

KITTITAS COUNTY
BOARD OF COUNTY COMMISSIONERS

RESOLUTION NO. 2015-045

**A Resolution adopting Central Services Simplified Indirect Cost Allocation Plan
for Year Ended December 31, 2013**

WHEREAS, Kittitas County receives Federal Grant Dollars, and

WHEREAS, according to the United States Office of Management & Budget, 2 CFR Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), Kittitas County needs to adopt a Central Services Simplified Indirect Cost Allocation Plan, and;

WHEREAS, the County Auditor has determined the Indirect Cost Rate to be 12.48%, based on the distribution base of direct salaries & wages of each department/fund, and;

WHEREAS, the County Auditor has certified the Indirect Cost Rate of 11.25%; a reduction from the actual calculation to allow for a margin of error, and

WHEREAS, the attached documentation shows the calculations of the Indirect Cost Plan for Kittitas County as per the requirements for 2 CFR Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance).

NOW, THEREFORE BE IT RESOLVED that the Board of County Commissioners adopts the Indirect Cost Rate for Kittitas County at 11.25%, based on the distribution base of direct salaries & wages, for federal grant reimbursement as certified by the County Auditor, effective January 1, 2015.

ADOPTED this 3rd day of March, 2015.


**BOARD OF COUNTY COMMISSIONERS
KITTITAS COUNTY, WASHINGTON**


Chairman


Vice-Chairman


Commissioner




Clerk of the Board

Kittitas County Central Services Simplified Indirect Cost Allocation Plan For Year Ended December 31, 2013

NARRATIVE

In order for the county to comply with federal regulations, 2 CFR Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance); Kittitas County has to adopt a simplified Central Services Indirect Cost Allocation Plan.

This Central Services indirect cost allocation plan is for accounting, information technology, communications, and human resources which provide departments centralized services. This is a process whereby these central services costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. This central service cost allocation plan provides that process.

Each county department/fund is listed showing the total 2013 actual expenses and 2013 direct salaries and wages. The distribution base is the direct salaries & wages of each department/fund.

The departments are divided into 2 categories: Indirect Functions that Provide Services to the Service Providing Units and Departments that Provide Direct Services to the Citizens of the County. The Indirect functions are departments that provide Central Services to each county Department. The other Departments provide services directly to the citizens. Those departments may have some indirect costs. The explanation of each of these services is listed below.

DEFINITIONS

Additional Costs – Additional expenses not accounted for at the department level; including depreciation.

All Other Direct Costs – the amount remaining from total costs less additional expenses, unallowable costs, indirect costs and direct salaries & wages.

Capitalized Assets – Purchases of Asset that has a value \$5,000 or above and has a life longer than one year. These assets are depreciated. The Capitalized Asset is removed as an unallowable cost.

Central Services – services that are provided to the organization, the customers of the Central Services are the internal departments, which include Auditor Accounting, Information Technology, Communications, and Human Resource.

Central Service Cost allocation plan – means the documentation identifying, accumulating, and allocating or developing rates based on the allowable costs of services provided by a governmental unit on a centralized basis to its departments and agencies. The costs of these services may be allocated or billed to users.

Department – all County Departments and/or County Funds.

Depreciation – Allocating the costs of a Capitalized Asset to periods benefiting for the assets use.

Direct Salaries & Wages – the 2013 fiscal year end salaries & wages for each department

Excluded Costs - Certain items of cost are classified by Uniform Guidance as extraordinary or distorting expenditures and are excluded from the computation of the indirect cost rate i.e. capitalized equipment.

Indirect Costs – costs incurred for a common or joint purpose benefiting more than one cost objective

Indirect Cost Rate -

Sub Department – additional breakdown of a department expenses for accounting purposes

Total Costs – the 2013 fiscal year end actual expenses

Unallowable Costs – Certain items of cost are classified by Uniform Guidance as unallowable, which means that federal funds cannot be used for those items of cost. For indirect cost rate calculation; however, these unallowed costs are included in the base along with the direct costs. Some examples for unallowed costs are: Governance, promotional advertising, entertainment, and fines & penalties.

Uniform Guidance – United States Office of Management & Budget, 2CFR Part 200, Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards establishing principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with governmental units.

FINANCIAL INFORMATION

Accounting

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period.

Audited Data

Kittitas County is audited annually by the State Auditor's office. The audits consist of Financial and Single Audit and the Accountability Audit. The Financial and Single Audit was issued on September 25, 2014 Report #1012663. Kittitas County did not have any Significant Deficiencies or Material Weaknesses in our internal controls over financial reporting. There was no instance of noncompliance that was material to the financial statements of the County. There was no Significant Deficiencies or Material Weaknesses in the Internal Controls over Major Programs, and no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

Depreciation

Capital assets, which includes property, plant, equipment, and infrastructure assets, (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type columns in the government-wide financial statements. Capital assets are defined by the county as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Kittitas County has elected to use the

modified approach to account for the infrastructure account; Gravel Roads, which eliminates the need to report depreciation expense.

Computer Software is reported as Intangible Assets with a capitalization limit of \$5,000 and is not depreciated.

Capital Leases are defined as long term debt to the county. The asset is tracked but there is not value placed in the Capital Assets. Capital Leases are determined by one of the following four criteria; 1) The lease transfers ownership of the property to the lessee by, or at, the end of the lease term; 2) The lease contains an option to purchase the leased property at a bargain price; 3) The lease is equal to or greater than 75% of the estimated economic life of the leased property; 4) The present value of rental and other minimum lease payments, excluding that portion representing executory costs to be paid by the lessor, equals or exceeds 90% of the fair value of the lease property. See Note Number 11.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of the capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government are depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings & Improvements	5-60
Improvements other than Buildings	5-50
Machinery & Equipment	3-20
Roads, Guardrails & Traffic Signals	20
Bridges	51

Time and Attendance

Kittitas County uses an electronic time and attendance system to track employee's time. Employees who allocate their time are required to post their time by project or by project time distribution. This allows the time costs to be charged to the specific project.

Travel Reimbursements

Kittitas County's travel policy for 2013 followed the Federal Guidelines for employee reimbursement of travel costs. Kittitas County uses the High-Low cost of travel reimbursement.

Reimbursement for Expenses

You must use the Kittitas County Claim for Expense Form to ask for reimbursement of expense. This form is on CAMAS.

Meals are reimbursed as follows:

You must be traveling away from home overnight to receive meal reimbursement (IRS requirement)

Breakfast	<u>\$ 9.00</u> - \$11.00*
Lunch	<u>\$12.00</u> - \$16.00*
Dinner	<u>\$26.00</u> - \$33.00*
Incidentals	<u>\$ 5.00</u> - \$ 5.00*
TOTAL	\$52.00 - \$65.00*

***High Cost area established King County**

INDIRECT FUNCTIONS

Auditor – Accounting

The Accounting Division is responsible for the Budgeting, Auditing and Accounting for the county. The total Auditor's Accounting Division 2013 actual expenses were \$390,492. The accounting division audits the vouchers and payrolls and processes the warrants for the junior taxing districts. The allocation for the amount of time the accounting division spends on the other districts is 6.43% of the total hours. The amount of salaries and benefits allocated, as an indirect cost is 93.57%. All other operating expenses were allocated at 100% with the exception of penalties and fines which are not allowed. The amounts of excludable and unallowable costs are \$21,938 which includes salaries reimbursed by other funding sources.

Total Expenditures	\$390,492
Less: Excludable Cost (District 6.43%)	-21,938
Less: Unallowable Costs (Penalties)	-2,559
Total Indirect Costs	\$365,995

Information Technology (Services)

Information Technology is responsible to maintain the county computer equipment and software for all departments. Total 2013 actual expenses for Information Technology were \$721,002 plus depreciation of \$38,696 for total expenses of \$759,699. Of the total expenses \$97,143 are excluded costs and \$6,292 are unallowable costs.

Total Expenditure	\$721,002
Plus Depreciation	38,696
Less Excluded Costs	-97,144
Less Unallowable Costs	-6,292
Total Indirect Costs	\$656,262

These excluded/unallowable costs include the following:

GIS Services	\$97,069
GIS – City of Ellensburg	74.95
Interest on Debt	6,292
Total Excludable/Unallowable Costs	\$103,436

Communications

The Communications Department is responsible for the County's postage machine; the county's phone system and the copier, which is located in the auditor's office. Total 2013 actual expenses for Communications were \$111,336, of the expenses \$100,970 are excludable costs. These excludable costs include the following:

Total Expenditures	\$111,336
Less Excludable Costs	-91,368
Total Indirect Costs	\$ 19,968

These excluded/unallowable costs include the following:

Supplies purchase for copier	\$ 257
Telephone courtesy phones	228
Postage – billed direct	90,000
Equipment Maintenance for copier	883
Total Excludable Costs	\$91,368

Human Resource

The Human Resource Department administers various programs involving recruitment, compensation, benefits, collective bargaining, and personnel policy. The 2013 actual expenses are \$152,631. The Human Resource is responsible for Civil Service and these costs are excludable as they only represent the Sheriff's office which is considered 15% of Salaries and Benefits, and other operating expenses for a total of \$30,611 excludable costs.

Total Expenditures	\$152,631
Less Excludable Costs	-30,611
Total Indirect Costs	\$122,020

DEPARTMENTS THAT PROVIDE DIRECT SERVICES

Auditor- Administration

The Auditor is responsible for 5 sub-departments; Accounting, Recording, Vehicle Licensing; Elections and Voter Registration. There are 13 employees in the office. During 2013, the accounting staff had 5 full time employees. The total paid hours for the accounting staff was 14,330 out of 30,563 or 46.65%, the accounting staff salaries were \$241,406 out of \$575,768 or 41.93%; the average of both is 44.29%. The expenses were distributed by the 44.29% except for the costs related to other divisions within the office. The total Auditor's

Administration 2013 expenses are \$101,828. The amount for the indirect allowable costs is **\$45,235**.

Facilities Maintenance – Motor pool

The facilities maintenance expenses for the motor pool was \$13,697. The total mileage used by each employee was divided by the total miles used for all pool cars. The 2013 amount of indirect usage for Auditor's Accounting, Human Resource, and Information Technology is **\$3,059**. County Auditor Administration, Facilities Maintenance and County Treasurer did not have vehicle usage that would be included.

Department	Percent of total Usage	Allocation usage	Amount Total costs x Percentage of Usage x Allocation Usage
Auditor Accounting	3.27%	100%	448
Information Technology	14.03%	100%	1,921
Human Resource	5.03%	100%	690
Total Motor Pool Costs			3,059

Facilities Maintenance

The facilities maintenance expenses for the Courthouse were \$288,186; plus \$91,137 for depreciation of capitalized expenses for a total of \$385,840 costs. There were \$6,518 excludable costs as these were billable cost to other departments, i.e. Solid Waste. The allowable costs were divided by the square footage of the building. The building square footage is 73,707. The total expenses divided by the square footage equals \$5.14 per square foot. The allowable indirect costs for the Facilities Maintenance total \$27,222. The following is the breakdown.

Room	Square Footage	% allowed	Amount
Auditor's Accounting	345.00	100	\$ 1,774
Accounting Manager	74.00	100	380
Human Resource	916.40	100	4,712
Treasurer's Office	1,892.84	60	5,885
County Auditor	152.10	44	346
Information Services	2,668.00	100	13,718
Mail Room	79.05	100	406
	TOTAL		\$27,221

Non-Departmental

This department's expense for 2013 is \$1,463,514. The indirect cost from this department is for the state auditor and dues. The state auditor costs for 2013 were \$65,134. The audit was for the Single and Financial Audit and the Accountability Audit. The dues that affect all departments, WSAC, WACO, NACO and state purchasing are also allocated as an indirect expense. The amounts of indirect costs are **\$83,627**.

Treasurer

The County Treasurer is responsible for the collection of the taxes, receipting of all money from all departments/funds, investments and the redemption of all county warrants. The amount of cash and investments on hand as of December 31, 2013, was \$73,724,353 of which 60.47% was for County funds and 39.53% was for the Special Purpose districts. The total expenses for 2013 were \$469,095. The excludable expenses were calculated at the 39.53% or \$192,136.

There are \$3,939 unallowable costs for leases and capitalized equipment. The total amount of allowable indirect costs for the Treasurer is **\$279,723**.

Computer Replacement

The total 2013 computer replacement expenses were \$42,344, of this amount **\$4,994** was the amount of direct purchases for auditor's accounting; human resource and Information Technology.

GENERAL COSTS OF GOVERNMENT

Under Paragraph 200.444 of Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards the general costs of government are unallowable. The following unallowable costs include:

- Salaries and expenses of the Board of County Commissioners,
- Cost of the judicial branch of government
- Cost of prosecutorial activities unless treated as a direct cost to a specific program if authorized by statutes or regulation
- Cost of other general types of government services normally provided to the general public such as fire and police

CENTRAL SERVICES INDIRECT COST CALCULATION

The Central Services Departments; Auditor's Accounting, Information Technology, Communications, and Human Resources had indirect costs of \$1,164,245. With the other indirect costs from other departments totaling \$527,487 the total county indirect costs are \$1,691,732.

The County elects to use the simplified method for the rate computation based upon salaries. The total County indirect costs divided by direct wages. The wages paid in 2013 were \$13,560,003.

Indirect Cost Rate Computation:

Indirect Costs divided by	<u>\$1,691,732</u>	Indirect Cost Rate =12.48%
Direct Salaries & Wages	\$13,560,003	Adopted Rate = 11.25%

Notes: Apply this rate to allowable salaries and wages

Kittitas County
Central Services
Simplified Indirect Cost Allocation

For the Year Ended December 31, 2013

Department		Sub Department							
Indirect Functions that Provide Services to the Service Providing Units									
		a	b	c	d	e	f		
		Total Costs 12-31-2012	Additional Costs ie Depr, Rev	Excluded Costs	Unallowable Costs	Indirect Costs a+b+c+d	Direct Salaries/Wages	All Other Direct Costs	
0011	Auditor	390,492	-	(21,939)	(2,559)	365,995	-	-	-
0017	Information Services	721,003	38,697	(97,144)	(6,292)	656,263	-	-	-
0020	Communications	111,336	-	(91,369)	-	19,967	-	-	-
0038	Human Resource	152,631	-	(30,611)	-	122,020	-	-	-
Total Indirect Services		1,375,462	38,697	(241,063)	(8,851)	1,164,245			
Departments that Provide Direct Services to the Citizens of the County									
		a	b	c	d	e	f		
		Total Costs 12-31-2013	Additional Costs ie Depr, Rev	Excluded Costs	Unallowable Costs	Indirect Costs	Direct Salaries/Wages	All Other Direct Costs a+b-f	
0010	Assessor	933,872	-	-	-	-	631,682	302,190	
0011	Auditor	101,829	-	-	-	45,235	65,221	36,608	
0011	Auditor	131,407	-	-	-	-	90,760	40,647	
0011	Auditor	165,294	-	-	-	-	110,527	54,767	
0011	Auditor	206,124	-	-	-	-	42,681	163,442	
0011	Auditor	53,825	-	-	-	-	25,174	28,651	
0011	Auditor	2,234	-	-	-	-	-	2,234	
0012	Board Equalization	15,472	-	-	-	-	10,682	4,790	
0013	Fire Marshal/Code Enforcement	153,250	-	-	-	-	105,519	47,731	
14	Community Development Service	903,014	-	-	-	-	-	-	
0015	County Clerk	292,674	-	-	-	-	198,687	93,987	
0016	Commissioners	422,804	-	-	-	-	309,656	113,148	
0018	Cooperative Extension	166,617	-	-	-	-	72,629	93,988	
0019	Disability Board	19,580	-	-	-	-	14,126	5,454	
0021	Judge - Superior Court	695,724	-	-	-	-	272,114	423,610	
0022	Juvenile	479,716	-	-	-	-	312,576	167,140	
0023	Law Library	18,435	-	-	-	-	2,311	16,124	

For the Year Ended December 31, 2013

See Accompanying Narrative

**Kittitas County
Central Services
Simplified Indirect Cost Allocation**

For the Year Ended December 31, 2013

Departments that Provide Direct Services to the Citizens of the County		Department	Sub Department	a Total Costs 12-31-2013	b Additional Costs ie Depr. Rev	c Excluded Costs	d Unallowable Costs	e Indirect Costs	f Direct Salaries/Wages	All Other Direct Costs a+b-f
118	Veterans Assistance	Veterans Assistance		63,344	-	-	-	-	-	63,344
119	911 Excise	911 Excise		701,167	-	-	-	-	-	701,167
120	3/10s Clerk	3/10s Clerk		103,549	-	-	-	-	63,885	39,664
120	3/10s Juvenile	3/10s Juvenile		36,567	-	-	-	-	23,927	12,640
120	3/10s Prosecutor	3/10s Prosecutor		174,460	-	-	-	-	119,452	55,008
120	3/10s Sheriff	3/10s Sheriff		930,225	-	-	-	-	455,146	475,079
120	3/10s Admin	3/10s Admin		29,078	-	-	-	-	-	-
121	Treasurer ULID	Treasurer ULID		0	-	-	-	-	-	-
122	Treasurers M&O	Treasurers M&O		98,825	-	-	-	-	15,025	83,800
123	Noxious Weed	Noxious Weed		356,876	-	-	-	-	189,200	167,676
125	Auditor Centennial Doc	Auditor Centennial Doc		45,120	-	-	-	-	-	45,120
127	Misdemeanant Probation	Misdemeanant Probation		738,423	-	-	-	-	466,071	272,352
130	Prosecutor Victim Witness	Prosecutor Victim Witness		106,042	-	-	-	-	68,885	37,157
131	Drug Enforcement	Drug Enforcement		10,000	-	-	-	-	-	10,000
134	Public Defense	Public Defense		24,400	-	-	-	-	-	24,400
135	Forfeited Drug Proceeds	Forfeited Drug Proceeds		425	-	-	-	-	-	425
136	Adult Misd Pre Diversion	Adult Misd Pre Diversion		0	-	-	-	-	-	-
140	Hotel Motel	Hotel Motel		1,043,753	-	-	-	-	1,247	1,042,506
142	Real Estate Excise Tax Tech	Real Estate Excise Tax Tech		18,750	-	-	-	-	-	18,750
202	2010 GO Bond	2010 GO Bond		882,732	-	-	-	-	10,500	872,232
206	CRID	CRID		0	-	-	-	-	-	-
301	Capital Improvements	Capital Improvements		768,777	-	-	-	-	-	768,777
302	Courthouse Jail Expansion	Courthouse Jail Expansion		1,018,149	-	-	-	-	-	1,018,149
309	Rodeo Grounds Capital Improve	Rodeo Grounds Capital Improve		4,823	-	-	-	-	-	-
401	Solid Waste	Solid Waste		3,207,345	-	-	-	-	377,243	2,830,102
402	Community Development Service	Community Development Service		1,225,696	-	-	-	-	447,683	1,626,373
501	ER&R	ER&R		1,823,773	-	-	-	-	197,400	59,322
511	Unemployment	Unemployment		59,322	-	-	-	-	-	-
601	Jerry Williams Library Trust	Jerry Williams Library Trust		0	-	-	-	-	-	-
	Total Direct Services	Total Direct Services		46,521,366	94,110	(6,518)	(342)	527,487	13,560,003	31,336,140
	TOTAL			47,896,828	132,807	(247,581)	(9,194)	1,691,732	13,560,003	31,336,140

Indirect Cost Rate Computation:

Indirect Costs divided by
Direct Salaries & Wages

1,691,732
13,560,003

Indirect Cost Rate =

12.48%

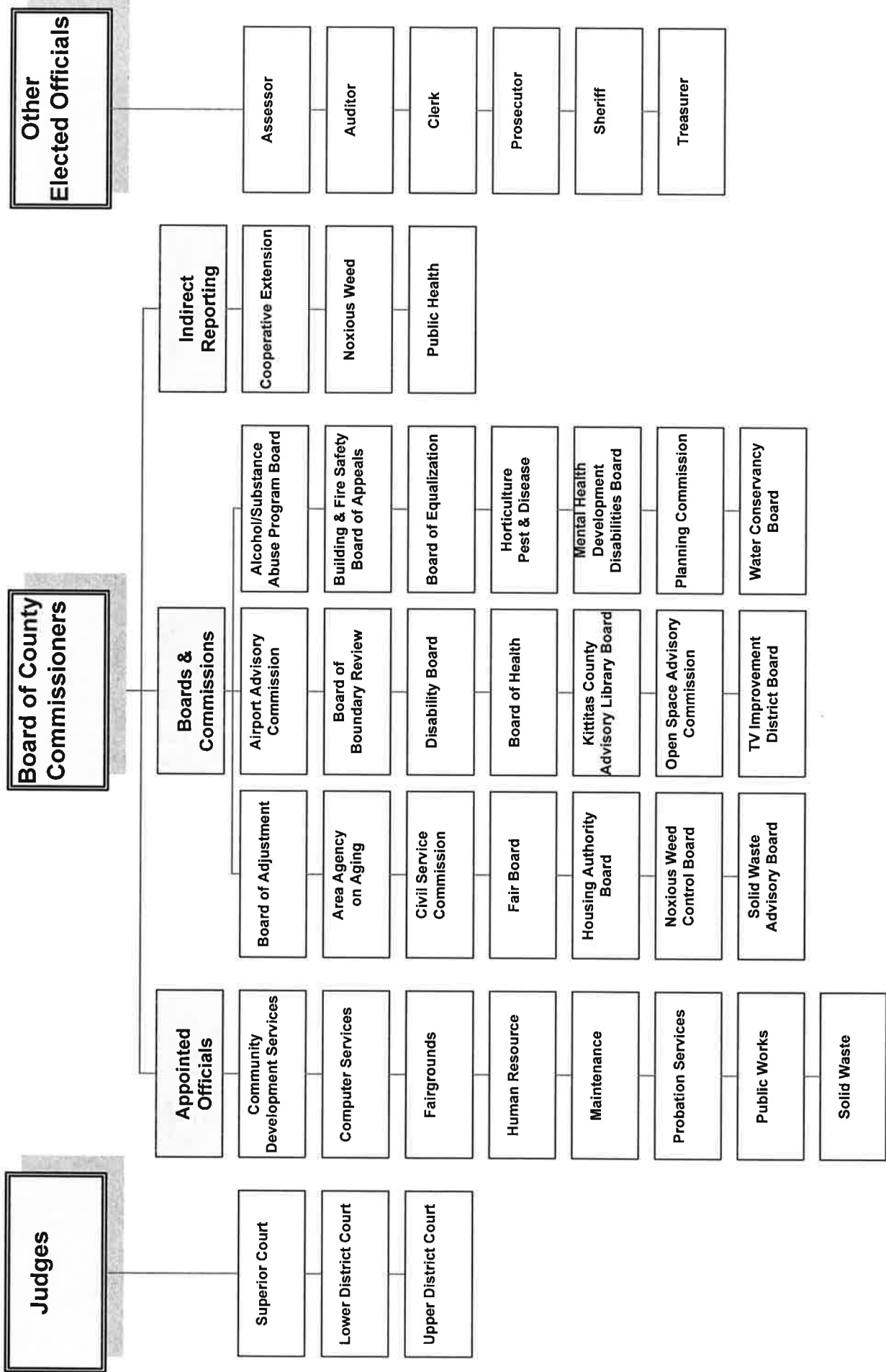
Adopted Rate =

11.25%

Notes:

Apply this rate to total allowable salaries for each claim for reimbursement

Kittitas County Departments



KITTITAS COUNTY

CERTIFICATE OF COST ALLOCATION PLAN

This is to certify that I have reviewed the cost allocation plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal for the period ended **December 31, 2013** are to establish cost allocations or billings starting **January 1, 2015** are allowable in accordance with the requirements of the Part; 2 CFR Part 200, "Uniform Administration Requirements, Cost Principles and Audit Requirements for Federal Awards" and the Federal award(s) to which they apply. Unallowable costs have been adjusted for in allocating costs as indicated in the cost allocation plan.

(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 Federal awards 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.

I declare that the foregoing is true and correct.

Governmental Unit: Kittitas County Central Services

Signature: _____



Name of Official: Jerald V. Pettit

Title: Kittitas County Auditor

Date of Execution: January 1, 2015

The 2015 rate approved is 11.25%