

KITTITAS COUNTY

BOARD OF COUNTY COMMISSIONERS

RESOLUTION NO. 2014-030

A Resolution adopting Central Services Simplified Indirect Cost Allocation Plan for Year Ended December 31, 2012

WHEREAS, Kittitas County receives Federal Grant Dollars, and

WHEREAS, according to the United States Office of Management & Budget, Circular 87, 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 11.53%, 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 slight 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 OMB Circular 87.

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, 2014.

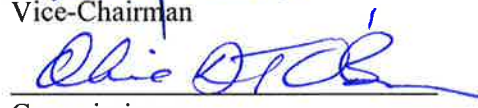
ADOPTED this 18th day of February, 2014.



**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, 2012

NARRATIVE

In order for the county to comply with federal regulations OMB Circular 87, Kittitas County has to adopt a simplified Indirect Cost Allocation Plan.

Each county department/fund is listed showing the total 2012 actual expenses. 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.

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 2012 fiscal year end salaries & wages for each department

Excluded Costs - Certain items of cost are classified by OMB Circular A-87 as extraordinary or distorting expenditures and are excluded from the computation of the indirect cost rate. Some examples of excluded costs are: equipment, and miscellaneous expenditures

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

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

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

Total Costs – the 2012 fiscal year end actual expenses

Unallowable Costs – Certain items of cost are classified by OMB Circular A-87 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.

INDIRECT FUNCTIONS

Auditor – Accounting

The Accounting Division is responsible for the Budgeting, Auditing and Accounting for the county. The total Auditor's Accounting Division 2012 actual expenses were \$357,080. The accounting division audits the vouchers and payrolls, and processes the warrants for the junior taxing districts and other funds that are billable. The allocation for the amount of time the accounting division spends on the other districts/funds is 7.09% of the total hours. The amount of salaries and benefits allocated, as an indirect cost is 92.91%. All other operating expenses were allocated at 100% with the exception of penalties and fines which are not allowed and new capitalized software purchase is not allowed. The amounts of excludable and unallowable costs are \$49,798, which includes salaries reimbursed by other funding sources.

Information Technology (formally Computer Services)

Information Technology is responsible to maintain the county computer equipment and software for all departments. Total 2012 actual expenses for Computer Services were \$851,774 plus depreciation of \$36,345 for total expenses of \$888,119. Of the total expenses \$80,505 are excludable and \$173,852 are unallowable costs. These excludable and unallowable costs include the following:

90% of GIS Services	\$ 80,505
Computer Equipment (Capitalized Equipment)	<u>\$173,852</u>
Total Excludable and Unallowable Costs	\$254,357

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 2012 actual expenses for Communications were \$94,704, of the expenses \$64,342 are excludable costs. These excludable costs include the following:

Paper – purchased for the copier	\$ 531
Telephone – DIS for Scan line	\$ 452
Postage – postage reimbursement	\$ 62,658
Equipment Maintenance – copier	<u>\$ 701</u>
Total Excludable and Unallowable Costs	\$ 64,342

Human Resource

The Human Resource Department administers various programs involving recruitment, compensation, benefits, collective bargaining, and personnel policy. The 2012 actual expenses are \$140,347. The Human Resource is responsible for Civil Service and these costs are

excludable as they only represent the Sheriff's office. The amounts for excludable and unallowable costs are as follows:

Civil Service	<u>\$13,860</u>
Total Excludable and Unallowable Costs	<u>\$11,320</u>

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 2012, the accounting staff had 5 full time employees. The total paid hours for the accounting staff was 10,843 out of 27,608 or 39.42%, the accounting staff salaries were \$223,509 out of \$560,236 or 41.68%; the average of both is 40.55%. The expenses were distributed by the 40.55% except for the costs related to other divisions within the office. The total Auditor's Administration 2012 expenses are \$102,238. The amount for the indirect allowable costs is **\$40,923**.

Facilities Maintenance – Motor pool

The facilities maintenance expenses for the motor pool was \$9,408. The total mileage used by each employee was divided by the total miles used for all pool cars. The 2012 amount of indirect usage for Auditor's Accounting, Human Resource, Computer Services, Treasurer, Auditor Administration and Facilities Maintenance is **\$4,666**.

Facilities Maintenance

The facilities maintenance expenses for the Courthouse were \$357,486; plus \$91,863 for depreciation of capitalized expenses for a total of \$428,260 costs. There were \$21,090 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 \$5.81 per square foot. The following is the breakdown of the **\$28,227** allowed indirect costs.

Room	Square Footage	% allowed	Amount
Auditor's Accounting	345.00	100	2,005
Accounting Manager	74.00	100	430
Human Resource	916.40	100	5,325
Treasurer's Office	1,892.84	32	4,148
County Auditor	152.10	46	358
Information Services	2,668.00	100	15,502
Mail Room	79.05	100	459
		TOTAL	28,227

Non-Departmental

This department's expense for 2012 is \$745,254. The indirect cost from this department is for the state auditor and dues. The state auditor costs for 2012 were \$60,800. 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 **\$80,197**.

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, 2012, was \$66,553,777 of which 62.28% was for County funds and 37.72% was for the Special Purpose districts. The total expenses for 2012 were \$458,948. The excludable expenses were calculated at the 37.72%. There were \$15,071 unallowable costs for leases and capitalized equipment. The total amount of allowable indirect costs for the Treasurer is **\$276,575**.

Computer Replacement

The total 2012 computer replacement expenses were \$53,656, of this amount \$14,826 was the amount of direct purchases for auditor's accounting; human resource and computer services.

CENTRAL SERVICES INDIRECT COST CALCULATION

The Central Services Departments; Auditor's Accounting, Information Services, Communications, and Human Resources had indirect costs of \$1,097,893. With the other indirect costs from other departments totaling \$445,415 the total county indirect costs are \$1,543,308.

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 2012 were \$13,381,038.

Indirect Cost Rate Computation:

Indirect Costs divided by	<u>\$1,543,308</u>	Indirect Cost Rate =11.53%
Direct Salaries & Wages	\$13,381,038	Adopted Rate = 11.25%

Notes: Apply this rate to allowable salaries and wages

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, 2012** are to establish cost allocations or billings starting **January 1, 2014** 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 Central Services

Signature: 

Name of Official: Jerald V. Pettit

Title: Kittitas County Auditor

Date of Execution: January 1, 2014

The 2014 rate approved is 11.25%

For the Year Ended December 31, 2012

See Accompanying Narrative

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

For the Year Ended December 31, 2012

Departments that Provide Direct Services to the Citizens of the County		Department	Sub Department	a Total Costs 12-31-2012	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
0024		Lower District Court	Lower District Court	978,485	-	-	-	-	503,501	474,984
0025		Facilities Maintenance	Motorpool	9,408	6,090	-	-	4,566	-	15,498
0025		Facilities Maintenance	Maintenance Vehicles	9,142	-	-	-	-	-	9,142
0025		Facilities Maintenance	Courthouse	357,486	91,863	-	-	28,227	136,803	312,546
0025		Facilities Maintenance	Sorenson Building	79,299	-	-	-	-	31,394	47,905
0025		Facilities Maintenance	Berry's Building	796,511	-	-	-	-	14,124	782,387
0025		Facilities Maintenance	Jail	182,750	-	-	-	-	33,196	149,552
0025		Facilities Maintenance	Sheriff Admin	30,588	-	-	-	-	6,557	24,030
0026		Non-Departmental	Non-Departmental	745,255	-	-	-	80,197	52,084	693,171
0029		Prosecutor	Prosecutor	1,697,182	-	-	-	-	1,107,892	589,290
0030		Sheriff	Sheriff	5,785,350	-	-	-	-	3,188,226	2,597,124
0031		Treasurer	Treasurer	458,205	-	-	-	276,575	230,680	227,525
0032		Upper District Court	Upper District Court	642,746	-	-	-	-	299,470	343,276
0033		Pest Control	Pest Control	14,723	-	-	-	-	-	14,723
0034		Conference of Government	Conference of Government	291	-	-	-	-	214	77
0035		Flood Control	Flood Control	77,922	-	-	-	-	-	77,922
0036		Library Advisory Board	Library Advisory Board	125,000	-	-	-	-	-	125,000
0037		Emergency Management	Emergency Management	230,778	-	-	-	-	130,287	100,491
0040		Criminal Justice	Criminal Justice	919,326	-	-	-	-	-	919,326
0043		Declaration of Emergency	Declaration of Emergency	142,014	-	-	-	-	88,018	53,996
0044		Post Employment Benefits	Post Employment Benefits	65,357	-	-	-	-	-	65,357
0045		Historical Document Program	Historical Document Program	11,562	-	-	-	-	9,932	1,630
0046		Current Use	Current Use	715	-	-	-	-	-	715
0047		Upper Co Ground Water	Upper Co Ground Water	9,475	-	-	-	-	-	9,475
0060		Computer Replacement	Computer Replacement	53,656	-	-	-	14,826	53,656	-
109		County Fair	County Fair	1,095,820	-	-	-	-	273,677	822,143
101		Airport	Airport	587,671	-	-	-	-	50,431	537,240
105		Community Services	Mental Health	1,222,129	-	-	-	-	5,810	1,216,319
106		County Road	County Road	10,295,163	-	-	-	-	1,857,353	8,437,811
107		Flood Control	Flood Control	30,855	-	-	-	-	4,696	26,159
108		Public Facilities	Public Facilities	703,982	-	-	-	-	15	703,967
110		EIS Trust	EIS Trust	0	-	-	-	-	-	-
112		Low Income Housing	Low Income Housing	101,915	-	-	-	-	207	101,708
113		Recreation	Recreation	13,636	-	-	-	-	974	12,662
114		Homelessness Housing	Homelessness Housing	143,440	-	-	-	-	917	142,523
115		Trial Court Improvements	Trial Court Improvements	47,575	-	-	-	-	-	47,575
116		Public Health	Public Health	1,137,932	-	-	-	-	676,724	461,208

See Accompanying Narrative

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

For the Year Ended December 31, 2012

Departments that Provide Direct Services to the Citizens of the County		Department	Sub Department	a Total Costs 12-31-2012	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								
119		911 Excise		73,108	-	-	-	-	-	73,108
120		3/10s Clerk		561,515	-	-	-	-	-	561,515
120		3/10s Juvenile		94,826	-	-	-	-	-	94,826
120		3/10s Prosecutor		34,972	-	-	-	-	61,733	33,093
120		3/10s Sheriff		180,958	-	-	-	-	22,988	11,984
120		Treasurer UJID		769,757	-	-	-	-	129,441	51,517
121		Treasurers M&O		43	-	-	-	-	383,742	386,015
122		Noxious Weed		114,198	-	-	-	-	-	43
123		Auditor Centennial Doc		330,188	-	-	-	-	23,761	90,437
125		Misdemeanant Probation		22,436	-	-	-	-	184,524	145,664
127		Prosecutor Victim Witness		731,686	-	-	-	-	-	22,436
130		Drug Enforcement		103,143	-	-	-	-	489,116	262,570
131		Public Defense		51,343	-	-	-	-	67,682	35,461
134		Forfeited Drug Proceeds		24,225	-	-	-	-	28,036	23,307
135		Adult Misd Pre Diversion		3,014	-	-	-	-	-	24,225
136		Hotel Motel		0	-	-	-	-	-	3,014
140		Real Estate Excise Tax Tech		471,099	-	-	-	-	1,138	469,961
142		2010 GO Bond		10,000	-	-	-	-	-	10,000
202		CRID		878,934	-	-	-	-	21,465	857,469
206		Capital Improvements		125,000	-	-	-	-	-	125,000
301		Courthouse Jail Expansion		1,262,949	-	-	-	-	-	1,262,949
302		Solid Waste		5,833,555	-	-	-	-	-	5,833,555
401		ER&R		2,880,547	-	-	-	-	365,028	2,515,519
501		Unemployment		2,012,406	-	-	-	-	226,099	1,786,307
511		Jerry Williams Library Trust		45,621	-	-	-	-	-	45,621
601		Total Direct Services		50,664,289	97,953	0	0	445,415	13,381,038	37,381,204
		TOTAL		52,108,194	134,298	(195,535)	(186,822)	1,543,308	13,381,038	37,381,204

Indirect Cost Rate Computation:

$$\frac{\text{Indirect Costs divided by}}{\text{Direct Salaries \& Wages}} = \frac{1,543,308}{13,381,038}$$

Indirect Cost Rate = 11.53%

Adopted Rate = 11.25%

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