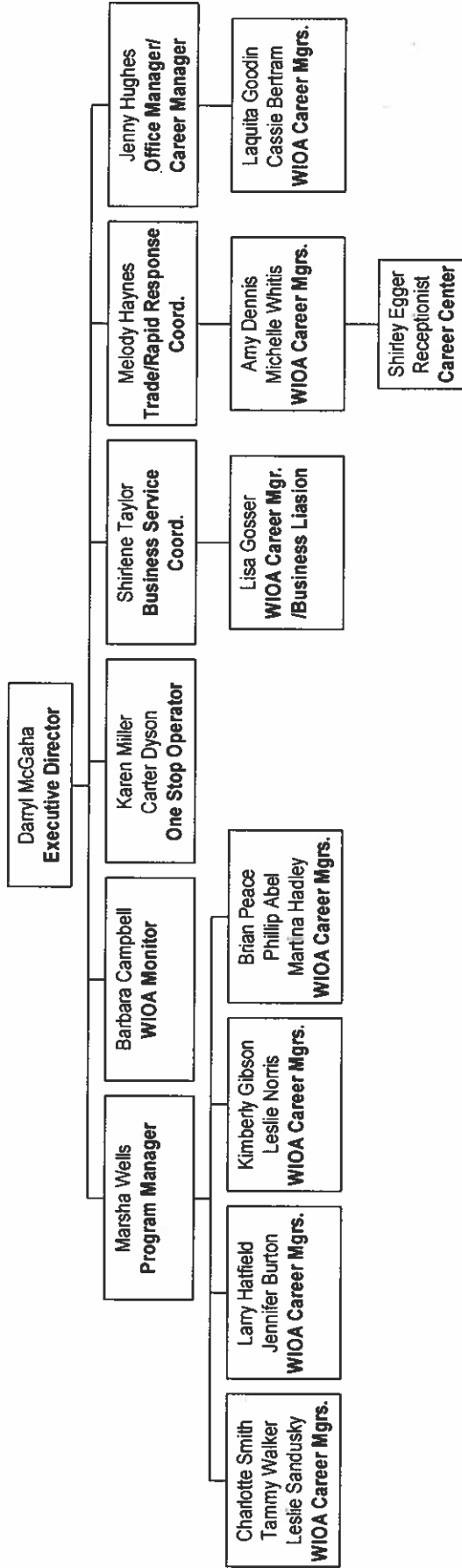
Aging & Independent Living Department



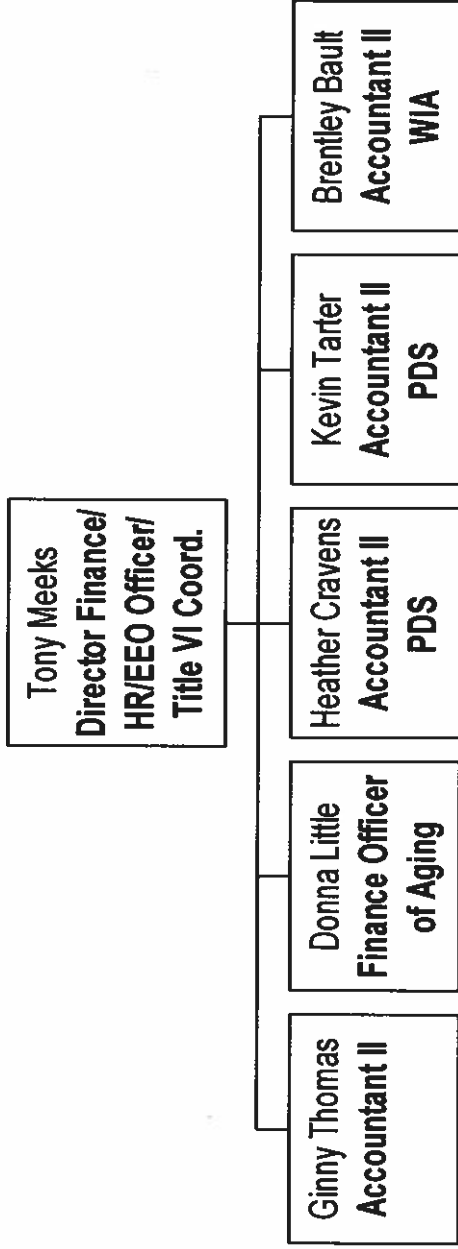
Center Services Department



Workforce Department



Finance Department



LAKE CUMBERLAND AREA DEVELOPMENT DISTRICT

Cost Allocation Plan FY'2021

VII. Description of Costs Types and Methods Used to Distribute

In governmental accounting, the budget document is an integral part of the accounting system. Expenditures should not be made without budget authorization, and then not in excess of the budget limits. Therefore, the accounting system is designed so that actual transactions are measured against the budget at all times. The LCADD accounting system is devised with three basic premises in mind: 1) to provide the Department of Local Government (DLG) with information relative to federal requirements; 2) to provide Department of Local Government (DLG) with information relative to state requirements; and 3) provide the LCADD with information necessary for their internal administrative control.

Direct charges are defined in 2 CFR part 200 (OMB Uniform Guidance) as those charges that can be identified specifically with a particular cost objective (program element). These direct charges are charged to the grant in which they are incurred.

Shared costs are those incurred for a common or joint purpose benefitting more than one program element and not readily assignable to a program element specifically benefitting. LCADD's shared costs are distributed to the various programs according to the amount of salary/burden that is charged to each grant.

Below is a listing of the direct and shared costs as they apply to the LCADD. This listing and explanation subsequently is the Cost Allocation Plan.

1. Salary - All salaries of professional employees shall be charged as a direct charge to the program elements in which their work is performed.

2. Personnel Burden - All employee burden which can be specifically related to any employee whose salary is being charged as a direct charge shall also be charged as a direct cost.

3. Consultant Contracts - All contracted work directly related to specific program element shall be charged as a direct cost to the element in which they apply.

4. Printing and Publications - All printing and publications directly related to documents with a specific program element shall be charged as a direct cost to the particular program element. All miscellaneous printing and publication charges shall be charged as a shared cost.

5. Travel - All travel costs which are directly related to an employee whose salary is being charged as a direct cost shall be charged as a direct cost.

6. Holiday, Sick Leave and Vacation - All leave time related to an employee whose salary is being charged as a direct cost shall be charged as a direct charge.

7. Equipment Rental/Purchase - The purchase/rental of equipment may be charged as direct charge if specifically related to a particular program element. All other equipment costs shall be charged as a shared cost.

8. Other Categories - All communications, utilities, office rent, telephone, postage, supplies, and related expenditures, directly attributed to a specific program, shall be charged as a direct cost. All that is not attributed to a specific program shall be charged as a shared cost. Additional costs that may have for some unforeseen reason been omitted in the above listing, and not directly attributed to a specific program, shall be charged as shared cost unless otherwise prohibited by federal and/or state regulations.

9. All charges relating to the administrative staff of the District shall be budgeted, by category and line item, and will be charged to all program elements as a Shared Cost.

10. Programs not participating in the JFA administered by the LCADD - Programs administered by the Area Development District will be subjected to the same Cost Allocation Policy as the JFA participating agencies unless exceptions to the Policy are indicated in writing to the District. Through the assistance of the Department of Local Government (DLG), a comparable or consistent shared cost policy will be sought from the accepting funding agency.

Lake Cumberland Area Development District

Program Summary Statement
For Year Ending June 30, 2019

Program	Aging	PDS	JFA	Planning/KIA	RLF	Transportation	WIOA	Other *	Total
Direct Salaries & Benefits	\$ 1,117,303	\$ 533,965	\$ 294,257	\$ 78,818	\$ 4,655	\$ 102,669	\$ 1,375,787	\$ 38,944	\$ 3,546,398
Other Direct Costs	\$ 675,228	\$ 36,888	\$ 5,824	\$ 5,183	\$ 6,760	\$ 6,513	\$ 240,067	\$ 92,544	\$ 1,069,007
Subgrantees and Contracts	\$ 438,174	\$ 64					\$ 2,808,102	\$ 328,563	\$ 3,574,903
Allocation (Shared)	\$ 316,183	\$ 159,415	\$ 89,799	\$ 22,631	\$ 1,022	\$ 29,527	\$ 391,211	\$ 7,176	\$ 1,016,964
Total Expenditures	\$ 2,546,888	\$ 730,332	\$ 389,880	\$ 106,632	\$ 12,437	\$ 138,709	\$ 4,815,167	\$ 467,227	\$ 9,207,272

* Other - Miscellaneous programs such as SOAR, Adult Ed., Brownsfield, misc.