

BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

COST ALLOCATION PLAN

FISCAL YEAR 2026

July 1, 2025 - June 30, 2026

699 Perimeter Drive

Lexington, KY

EIN# 61-0725990

Contact: Michael Buschmann, CFO

Email: mbuschmann@bgadd.org

Phone: 859-269-8021

Fax: 859-269-7917

Website: www.bgadd.org

I. INTRODUCTORY STATEMENTS

A. Introduction

The Bluegrass Area Development District Board is dedicated to providing basic services to the social, economic and physical development of a 17 county region. It is with this concept in mind that the Bluegrass Area Development District Board of Director's submits its FY2026 Cost Allocation Policy.

Following the procedures set forth by the Department for Local Government, 2 CFR Part 200 formerly 2 CFR Part 225 (OMB Circulars A-87), KRS 147.050 and A-133, contained herein is the Cost Allocation Plan for Fiscal Year 2026.

B. Operating Policies

The Board of Directors of Bluegrass ADD has adopted operating policies covering the following topics:

- Personnel Policies
- Purchasing and Procurement Policies
- Recruitment and Hiring Procedures
- Board, Executive Director and Staff Travel Policies
- Policies and Procedures on Contracting
- Policy on Cash Management and Investments
- Policy on Meeting Expenses
- Policy on Credit Cards
- Whistleblower Policy
- Conflict of Interest Policy

C. Other

Bluegrass Area Development District uses a computer system for accounting tasks. This system is designed to provide the ADD with more efficient and accurate accounting, personnel and financial information.

Data is entered from time sheets, expense allocation/approval forms and deposit records into the accounting system. Other data is updated as information is received.

II. WORK ELEMENT AND GRANT ROSTER FY25

Grant # Account Description

10020	Lawrence/Anderson Comp	25142	ARC Ready LDD 2023
10021	Lancaster Comp Plan Update	30000	Transportation
11210	Computer Services - Scott	39000	GIS Transportation
11220	Lake Village Water IT	40000	Homecare
12010	Nicholasville Video	42000	Title III
12011	Nicholasville Video Recording	42030	Title III C1
13014	Bourbon Co Webpage Update	42040	Title III C2
13015	Cynthiana-Harrison EDA Webpage	42045	Aging - ESMP
13016	Jessamine County Attorney Web	42050	Title III-D (note 1)
16060	Anderson Planning TA	42060	Title III B Ombudsman
21269	Nicholas Water District P13	42250	Title VII-Elder Abuse

21291	Wilmore Granary Restore CDBG	42400	CMS SHIP
21693	Stanton CDBG/ARC I/I	42420	Aging - Med ADRC No Wrong Door
21706	Stanton Water Improvements Pro	43500	Consumer Directed Options
21718	Clark SD CWP Rockwell SX9045	46000	Title VII Ombudsman
21720	Clay City I&I CDBG/ARC 2020	46010	LTC Ombudsman State
21721	Lincoln McKinney WD KIA	47000	NSIP USDA
21725	Midway CDBG Bluegrass Dist.	47040	INNU Suicide Prevention
21728	Versailles Distillery CDBG	47050	Aging ADVC
21732	Versailles Tornado Shelter	48020	PDI Non-Medicaid ADRC
21733	Hazard Mitigation Plan Update	48030	ADRC
21735	City of N Middletown Fire Stat	48040	CDC
21738	Wilmore CWP R1 & 2	48050	Aging - FAST
21740	MCSO Gwinn Island Admin	48100	Aging MIPPA-SHIP
21741	Nicholas Co WD Management Serv	48110	Aging MIPPA-AAA
21742	Stanton Water Impr. State Line	48120	Aging MIPPA-ADRC
21744	Bourbon Co Planning TA	49000	Family Caregiver-E
21745	Junction City ARPA Admin	49010	Family Caregiver - Admin
21746	Nicholas Cybersecurity 24	49020	KY Grandparent Program
21747	City of Paris CWP Admin SX7022	49030	Bridging the GAP
21749	Burgin CWP-2 22CWW007	49035	Bridging the Gap - Non Direct
21750	Safe Streets and Roads for All	49200	Aging CRF/CHFS Meals C1 & C2
21751	Berea Farristown CDBG	49500	BMH Aging Coalition
21752	Cynthiana Fire Station CDBG	51112	Trade 205BE23
21754	Richmond RHOAR EDA Project	51212	Trade Case Management 205CM23
21755	North Mercer WD KIA CWP	53082	Adult Admin 270AD25
21756	Crab Orchard KIA CWP SX7018	53092	Adult Admin 273AD25
21757	So. Woodford KIA Fund B WX9038	53123	Adult Program 271DW25
21758	Nicholas C. ARC POWER WX1018	53182	Adult Program 270AD25
21759	SMWD SCADA CWP WX1070	53192	Adult Program 273AD25
21760	Crab Orchard CWP R2 WX7045	54032	DW Admin 272DW25
21761	Millville Sewer Proj. SX3092	54042	DW Admin 271DW25
21762	Central KY Airport Wtr & Swr	54132	DW Program 272DW25
21763	Winchester Bluegrass Tool CDBG	54142	DW Program 271DW25
21764	Paris CPF Meter Replacement	56031	Youth Admin 274YT25
21765	Lincoln-McKinney WD P1B CDBG	56131	YOS Program 274YT25
21766	Jessamine Co. Comp Plan Study	57131	YIS Program 274YT25
21768	Jessamine Jenette P3 KY-0893	58100	HBI State Workforce Youth
21770	Danville-Boyle Planning	71200	JFA 120 EDA
21771	Midway I-64 Line Ext. WX9044	71250	JFA 125 CDBG/Gr Writing/Proj D
21772	Stanton Water Imp. P2 WX7026	71300	JFA 130 ARC
21773	Stanton Water Imp. P3 WX7026	71400	JFA 140 Public Admin
21774	Jessamine Co. Planning 2025	71500	JFA 150 Committees
21775	Bourbon Co. Farmers Bank CDBG	71600	EDA Cares
21776	Woodford Co. Water Line WX9023	80010	Mapping Assistance
21777	Beech Fork Water Project	82200	Jessamine Reapportionment
21778	KNRA Operating Officer Admin	82201	Lincoln Reapportionment
21779	Franklin County OAF Assistance	82202	Nicholas Reapportionment
21800	Estill Co Fiscal Court ARPA	82210	Garrard Co Reapportionment
21801	City of Irvine ARPA	82220	Boyle Reapportionment
21802	Jessamine Co Fiscal Court ARPA	82230	Estill Reapportionment
21803	Bourbon Co Fiscal Court ARPA	82240	Anderson GPS E911

21804	City of Stanton ARPA	82250	Jessamine Co GIS
21805	City of Ravenna ARPA	82260	Reapportionme
21806	Nicholas Co Fiscal Court ARPA	83060	Franklin Co Reapportionment
21807	Harrison Co ARPA Admin	83090	Madison County PVA Mapping
21808	Harrison Co ARPA Admin	85090	BEAD KYOBD Challenge Project
21809	City Of Harrodsburg ARPA Admin	85100	KYTC Local Roads Anderson
21810	City of Berea ARPA Admin	85110	KYTC Local Roads Bourbon
21811	N. Middletown ARPA Admin	85120	KYTC Local Roads Boyle
21812	City of Winchester ARPA	85130	KYTC Local Roads Clark
21813	Anderson County ARPA Admin	85140	KYTC Local Roads Estill
21814	City of Crab Orchard ARPA	85150	KYTC Local Roads Franklin
21815	City of Lancaster ARPA	85160	KYTC Local Roads Garrard
21816	City of Wilmore ARPA	85170	KYTC Local Roads Harrison
21817	Lincoln Co Fiscal Court ARPA	85180	KYTC Local Roads Jessamine
21820	Burgin ARPA	85190	KYTC Local Roads Lincoln
21821	Lancaster San Sewer CWP SX9015	85200	KYTC Local Roads Madison
21822	Nicholas Co Water District CWP	85210	KYTC Local Roads Mercer
21823	Harrison Co. SD CWP WX7016	85220	KYTC Local Roads Nicholas
21824	WMUFlanagan/Madison CWP SX9026	85230	KYTC Local Roads Powell
21825	Winch River Intake CWP WX9042	85240	KYTC Local Roads Scott
21826	Paris Water SRF Admin	85291	KYTC Local Roads Woodford
21828	Perryville ARPA Admin	85295	Bourbon Reapportionment
21830	Lancaster Planning TA	85302	Farmdale SD CWP SX21073087
21831	Midway Fund B Loan SX9015	85407	Danville Mapping Agreement
21832	Carlisle ARPA	85423	Powell Clerk's Web Map
21833	Anderson CDBG-CV	85424	Danville E911 Maps & Data Coll
21834	Franklin CDBG-CV	85425	Nicholas/Carlisle E911
21835	Georgetown CDBG-CV	85426	Homeland Security Geo Audits
21836	Stanford CDBG-CV	85431	Franklin Co E Government
21900	Berea KY 595 CWR2 SX1068	85432	Danville Boyle P&Z Mapping
21901	Estill Co CWP R2 WX5010	85433	Cynthiana GPS
21905	Hustonville CWP R2 KIA	85437	Danville E911 TA
21907	AMR Water Meters CWP R1 WX1068	85439	Estill Co E911
21908	Paris CWP R1 MillersburgSX7022	85440	Powell E911
21909	Paris CWP R2 MillersburgSX7022	85442	UMAST Upgrade
21910	Red River CWP 2023	85443	Harrison Co E911
22000	KIA 409 Council	85444	Paris Bourbon E911
22140	Burgin CWP Round 1	88000	UMAST Upgrade Rev. & Oil
22300	Franklin Co Planning Assistanc	88100	KIA GIS
23013	Jessamine Jenette Phase 3 Acqu	90000	Jessamine GIS
23102	Lincoln Co Comp Plan	91000	Dental Office
23103	Boyle County Joint Comp Plan	92000	Non-Grant
24010	Harrodsburg Bypass CDBG	93000	Comprehensive Plan NG
			Bluegrass Cat Project

III. CHART OF ACCOUNTS

The Chart of Accounts is arranged as follows. 100 series account numbers are assets, 200 are liabilities, 300 are revenues, 400 are direct grant expenses, 500 are direct contract pass-thru, 700 and 900 are shared and indirect expenses, and account 820 will not be charged to grants.

G/L# Account Description

101	CASH OPERATING	264	BACKGROUND CHECKS - KARES
102	CASH AGING	277	ACCRUED TAX PAYABLE
103	CASH WIOA	290	TENANT DEPOSIT PAYABLE
104	CASH PAYROLL	291	NET PENSION LIABILITY
106	INVESTMENTS MM	292	NET OPEB LIABILITY
107	INVESTMENTS CD	293	LEASE LIABILITY
109	CASH BLUEGRASS CAT	295	DEFERRED PENSION PLAN INFLOWS
110	CASH CDO PAYROLL	297	DEFERRED INFLOWS
112	CASH CDO OPERATING	298	FUND BALANCE
113	CASH TENANT	301	FEDERAL REVENUE
114	PREPAID EXPENSE	302	STATE REVENUE
115	A/R FEDERAL	304	LOCAL REVENUE
116	A/R STATE	305	LOCAL MATCH REVENUE
117	A/R LOCAL	380	LOCAL REVENUE - CONTRIBUTIONS
118	A/R LOCAL MATCH	381	LOCAL REVENUE - INTEREST/OTHER
119	A/R OTHER	382	LOCAL REVENUE - RENT
120	REIMBURSABLE RECEIVABLE	383	GAIN/LOSS ON ASSET DISPOSAL
121	LEASE RECEIVABLE	410	DIRECT SALARIES
126	A/R UNBILLED	411	DIRECT SALARIES CDO
127	UNAPPLIED CASH ON ACCOUNT	420	DIRECT BENEFITS
151	EQUIPMENT	421	DIRECT BENEFITS CDO
152	LEASEHOLD IMPROVEMENTS	424	DIRECT ANNUAL LEAVE
153	EQUIPMENT MOBILE ONE STOP	426	DIRECT POSTAGE
154	EQUIPMENT AGING SOFTWARE	428	DIRECT PHONE
155	EQUIPMENT GIS SOFTWARE	430	DIRECT TRAVEL
157	EQUIPMENT ACCOUNTING SOFTWARE	431	DIRECT COMMITTEE/BOARD TRAVEL
158	EQUIPMENT SOFTWARE	433	DIRECT EQUIPMENT PURCHASE
161	ACCUMULATED DEPRECIATION	435	DIRECT SUPPLIES
162	ACCUMULATED AMORTIZATION	436	DIRECT COMPUTER SUPPLIES/SOFTW
163	ACCUMULATED DEPRECIATION MOBIL	440	DIRECT FEES
164	ACCUMULATED DEPRECIATION AGING	445	DIRECT LEGAL FEES
165	ACCUMULATED DEPRECIATION GIS S	450	DIRECT PRINTING & PUBLISHING
167	ACCUMULATED DEPRECIATION ACCOU	460	DIRECT OTHER
168	ACCUMULATED DEPRECIATION SOFTW	461	DIRECT TEMP SERVICES
170	ALLOWANCE FOR BAD DEBT	462	DIRECT MEETING EXPENSE
171	LAND	463	DIRECT PROFESSIONAL DEVELOP
172	BUILDING	465	DIRECT GIS MILEAGE EXPENSE
173	PARKING LOT	472	DIRECT EQUIP RENT/MAINT
174	BUILDING IMPROVEMENTS HVAC	490	DIRECT BAD DEBT EXPENSE
175	BUILDING IMPROVEMENTS	491	RECOUPMENT EXPENSE
182	ACCUMULATED DEPRECIATION BUILD	497	TENANT BUILDING COSTS
183	ACCUMULATED DEPRECIATION PARKI	501	C/S CONTRACTS
184	ACCUMULATED DEPRECIATION BUILD	505	C/S BOARD STRATEGIC PLAN
185	ACCUMULATED DEPRECIATION BUILD	510	C/S ASSESSMENTS
195	DEFERRED PENSION PLAN OUTFLOWS	511	C/S PARTICIPANT TRAVEL
196	DEFERRED OPEB OUTFLOWS	512	C/S PARTICIPANT CHILDCARE
197	LEASE ASSET	515	C/S FOLLOW UP INCENTIVE
198	LEASE AMORTIZATION	516	C/S TUITION, FEES, SUPPLIES
200	ACCOUNTS PAYABLE BLUEGRASS CAT	517	C/S MARKETING
201	ACCOUNTS PAYABLE OPERATING	518	C/S MOBILE JOB CENTER
202	ACCOUNTS PAYABLE AGING	520	C/S WORK EXPERIENCE OJT
203	ACCOUNTS PAYABLE WIOA	525	C/S CAREER CENTER
204	ACCOUNTS PAYABLE CDO	527	C/S INCUMBENT WORKER TRAINING
205	INTEREST PAYABLE AGING	530	C/S JOB FAIR
206	INTEREST PAYABLE WIOA	535	C/S CHAMBER/ASSOC MEMBER & FEE

207	FICA PAYABLE	540	C/S EMPLOYERS ASSESSMENTS
208	FEDERAL WITHHOLDING TAXES PAYA	550	CONTRACT SERVICES CP
209	STATE WITHHOLDING TAXES PAYABL	570	CONTRACT SERVICES AGING
210	CITY WITHHOLDING TAXES PAYABLE	711	INDIRECT SALARIES
211	COUNTY SCHOOL TAX PAYABLE	721	INDIRECT BENEFITS
212	125 VOUCHER DEDUCTION PAYABLE	731	INDIRECT TRAVEL
213	MISCELLANEOUS WITHHOLDINGS	736	INDIRECT SUPPLIES
214	IRS 457 EMPLOYEE WITHHOLDINGS	741	INDIRECT DUES, FEES, SUBSCRIPT
215	PENSION CERS EMPLOYEE	745	INDIRECT LEGAL FEES
216	ACCRUED SALARIES	751	INDIRECT PRINTING/PUBLISHING
217	WELLNESS PAYABLE	755	INDIRECT GIS DEPR
218	AFLAC PAYABLE	761	INDIRECT OTHER
219	VISION INSURANCE PAYABLE	763	INDIRECT PROFESSIONAL DEVELOPM
220	DELTA DENTAL INSURANCE	771	INDIRECT TEMPORARY SERVICES
221	HEALTH INSURANCE PAYABLE	775	INDIRECT COMPUTER SUPPLIES/SOF
222	LIFE INSURANCE PAYABLE	781	INDIRECT BOARD TRAINING
223	ANNUAL LEAVE PAYABLE	782	INDIRECT EQUIP PURCHASE
224	HOLIDAY LEAVE PAYABLE	783	INDIRECT EQUIP RENT/MAINT
225	UNEMPLOYMENT COMPENSATION PAYA	784	INDIRECT INTEREST EXPENSE
226	SICK LEAVE PAYABLE	786	INDIRECT POSTAGE EXPENSE
227	PENSION NYLIFE EMPLOYEE	788	INDIRECT PHONE EXPENSE
228	PENSION CERS EMPLOYER	789	INDIRECT EQUIP DEPRECIATION
229	OWED TO GRANTOR	790	INDIRECT AUDIT FEES
230	EMPLOYEE'S COFFEE FUND PAYABLE	791	INDIRECT MEETING EXPENSE
231	EMPLOYEE'S ASSOCIATION DUES	792	INDIRECT OFFICE INSURANCE
232	ACCRUED PAYABLES OPERATING	793	INDIRECT COMPUTER SERVICE
233	ACCRUED PAYABLES AGING	820	TRANSFERS
234	CREDIT CARDS PAYABLE	925	INDIRECT II BUILDING RENT
235	UNEARNED REVENUE	930	INDIRECT II JANITORIAL
236	CREDIT CARDS PAYABLE AGING	932	INDIRECT II UTILITIES ELECTRIC
238	ACCRUED PAYABLES WIOA	933	INDIRECT II UTILITIES WATER
239	ACCRUED PAYABLES CDO	934	INDIRECT II UTILITIES SEWER
241	DANVILLE WH TAX PAYABLE 1%	935	INDIRECT II GARBAGE/LANDFILL U
243	RICHMOND WH TAX PAYABLE 2%	936	INDIRECT II BUILDING SUPPLIES
246	GEORGETOWN WH TAX PAYABLE 1%	937	INDIRECT II LANDSCAPING EXPENS
249	FICA PAYABLE CDO	938	INDIRECT II REPAIRS AND MAINT
250	FEDERAL WITHHOLDING TAXES PAYA	939	INDIRECT II HVAC REPAIRS AND M
251	STATE WITHHOLDING TAXES PAYABL	940	INDIRECT II ELEVATOR REPAIRS/M
252	CITY WITHHOLDING TAXES PAYABLE	945	INDIRECT II PROPERTY INSURANCE
253	COUNTY SCHOOL TAX PAYABLE CDO	946	INDIRECT II BUILDING FEES
254	MISCELLANEOUS WITHHOLDINGS CDO	955	INDIRECT II DEPRECIATION BUILDI
262	BACKGROUND CHECKS SCL II	957	INDIRECT II DEPRECIATION IMPRV
263	BACKGROUND CHECKS CDO		

IV. FORMAL BOOKS OF ENTRY

As noted in the Introductory Statement, Bluegrass ADD uses an automated accounting system, CYMA. CYMA contains an Accounts Payable, Accounts Receivable, Purchase Orders, Human Resource, Payroll, General Ledger and a Bank Reconciliation module. This system generates the following reports as needed:

1. **Accounts Payable Journals** - The Detail Invoice Register and Proof Listing (Post Invoices to Accounts Payable) lists each invoice showing to whom it is being paid, the invoice number, a description of the expense, the amount and the account charged. The Accounts Payable Check Register lists the payee's name, check date, check amount and the check number issued.
2. **Detail General Ledger** - Lists each account and the transactions made during the month. Includes beginning balance, transactions during the month, and ending balance.
3. **Summary General Ledger** - Lists each account and summarizes the transactions made during the month. Includes beginning balance, net transactions during the month, and ending balance.
4. **FASB 117 Financial Statements** – Includes Statements of Financial Position, Statements of Activities, Statements of Functional Expenses and Statement of Cash Flows as required by Not for Profit entities.
5. **Income Statements** – Lists each revenue and expense account. Available by accounting period in year-to-date and comparative formats. Available in comprehensive format, by grant or by program.
6. **Balance Sheet** – Lists assets, liabilities and fund balances. Available in detail and sub-type format.
7. **Shared Cost Pro-ration Report (Pool I)** - Shows total direct salary and burden for each grant and the pro-rated percentage.
8. **Shared Cost Allocation Report (Pool I)** - Shows each grants' portion of shared costs in pool I.
9. **Excluded Labor and Burden Report (Pool II)**- Shows excluded total direct salary and burden by grant and employee for staff that reside outside the Bluegrass ADD office at 699 Perimeter Drive.
10. **Shared Cost Pro-ration II Report (Pool II)** - Shows total direct salary and burden for each grant and the pro-rated percentage excluding direct salary and burden for staff that reside outside the Bluegrass ADD office at 699 Perimeter Drive.
11. **Shared Cost Allocation II Report (Pool II)** - Shows each grants' portion of shared costs in pool II.
12. **Grant Reports** – Entry reports, ledgers, financial reports and profile reports by grant.
13. **Trial Balance** of General Ledger - Shows all accounts and the end of month balance.
14. **Payroll Register** - Shows salaries and benefits paid to each employee charged by cost objectives.

V. Shared Cost Allocation Policy and Indirect Cost Plan

The Bluegrass Area Development District, Inc. (BGADD) is an IRS 501C3 tax exempt organization unit of regional government and a not-for-profit corporation which has as its' primary purpose the promotion of economic development and the establishment of a framework for joint federal, state and local efforts directed toward providing basic services and facilities essential to the social, economic and physical development of a seventeen-county area in Central Kentucky (Kentucky Region XV). Executive Order 71-1267 signed November 16, 1971, designated the BGADD as the official comprehensive planning and program development agency for Central Kentucky. The Order further designated the BGADD as the regional clearinghouse pursuant to United States Office of Management and Budget Circular A-95. The 1972 Kentucky Legislature introduced and passed legislation (House Bill No. 423) which created and established the District under Kentucky Law. The BGADD is funded by federal, state and local grants, contracts and contributions. Therefore, all costs incurred are charged either directly or indirectly to a grant program, contract or cost objective. Those costs which are not allowable under grant programs are charged to local operations and are funded from local resources. The BGADD financial statements are presented on the modified accrual basis of accounting and prepared in conformance with generally accepted accounting principles prescribed by the Governmental Accounting Standards Board.

The Bluegrass Area Development District, Inc. has prepared this Cost Allocation Plan in conformance with 2 CFR Part 200 formerly 2 CFR Part 225 (OMB Circular A-87) and KRS 147.050. 2 CFR Part 200 Appendix VII sets the threshold for a Federal Cognizant Agency at \$35 million of direct federal funds. The Bluegrass ADD does not receive \$35 million of direct federal funds; therefore the U.S. Department of Commerce serves as the Federal Oversight Agency. The BGADD presents the plan to the Governor's Department for Local Government for review. The BGADD Board of Directors employ's an independent auditor annually.

Definitions used in this Plan are as follows:

1. Grantee means the BGADD which is responsible for administration of grants.
2. The cost allocation policy prescribes the methods used to identify, accumulate, and distribute allowable costs to grants, contracts and cost objectives. Costs which are direct costs but require an excessive tracking system may be charged as shared.
3. Cost, as used herein, is the cost determined on the accrual basis of accounting as prescribed by the Federal grantor agency, as discharge of the BGADD's accountability for Federal funds.
4. Cost objective is a pool, center, or area established for units, functions, objects or items of expense, as well as ultimate projects, contracts, and other activities.
5. Grantor agency is any department, agency, commission, or instrumentality in the executive branch of the Federal, State or other Government - which makes grants to or contracts with the BGADD.
6. A grant is an agreement between the Federal or State or local government or instrumentality thereof, whereby the Government provides funds or aid in-kind to carry out specified programs, services, or activities. The principles and policies stated in 2 CFR Part 200 as applicable to grants in general also apply to

any federally sponsored cost reimbursement type of agreement performed by a State or local government, including contracts, subcontracts and subgrants.

7. Grant programs are those activities and operations of the BGADD which are necessary to carry out the purposes of the grant, including any portion of the program financed by the grantee.
8. Direct costs are costs that can be identified specifically with a particular cost objective. These costs may be charged directly to grants, contracts, or to other programs against which costs are finally lodged. Direct costs may also be charged to cost objectives used for the accumulation of costs pending distribution in due course to grants and other ultimate cost objectives. Typical direct costs chargeable to grant programs are:
 - A. Compensation of employees for the time and effort devoted specifically to the execution of grant programs and documented by detailed time records signed by the employee and approved by the supervisor.
 - B. Cost of materials acquired, consumed, or expended specifically for the purpose of the grant.
 - C. Equipment and other approved capital expenditures.
 - D. Other items of expense incurred specifically to carry out the grant agreement.
 - E. Services furnished specifically for the grant program by other agencies, provided such charges are consistent with criteria as outlined in these principles.
9. Indirect/Shared costs are those costs (a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs," as used herein, applies to costs of this type incurred by the grantee in supplying goods, services, and facilities to the grant program. To facilitate equitable distribution of indirect expenses to the cost objectives served, it is necessary to establish a pool of indirect costs incurred by the grantee. The indirect cost pool should be distributed to benefiting cost objectives on bases which will produce an equitable result in consideration of relative benefits derived. The costs to be allocated to grant programs must be allowable under such programs and meet the following general criteria:
 - A. Be necessary and reasonable for proper and efficient administration of the grant program, be allocable there-to under these principles, and, except as specifically provided herein, not be a general expense required to carry out the overall responsibilities of State or local governments.
 - B. Be authorized or not prohibited under Federal, State or local laws or regulations.
 - C. Conform to any limitations or exclusions set forth in these principles, Federal laws, or other governing limitations as to types or amounts of cost items.
 - D. Be consistent with policies, regulations, and procedures that apply uniformly to both federally assisted and other grant activities of the BGADD.
 - E. Be accorded consistent treatment through application of generally accepted accounting principles appropriate to the circumstances.
 - F. Not be allocable to or included as a cost of any other federally financed program in either the current or a prior period.
 - G. Be net of all applicable credits.

Cost Allocation Policy

1. The Salaries of employees are charged as direct costs to the grants or program cost objective in which their work is attributable. These charges are based upon time sheets submitted by each employee. The salaries of those whose total time is not directly attributable to specific grant programs, such as the Executive Director or Receptionist will be charged to the indirect cost pool. Those employees whose time is partially direct and partially indirect will have their salaries pro-rated based upon their time sheets.
2. The Employee Burden which can be specifically related to an employee whose salary is charged as a direct cost is also charged as a direct cost. Similarly, the employee burden of those persons charging salary as an indirect cost will also be charged to the indirect cost pool.
3. Consultant Contracts and Contractual Services whose content can be directly attributed to a specific grant or program element are charged as direct costs to those programs. Other contracts, such as those for public information or secretarial services whose content cannot be directly attributed to a specific grant program, are charged as an indirect cost and allocated on the basis of total salary plus benefit dollars.
4. Printing costs, including copy machine costs, that are readily identifiable and attributable to documents within a specific grant or cost objective are charged as direct costs. Those printing costs that are not easily identifiable as benefiting a specific grant program are charged as an indirect cost and are allocated on the basis of total salary plus benefit dollars.
5. Travel costs of employees are charged as direct costs to the grants or program cost objective in which their travel is attributable. These charges are based upon travel voucher submitted by each employee and approved by their direct supervisor. Travel costs which are administrative in nature and not attributable to a specific grant program, will be charged as an indirect cost and allocated on the basis of total salary plus benefit dollars. In-state mileage and overnight travel will be reimbursed at the State rate. Out of state mileage and overnight travel will be reimbursed at the federal rate. The FY26 in-state mileage rate changes quarterly. Out of state travel costs which exceed state mileage or per diem rates are charged to local funds.
6. Vacation, Sick and Holiday Leave which can be specifically related to an employee whose salary is being charged as a direct cost is also charged as a direct cost. Leave which is related to an employee whose salary is being charged as an indirect cost is also charged as an indirect cost.
7. Audit fees are charged as an indirect cost and are allocated based upon total salary plus benefit dollars.
8. Equipment rental related to specific identifiable programs will be charged as a direct cost to the benefiting grant. Equipment rental benefiting all grant programs will be charged as an indirect cost.
9. Equipment purchased specifically for a grant program will be expensed directly to the benefiting grant program in accordance with grantor instructions in the year acquired. Equipment purchases having a per unit acquisition cost of more than \$2,500 will be capitalized and depreciated over its' estimated useful life (normally three to five years). Equipment of a technological nature (such as computers) will be depreciated over three years using the straight line method. Depreciation on equipment benefiting all grant programs will be charged as an

indirect cost. No depreciation will be charged for equipment purchases previously expensed to a grant program. Equipment having a fair market value of less than \$5,000 will be disposed in accordance with 29 CFR Part 97 Section 32 when no longer needed. Online auctions will be used to dispose of surplus property where feasible. A physical inventory is taken annually of all equipment having a per unit acquisition cost of more than \$2,500.

10. Communication costs, including telephone, postage, and similar items are charged direct based upon detail analysis of usage for benefiting programs. Those communication costs that cannot be identified as direct charges will be charged as an indirect cost and allocated on the basis of salary plus benefit dollars.
11. Building depreciation, utilities, building repairs and maintenance, janitorial, personal property insurance and other space usage related costs are charged as an indirect cost and reside in cost pool II. These costs are eligible to be direct costs to grant programs; however, to charge them directly would require an extensive amount of record keeping.

Additional costs which are not identified above may be charged as a direct or indirect cost, unless otherwise indicated by the Commonwealth of Kentucky, Governor's Department for Local Government or prohibited by Federal regulations.

Indirect Cost Plan

The Shared & Indirect Costs will be pooled using two cost pools. The Shared & Indirect Costs that are described in numbers 1-10, will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars of all staff employed by BGADD regardless of physical location) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor.

The Shared & Indirect Costs that are described in number 11 will be pooled and charged to active grant programs based upon personnel costs (direct salary plus direct benefit dollars of staff that are physically located at 699 Perimeter Drive) that are attributable to specific grant programs and documented by time sheets prepared by employees and approved by their supervisor.

The Shared and Indirect Costs in both pools are cumulative and allocated monthly. At the end of the Fiscal Year, the final costs will be distributed, and a final rate will be determined based on Total Actual shared and Indirect costs divided by Total Actual Direct Salary and Total Actual Direct Benefit costs. The indirect cost rate calculated in the proposal is considered a provisional rate until the rate is finalized at June per the Audited Financial Statements. This practice and methodology allows BGADD to be consistent in cost allocation throughout the Fiscal Year.

BLUEGRASS AREA DEVELOPMENT DISTRICT
Shared Cost Rate Calculation
For the Year Ending June 30, 2024

Shared & Indirect Costs Applied ¹

Salary	\$629,234
Fringe Benefits	346,234
Building Usage and Depreciation	282,368
Professional Fees	63,555
Telephone & Postage	51,147
Computer Services	48,869
Dues, Fees, Subscriptions	46,253
Insurance	43,291
Supplies	27,781
Legal Fees	20,891
Meetings	12,422
Travel, Staff	9,849
Printing and publications	9,777
Equipment rental	8,014
Equipment Purchase	6,400
Other	4,500
Equipment depreciation	2,974

Total Shared & Indirect Costs \$1,613,899

Direct Salaries & Benefits ²

Salary	\$2,136,164
Benefits	<u>1,408,015</u>

Total Direct Salary & Benefits \$3,544,179

Shared & Indirect Rate Calculation

Total Shared & Indirect Costs		\$1,613,899			
	=		=		46%
Total Direct Salary & Benefits		\$3,544,179			

¹ From FY24 Audit, Page 87, "Schedule of Indirect Costs Applied".

² From FY24 Audit, Page 35, "Budgetary Comparison Schedule" (net of indirect salary and indirect benefit costs) and Page 85, "Non-Grant Departmental Schedule" (Benefits are net of FY24 Pension and Insurance Expense)

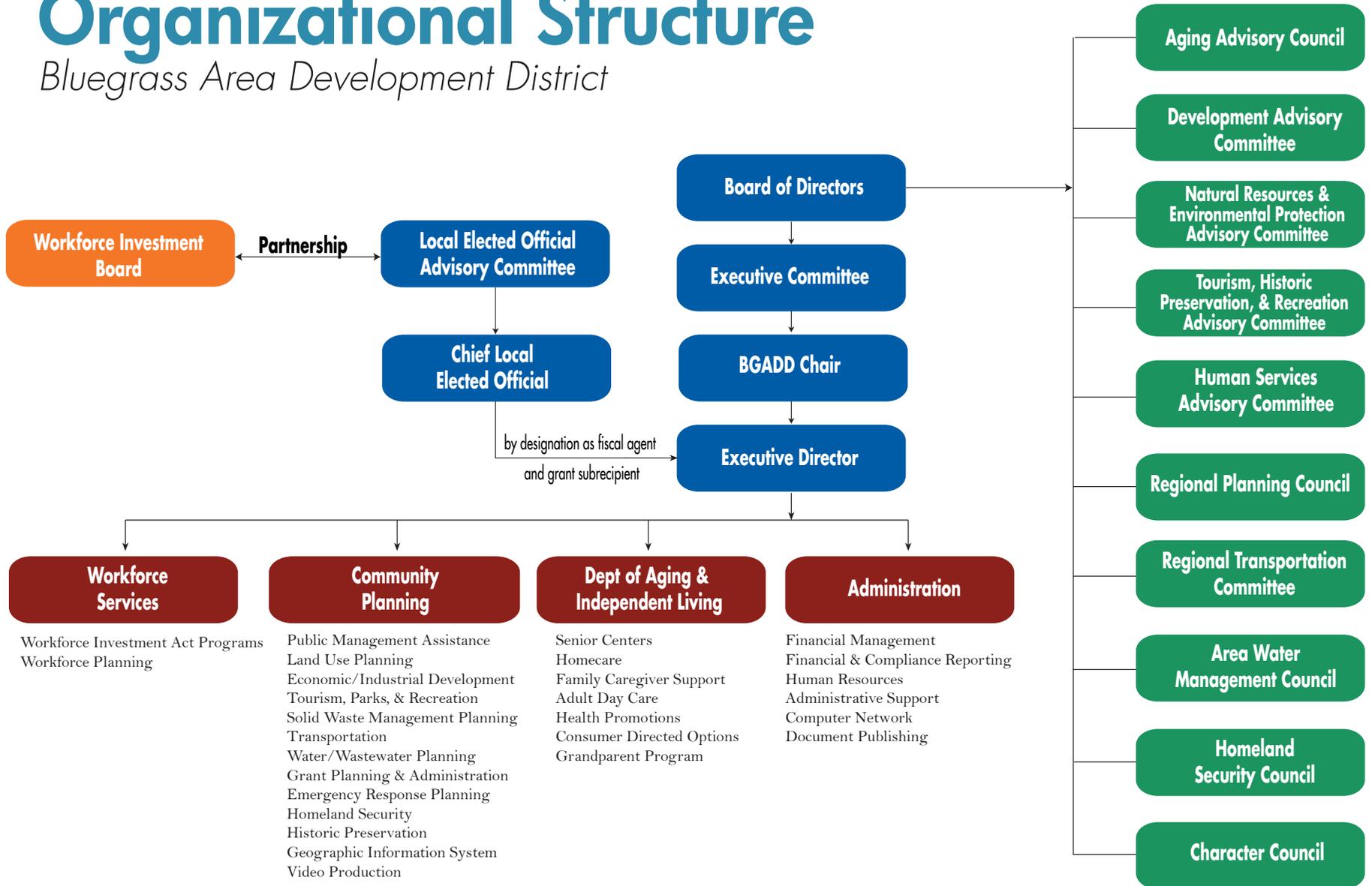
BLUEGRASS AREA DEVELOPMENT DISTRICT, INC.

**Program Summary
For Year Ended June 30, 2024**

	Community & Infrastructure Development	Mapping / GIS	Aging	PDS	Workforce Development	Planning & Zoning Assistance	Water & Sewer Planning	Transport. Planning	Homeland Security	Economic Development	Management Services	Bluegrass Cat Project	Non-Grant	Regional Coordinator JFA	Totals Programs
Revenues															
Federal and state:															
Received	\$ -	\$ 75,492	\$ 9,492,472	\$ 30,937,349	\$ 1,754,388	\$ 61,225	\$ 67,000	\$ 111,682	\$ 11,189	\$ 29,582	\$ -	\$ -	\$ -	\$ 464,097	\$ 43,004,477
Receivable	-	46,967	752,719	849,544	659,499	63,148	-	-	-	-	-	-	-	134,320	2,506,197
Deferred	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Local:															
Contributions													158,253	-	158,253
Rent	-	-	-	-	-	-	-	-	-	-	-	-	89,663	-	89,663
Interest	-	-	17,429	-	10,154	-	-	-	-	-	-	-	153,022	-	180,605
Matching/in-kind	-	-	48,610	-	-	-	-	-	-	-	-	-	-	-	48,610
Service fees	175,308	106,631	2,510	-	7,260	70,680	59,366	-	28,380	10,901	71,112	203,477	-	-	735,625
Total revenues	175,308	229,091	10,313,740	31,786,893	2,431,301	195,053	126,366	111,682	39,569	40,483	71,112	203,477	400,938	598,417	46,723,429
Expenditures															
Direct costs:															
Salaries	20,092	100,610	532,857	707,146	324,967	64,615	38,814	51,015	9,575	25,431	30,595	-	2,259	227,849	2,135,823
Employee burden	8,882	54,408	325,158	509,818	231,351	33,688	22,116	30,231	4,904	12,031	13,641	-	(1,025,916)	149,863	370,173
Annual leave	817	7,058	38,570	41,774	23,932	3,183	2,813	2,883	534	1,174	1,562	-	13,067	18,800	156,157
Travel	904	(2,228)	25,616	49,604	15,799	6,327	2,969	1,575	106	1,687	270	-	10,305	17,292	130,226
Legal	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Bad debts	-	-	-	48,850	-	-	-	-	-	-	-	-	-	-	48,850
Recoupment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other	-	3,058	84,279	367,116	95,553	283	497	1,388	127	459	345	59	41,810	17,447	612,420
Contract costs	-	-	8,893,734	28,255,244	1,486,347	94,708	-	-	-	-	-	203,418	-	-	38,933,451
Total direct costs	30,695	162,906	9,900,215	29,979,552	2,177,948	202,803	67,209	87,091	15,246	40,782	46,403	203,477	(958,475)	431,250	42,387,100
Indirect costs applied	13,195	70,598	390,748	554,218	253,353	44,769	27,747	37,000	6,595	17,060	20,144	-	6,461	172,014	1,613,899
Total expenditures	43,889	233,504	10,290,962	30,533,770	2,431,301	247,572	94,955	124,091	21,841	57,842	66,547	203,477	(952,015)	603,264	44,001,000
Revenues over (expenditures)	\$ 131,419	\$ (4,413)	\$ 22,778	\$ 1,253,123	\$ -	\$ (52,519)	\$ 31,411	\$ (12,409)	\$ 17,728	\$ (17,359)	\$ 4,565	\$ 0	\$ 1,352,953	\$ (4,847)	\$ 2,722,430

Organizational Structure

Bluegrass Area Development District





United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, DC 20240

June 27, 2025

Michael Buschmann, Chief Financial Officer
Bluegrass Area Development District
699 Perimeter Dr.
Lexington, KY 40517

Re: Indirect Cost Rate Certificate

Michael Buschmann:

With this letter, the Interior Business Center (IBC), on behalf of the Economic Development Administration (EDA), a component of the Department of Commerce and your cognizant agency, acknowledges receipt of your Certificate of Indirect Costs for FY 2026 dated June 26, 2025. 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.c.

Your organization is required to develop an indirect cost rate proposal or cost allocation plan 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.c. and 2 C.F.R. §200.334. 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.

IBC is a shared service provider operating under the Department of the Interior. EDA has entered into an agreement with IBC to review and process Certificates of Indirect Costs on their behalf. EDA remains your cognizant agency and this letter, although issued from IBC, is EDA's acknowledgment of receipt.

Please contact IBC if you have any questions or concerns.

Sincerely,

Craig A. Wills
Indirect Cost & Contract Audit Division Chief

Enclosure: Certificate of Indirect Costs

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 _____ **[identify date indirect cost rate proposal was finalized]** to establish indirect costs rate(s) for _____ **[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 _____ **[identify rate(s)]**, which was calculated using a direct cost base type of _____ **[identify type of direct cost base – Salary & Fringe, MTDC, etc.]**. The calculations were based on actual costs from fiscal year ____ to obtain a federal indirect cost billing rate for fiscal year _____.

(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: _____

Signature: _____

Name of Authorized Official: _____

Title: _____

Email Address and Phone: _____

Date of Execution: _____