

KITTITAS COUNTY

BOARD OF COUNTY COMMISSIONERS

RESOLUTION NO. 2013-

**A Resolution adopting the Kittitas County Public Health Department Simplified
Indirect Cost Allocation Plan
For
Year Ended December 31, 2011**

WHEREAS, Kittitas County receives Federal Grant Dollars, and

WHEREAS, according to the United States Office of Management & Budget, Circular 87, Kittitas County Health Department needs to adopt a Simplified Indirect Cost Allocation Plan, and;

WHEREAS, the County Auditor has reviewed the Simplified Indirect Cost Allocation Plan and determined the Public Health Department's Indirect Cost Rate to be 28.05%, based on the distribution base of direct salaries & wages of each division/program, and;

WHEREAS, the County Auditor has approved the Indirect Cost Rate of 27.25%; a slight reduction from the actual calculation to allow for a margin of error, and

WHEREAS, the attached documentation shows the calculation of the Indirect Cost Plan for the Kittitas County Public Health Department as per the requirements for OMB Circular 87.

NOW, THEREFORE BE IT RESOLVED that the Board of County Commissioners adopts the Indirect Cost Rate for Kittitas County Public Health Department at 27.25%, based on the distribution base of direct salaries & wages, for federal grant reimbursement as certified by the County Auditor, effective January 1, 2013.

ADOPTED this 20th day of February, 2013.

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

Chairman

Vice-Chairman

Commissioner

ATTEST

Clerk of the Board

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, 2011** to establish cost allocations or billings starting **January 1, 2013** are allowable in accordance with the requirements of OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments," 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 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 – Public Health Department

Signature: _____

Name of Official: Jerald V. Pettit

Title: Kittitas County Auditor

Date of Execution: January 1, 2013

The 2011 Indirect Cost Rate is approved at 27.25% and the plan is based upon the 2011 actual data and completed review 2-13-2013

Kittitas County Public Health Department

Simplified Indirect Cost Allocation Plan

For the Year Ended December 31, 2011

NARRATIVE

In order for the department to comply with federal regulations OMB Circular A-87, Kittitas County Public Health Department has to adopt a simplified Indirect Cost Allocation Plan to be able to bill indirect costs to the grants.

2011 Public Health Department financial data is the data used to formulate the 2012 Indirect Cost Allocation Plan. The distribution base is the direct salaries of the department's employees.

The department's costs are divided into two categories: Public Health Administration costs and direct program costs. Within the category of Administration costs, only expenses incurred for common or joint purposes and in support of all programs are considered indirect costs. The costs coded to each individual program are considered direct costs.

DEFINITIONS

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

Direct Costs – costs that can be identified specifically with a particular final cost objective such as a particular award, project, service or other direct activity of an organization.

Direct Cost Base – the 2011 fiscal year salaries for each program within the Public Health department.

Exclusions – costs that are passed through or sub-granted to others are considered to be excludable costs. Some salaries that were charged to administration were not included in the indirect costs. Also, the portion of the department's liability and vehicle insurance that was associated with Environmental Health and Community Health was excluded.

Indirect Cost Allocation Plan – the documentation identifying, accumulating, and developing rates based on the allowable costs of the Public Health administrative division. These costs may be allocated to the individual programs and billed to the program grants.

Indirect Cost Rate – a device for determining in a reasonable manner the proportion of indirect costs each program should bear. It is the ratio of the indirect costs to a direct cost base.

Indirect Costs – those costs incurred for a common objective that benefits more than one grant program or project. Such costs are not readily assignable to the cost objective specifically benefitted.

OMB Circular A-87 – United States Office of Management & Budget document establishing principles and standards for determining costs for Federal awards carried out through grants, cost reimbursement contracts, and other agreements with governmental units.

Total Costs – the 2011 fiscal year financial data.

Unallowable Costs – certain costs specifically unallowable under the general and special award conditions or agency instructions. These costs are defined by OMB Circular A-87.

INDIRECT FUNCTIONS

In the Public Health Department, the indirect functions are those administrative tasks completed and the costs incurred to support all divisions of the department. Administration division costs for the fiscal year 2011 totaled \$270,056.10. Some of the costs included in this total are: the salaries for administrative staff time; the purchase of office supplies, operating supplies, minor office equipment; fees for professional services, telephone service, postage, travel, advertising, and other such expenses that are necessary to support the multiple programs within the department. The department included in the indirect costs salaries budgeted for the Administrator position for six months of 2011. The position was vacant for the period January through June, 2011. Since the position is a part of the department budget and is a significant part of the indirect support functions, the budgeted rather than actual data was included.

Excludable costs that are a part of the Administrative division's totals include salaries that were charged to the division but are not included in the indirect rate calculation because they are not positions that were determined to be consistently engaged in full-time work benefiting all programs. Also excluded from the calculation was a portion of the department-wide insurance costs that was attributed to program areas (Environmental Health and Community Health Services) that was charged in full to the Administrative division.

Excludable costs included in the Administrative division's totals included:

Salaries	\$ 18,841.67
Services & Charges (Insurance)	<u>\$ 11,204.00</u>
	\$ 30,045.67

Unallowable costs included in the Administrative division's total include civic organization membership fees, capital lease expenditures, legal expenditures and central services billings from the county. The Central Services billings from the county are what the department pays based on the county-wide indirect cost allocation plan.

Unallowable costs included in the Administrative division's totals included:

Civic Membership	\$ 450.00
Capital Leases	\$ 5,245.92
Legal Services	\$ 220.80
Central Services Billings	<u>\$ 78,908.07</u>
Total Unallowable Costs	\$ 84,824.79

Indirect Costs of Division Summary

Total Administrative Division costs	\$270,056.10
Total Excludable costs	(\$30,045.67)
Total Unallowable costs	<u>(\$84,824.79)</u>
Total Indirect costs	\$155,185.64

DIVISIONS WITH DIRECT EXPENSES

In 2011, the Public Health Department had 34 active divisions. Total expenditures for those programs totaled \$891,235.32. Of that amount, \$14,600 was related to excludable cost and \$5,226 was related to unallowable costs.

Excludable costs were comprised of \$14,600 passed through to Community Health of Central Washington for their professional services in the Children with Special Health Care Needs program.

Unallowable costs included \$5,226 in legal expenditures related to Solid Waste activities.

Direct costs included \$553,331.99 related to salaries. The final \$318,077.33 was considered to be allowable direct costs. These allowable costs included:

- Operating supplies that were necessary to meet the deliverables of the contracts;
- Professional services as prescribed by OMB Circular 87, page 34, Item 32.a and 32.b(2). These services were provided by individuals that possess skills not available within the department and the services were necessary to carry out the scope of the contract;
- Food that was purchased for a meeting or conference where the primary purpose is the dissemination of technical information (OMB Circular 87, page 33, Item 27);
- Advertising communicating specific activities or accomplishments as part of the outreach effort for grant deliverables (per OMB page 15, Item 1.d.(2));
- OMB Circular 87, page 33, Item 27 indicates that rent on meeting rooms is acceptable;
- Equipment purchases that did not meet the county's threshold of a \$5,000 minimum to be considered capital equipment.

Kittitas County Public Health Department Indirect Cost Allocation Plan
Based on 2011 Financial Data

	Total Costs	Exclusions (2)	Unallowable (3)	Direct Costs		
				Salaries	Other Direct Costs	Indirect Costs
Direct Services/Programs						
Flood Emergency	\$495.06			\$364.97	\$130.09	
Neutigen Software	\$5,878.07			\$1,652.07	\$4,226.00	
Archiving	\$5.99			\$4.46	\$1.53	
QILT Grant	\$148.96			\$109.58	\$39.38	
CHIP Grant	\$4,450.41			\$2,580.66	\$1,869.75	
Assessment	\$17,711.27			\$13,149.11	\$4,562.16	
Nursing Administration	\$80,429.42			\$42,218.01	\$38,211.41	
Child Death Review	\$53.71			\$40.12	\$13.59	
Maternal Child Health Block Grant	\$35,932.88	14,600.00		\$14,574.63	\$6,758.25	
Oral Health	\$29,067.79			\$15,696.58	\$13,371.21	
Clinic Services (Adult, Overseer, Children)	\$46,701.84			\$13,726.51	\$32,975.33	
Immunizations	\$36,599.58			\$22,571.49	\$14,028.09	
Tuberculosis	\$12,634.04			\$8,650.40	\$3,983.64	
HIV/AIDS	\$7,205.53			\$5,172.13	\$2,033.40	
Obesity Prevention	\$50,251.19			\$30,848.57	\$19,402.62	
Communicable Disease	\$66,884.54			\$50,863.23	\$16,021.31	
Hepatitis	\$17,761.71			\$12,277.04	\$5,484.67	
Breast, Cervical, Colon Health	\$22,036.27			\$15,296.17	\$6,740.10	
Tobacco	\$8,982.20			\$4,839.09	\$4,143.11	
Chronic Disease	\$5,791.68			\$3,693.78	\$2,097.90	
Bioremediation	\$47,236.68			\$33,882.08	\$13,354.60	
Child Care Infant Toddler Initiative	\$3,980.06			\$2,927.70	\$1,052.36	
Medical Administrative Match	\$4,902.33			\$1,931.76	\$2,970.57	
Child Profile	\$2,130.07			\$1,521.19	\$608.88	
Environmental Health Administration	\$63,545.51			\$32,481.90	\$31,063.61	
Water	\$48,264.15			\$35,503.91	\$12,760.24	
Solid Waste	\$89,756.93			\$61,936.21	\$22,594.72	
On-Site Sewage	\$64,359.26		\$,226.00	\$39,957.37	\$24,401.89	
Zoonotics	\$1,605.95			\$1,021.48	\$584.47	
Food Safety	\$75,273.58			\$54,152.62	\$21,120.96	
Living Environment	\$11,445.91			\$8,367.23	\$3,078.68	
Food Education/Food Worker Cards	\$11,590.60			\$7,851.43	\$3,739.17	
Vital Records	\$8,576.73			\$6,105.65	\$2,471.08	
Other Services (SAME, Child Abuse Prevention)	\$9,545.42			\$7,362.86	\$2,182.56	
Subtotal	\$891,235.32	\$14,600.00	\$5,226.00	\$553,331.99	\$318,077.33	\$0.00
Indirect Costs of Division						
Administration Salaries	\$149,725.45	\$18,841.67				\$130,883.78
Supplies	\$2,485.06					\$2,485.06
Services & Charges	\$24,533.57	\$11,204.00	\$450.00			\$12,879.57
Capital Outlay	\$5,245.92		\$5,245.92			\$0.00
Interfund Expenditures (postage, etc.)	\$9,158.03		\$270.80			\$8,937.23
Central Services of the Entity (1)	\$78,908.07		\$78,908.07			\$0.00
Subtotal	\$270,056.10	\$30,045.67	\$84,824.79	\$0.00	\$0.00	\$155,185.64
TOTAL	\$1,161,291.42	\$44,645.67	\$90,050.79	\$553,331.99	\$318,077.33	\$155,185.64

1. This represents the amount of internal services allocated to the department via the entity-wide central service cost allocation plan.
2. This column represents amounts that are passed through to other entities and amounts that are more directly related to program areas and are not included in the indirect rate
3. This column represents costs not allowed by A-87 (capital expenditures, legal expenditures and civic organization membership)

Public Health Department Indirect Cost Rates:		
Indirect Costs	\$155,185.64	28.05%
Direct Salaries	\$553,331.99	
Adopted Rate		
		27.25%