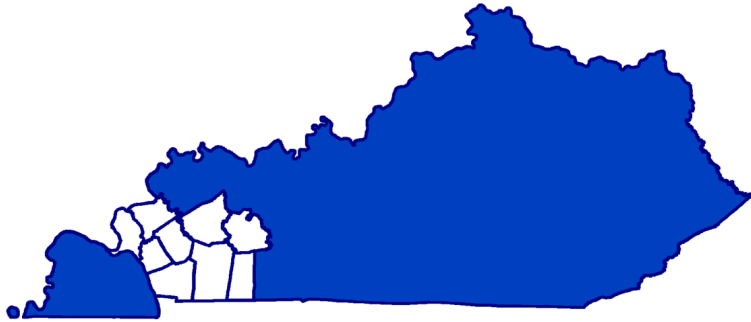


PENNYRILE AREA
DEVELOPMENT DISTRICT



COST ALLOCATION PLAN
FY 2027

**PENNYRILE AREA DEVELOPMENT DISTRICT INC.
COST ALLOCATION PLAN FY 2027**

I. INTRODUCTION

The Pennyrile Area Development District is a governmental entity as established by the 1972 Kentucky General Assembly found in KRS 147A.050-.140. The Pennyrile ADD's Cost Allocation Plan is guided by the Department of Local Government and Uniform Guidance 2 CFR Part 200 (formerly OMB Circular A-87).

The Pennyrile District's operating and personnel policies serve as further clarification concerning salaries, office regulations, fringe benefits, travel, procurement policies, time records, and leave time accrual system as adopted by the Board of Directors.

II. WORK ELEMENTS

The Work Elements within which Pennyrile ADD will be working, or that have accounts established, this fiscal year are as follows:

- 120 Community and Economic Development
- 125 CDBG Program Assistance
- 135 Delta Regional Authority
- 140 Financial Administration and Inventory
- 150 Program Administration
- 155 Hazard Mitigation
- 165* Regional Housing Program
- 170* Enterprise/Facilities Development
- 175* EDA – Resiliency Capacity Building Project
- 176* IRP Admin
- 177* RLF Admin
- 181* KIA Water Planning
- 182* KIA – GIS
- 186* Christian County Planning
- 190* Transportation Program
- 194* Local Road Updates
- 264* Expanded Senior Meal Program
- 270* Aging Title III
- 271* USDA
- 275* Aging Title V
- 277* Aging Family Care Giver Services
- 278* Aging Disability & Resource Market
- 279* MIPPA
- 281* Aging PDS Medicaid Services
- 284* Aging CMP Ombudsman
- 285* Long-term Care Ombudsman
- 286* Title VII Elder Abuse
- 287* Aging - Benefits Counsel
- 289* Aging Elder Abuse
- 290* Homecare Services
- 291* Suicide Prevention Grant
- 298* Veterans Directed Care Program

- 299* Aging Outside Projects
- 310* Regional Computer Services
- 900* WIOA – Admin
- 910* WIOA – Adult
- 915* WIOA – Dislocated Workers
- 916* WIOA – Dislocated Workers – RRT
- 919* Rapid Response Additional Assistance
- 920* WIOA – Youth
- 935* Rapid Response – TRADE
- 940* Trade Training Program
- 941* Putting Young Kentuckians to Work – Adm
- 942* Putting Young Kentuckians to Work - Program
- 943* Quest NDWG – Program
- 944* Quest NDWG – Admin
- 945* Project Storm – Admin
- 946* Project Storm – Program
- 997* McCracken Co Drug Court

* Non-JFA Work Elements, which are a part of our integrated accounting system.

III. CHART OF ACCOUNTS

The Pennyrile District's Chart of Accounts is in conformity with the guidelines and requirements as established in the Kentucky JFA Bookkeeping Manual. The Pennyrile District's chart of accounts is arranged as follows:

Department	Type	Work Element	Account Purpose	Identifiers
XXXX	X	XXX	XXXX	XXX

Department

The first dimension of the chart of accounts is the department code. It consists of four numeric digits and identifies the funding activity and consists of the following.

- 1000 – Local
- 1100 – Community & Economic Development – Joint Funding Administration
- 1200 – Transportation
- 1300 – Aging
- 1600 – Community & Economic Development
- 17xx – Loan Funds
- 1800 – Computer Services
- 2730 – Pennyrile Housing Corporation
- 3000 – Pennyrile Development & Governmental Center
- 4xxx – West Ky Workforce Investment Board
- 5xxx – Pennyrile Elder Abuse Council
- 60xx – Pennyrile Solid Waste Management Authority
- 61xx – Ft. Campbell Strong Defense Alliance
- 7xxx – West Ky Workforce Investment Board
- 8xxx – West Ky Workforce Investment Board
- 9xxx – Indirect

Type

The second dimension is the type of account. It consists of one numeric digit and identifies the source of the account.

- 0 Revenue or balance sheet account
- 1 Direct Expense
- 2 Overall Shared Costs
- 3 Direct Participant Cost
- 4 Hopkinsville Career Center Shared Cost
- 5 Pennyrile ADD Building Shared Cost
- 6 Madisonville Career Center Shared Cost
- 7 Central City Career Center Shared Cost
- 8 Off-site location cost

Work Element

The third dimension of the account structure is the work element. It consists of three numeric digits and identifies the activity or program. The work element provides the district the framework to classify expenditures by program for cost determination purposes. The work elements are defined in Section II of the Cost Allocation Plan. Should the account be a balance sheet account, the work element would consist of zeroes.

Account Purpose

The fourth dimension of the account structure identifies the nature of the account (Balance Sheet, Revenue Source, and Expenditure Object). The account purpose consists of four numeric digits.

- 1xxx – Assets and Other Debits
- 2xxx - Liabilities and Deferred Revenue
- 3xxx – Equities and Other Credits
- 4xxx – Revenues and Other Financing Sources
- 5xxx – Program Expenditures and Other Financing Uses
- 6xxx – Local Expenditures
- 7xxx – Shared and Indirect Expense

Identifiers

Identifiers help to identify tasks, phases or sub-categories within a grant. It also permits the district to meet a variety of specialized reporting requirements at local, state, and federal levels.

IV. BOOKS OF ENTRY

The formal books of entry of the Pennyrile Area Development District are listed as follows and are in conformity with the Kentucky Joint Funding Bookkeeping Manual:

- Cash Receipts Journal
- Cash Disbursements Journal
- General Ledger
- General Journal
- Payroll Register

V. OPERATING EXPENSES

Operating expenses of the Pennyriple Area Development District are charged as either direct program costs or indirect costs on behalf of all programs. Direct charges to a particular program are as defined in 2 CFR Part 200, which can be identified specifically with a particular program objective. The criteria as used by the Pennyriple District in determining direct and indirect costs are as follows:

1. Salaries and Wages

- a. Direct Costs - The majority of the employees direct charge their salary costs since their work is specifically identifiable to specific grants, contracts, or other activities of the organization. The charges are supported by auditable labor distribution reports which reflect the actual activities of the employees.
- b. Mixed Charges – The following employees may charge their salary costs to both direct and indirect activities:
 - Executive Director
 - Administrative Officer
 - Receptionist
 - Computer Manager
 - Accounting Clerks
 - Executive Assistant
 - Website Developer

The distinction between direct and indirect is primarily based on functions performed. For example, when the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions are specific to one or more programs they are direct because they do not benefit all programs. Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges.

- c. Release time costs (vacation leave earned, sick leave used, and paid holidays) are considered part of salary costs. Since such costs are part of salary, the recipient does not claim release time as separate charges. Pennyriple ADD's records release time as a direct or indirect cost in the same manner that salary costs are recorded. Vacation leave earned but not used during each fiscal period is treated as a cost incurred during the period the leave is earned.

2. Fringe Benefits

The district contributes the following fringe benefits for its employees:

- Federal Insurance Contributions Act (Social Security & Medicare)
- Unemployment Insurance
- Health, Dental & Vision Insurance
- Disability Insurance
- Employee Discretionary Insurance Coverage
- Kentucky Retirement System
- Worker's Compensation Insurance
- Life Insurance
- Annual Leave

Since the district's accounting system tracks fringe benefits costs by individual employee and charges those costs directly or indirectly in the same manner as salary and wage costs are recorded, the district does not need to have a fringe benefit rate established.

Payments to separating employees for unused leave are not charged as direct costs to any federal awards.

3. Travel

Travel costs are charged either as direct or indirect depending upon the predominant purpose of the trip. Auditable travel vouchers support all claimed travel costs. Travel costs are normally limited to those allowable under the Federal Travel Regulations. The district identifies unallowable travel costs (e.g., most first class airfare, excessive lodging costs, and alcoholic beverages) and does not charge them as direct to federal awards or as indirect to any indirect cost pool.

4. Consultant Contracts

All consultant contracts whose content is directly attributed to specific work elements are to be charged as a direct cost of the program(s) in which they apply.

5. Printing and Duplicating

All printing and duplicating costs which are directly attributable to documents within a specific work element are to be charged as a direct cost. This specifically applies to any printing, which is necessary on required plans and reports. All miscellaneous printing costs are to be charged as indirect service costs.

6. Postage

All postage costs, which are directly attributable to a specific work element, are to be charged as a direct cost. All postage not identifiable with a specific program is considered an indirect cost.

7. Audit Fees

The Pennyrile Area Development District's audit cost for the Agency's annual overall audit with details by specific program are to be charged as a shared administrative cost; except in the case of a specific program or grant requiring a special audit report in which case these fees should be charged against that specific program or grant.

8. Building Rental

All building rental or depreciation and the associated utilities costs is to be charged as a shared service cost.

9. Equipment Rental/Purchases

Depreciation charges, rentals, and usage costs of equipment are generally charged as shared service costs. In some instances, if allowable (see Part 1), depreciation charges, rentals, and usage costs may be charged as a direct cost to the applicable program element. Equipment purchases are not charged as shared costs.

VI. INDIRECT COST PLAN

The shared costs that are described above will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars) that are attributable to specific grant programs and documented by timesheets prepared by employees and approved by their supervisors. The shared costs are allocated on a monthly basis.

VII. SUPPORTING DOCUMENTATION

Supporting information is retained by the Pennyrile Area Development District in justification of transactions and cost allocations on behalf of all program elements.

VIII. LOCAL FUNDS

Local Funds are used by the Pennyrile Area Development District for match where required; as operating funds pending reimbursement by contracting agencies; to cover other expenditures of a grant in excess of the grant amount; and to pay for non-grant allowable expenditures. Local funds are also used to pay staff and administrative costs in excess of grant funds or to finance work efforts of the District.

PENNYRILE AREA DEVELOPMENT DISTRICT
 Shared Cost Calculation
 For the Year Ending June 30, 2025

Shared & Indirect Costs Applied		1	
Salary	\$ 322,615.00		
Annual Leave	49,590.00		
Employee Benefits	178,078.00		
Travel	82,614.00		
Duplication	1,838.00		
Postage	2,472.00		
Depreciation	24,590.00		
Other Costs	<u>393,961.00</u>		
Total Shared & Indirect Costs	<u><u>\$ 1,055,758.00</u></u>		
 Direct Salaries & Benefits		2	
Salary	\$ 2,085,389.00		
Benefits	<u>1,060,652.00</u>		
Total Direct Salary & Benefits	<u><u>\$ 3,146,041.00</u></u>		
 Shared & Indirect Rate Calculation			
Total Shared & Indirect Costs	<u>\$ 1,055,758.00</u>		34%
Total Direct Salary & Benefits	<u>\$ 3,146,041.00</u>	=	

¹ From FY 25 Audit, Page 75, "Shared Cost Allocation" Column

² From FY 25 Audit, Page 75, "Schedule of Revenues & Expenditures by Program - Statutory Basis"

	<u>Salaries</u>	<u>Benefits</u>
Total	2,408,004.00	1,238,730.00
Less: Shared Cost Alloc	<u>(322,615.00)</u>	<u>(178,078.00)</u>
Direct Charges	2,085,389.00	1,060,652.00

U.S. Department of Commerce, Economic Development Administration
1401 Constitution Avenue, NW
Washington, DC 20230

CERTIFICATE OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal prepared and maintained herewith and to the best of my knowledge and belief:

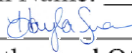
(1) All costs included in this proposal dated 05/12/2026 **[identify date indirect cost rate proposal was finalized]** to establish indirect costs rate(s) for 7/1/2026 to 6/30/2027 **[identify start/end dates for the fiscal year covered by the indirect cost rate]** are allowable in accordance with the requirements of the Federal award(s) to which they apply and OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (codified at 2 C.F.R. Part 200) 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 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.

(3) The indirect cost rate calculated within the proposal is 34% **[identify rate(s)]**, which was calculated using a direct cost base type of Salary & Fringe **[identify type of direct cost base – Salary & Fringe, MTDC, etc.]**. The calculations were based on actual costs from fiscal year 2027 to obtain a federal indirect cost billing rate for fiscal year 2027.

(4) All documentation supporting the indirect cost rate identified above must be retained by the Recipient. This rate should be reviewed and validated as part of the Recipient's annual financial audit.

Subject to the provisions of the Program Fraud Civil Remedies Act of 1986, (31 USC 3801 et seq.), the False Claims Act (18 USC 287 and 31 USC 3729); and the False Statement Act (18 USC 1001), I declare to the best of my knowledge that the foregoing is true and correct.

Organization Name: Pennyrile Area Development District
Signature: 
Name of Authorized Official: Hayla Swaw
Title: Chief Financial Officer
Email Address and Phone: hayla.swaw@ky.gov 270-886-9484
Date of Execution: 05/12/2026

Pennyrile Area Development District

