Certificate of Indirect Costs

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 to establish cost allocations or billings for January 1, 2017 – December 31, 2017 are allowable in accordance with the requirements of 2 CFR Part 200 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 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.

I declare that the foregoing is true and correct.

Governmental Unit: East-West Gateway Council of Governments

Signature: Jam. Wild

Name of Official: James W. Wild

Title: Executive Director

Date: December 14, 2106

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS
COST POLICY STATEMENT

Overview

The East-West Gateway Council of Governments is the Metropolitan Planning Organization for the St. Louis Bi-State Metropolitan Area. The Council is organized to provide regional planning services for our designated area. These activities are funded by grants from various federal, state and local agencies. In order to distribute our indirect costs to the grants in an equitable manner, a cost allocation plan has been developed in accordance with 2 CFR part 200.

East-West Gateway treats all costs as either indirect costs or direct costs. The accounting system records direct costs by task and account. The cost allocation plan for calendar year 2017 is based on actual costs incurred for the fiscal period January 1, 2015 to December 31, 2015. This period coincides with the Council's fiscal year.

General Accounting Policies

A. Basis of Accounting – Accrual Basis
B. Fiscal Period – January 1 through December 31
C. Allocation Basis for Individual Cost Elements – Direct Allocation Basis
D. Indirect Cost Rate Allocation Base – Direct Wages plus Applied Fringe Benefits
E. Fringe Benefits Rate Allocation Base – Direct and Indirect Salaries
F. East-West Gateway Council of Governments maintains adequate internal controls to insure that no cost is charged both directly and indirectly to Federal contracts or grants. East-West Gateway's accounting system is designed for Regional Councils of Government and tracks costs by task and by grant over the entire grant period, which may cross fiscal years.
G. The indirect costs are grouped into common pools and distributed to benefiting tasks by a cost allocation process.

Costs Allocation Methodology

A. Indirect Cost

   The allocation is based on the combination of direct wages and applied fringe benefits. The indirect cost rate will be applied to direct wages of employees housed in Council

supported facilities. The direct salaries attributable to the staff contracted to work for a separate entity and who are located at facilities supported by that entity will not share in the indirect cost allocation. All other direct wages will be included in the base.

This indirect costs rate is a fixed rate with carry-forward and any difference between the amount applied and the actual costs accumulated (inclusive of variance carry forward from prior years) will be carried forward as an adjustment to the rate computation. As an example, the accumulated variance calculated at the end of 2015 will be included in the 2017 rate computation. East-West Gateway's grants have varying beginning and ending dates and the fixed rate method will allow us to close out grants within the required period of time regardless of the end date. It will also provide an equitable method in accordance with 2 CFR part 200.

The indirect cost pool is comprised of expenditures that benefit more than one grant or cost center or costs where the benefit cannot be determined with a reasonable amount of effort.

B. Fringe Benefits

The fringe benefits allocation is based on total direct and indirect wages. The fringe benefits rate will be applied to direct and indirect salaries of all employees regardless of their assigned work location.

The fringe benefit cost rate is a fixed rate and the difference between the amount applied and the actual costs accumulated from prior years will be treated the same as the indirect costs. The variance between actual and applied will be carried forward to future years.

The fringe benefit cost pool is comprised of expenditures that benefit more than one grant or cost center or costs where the benefit cannot be determined with a reasonable amount of effort. A brief summary of the leave benefits provided are as follows:

- Vacation leave - includes the cost of the vacation time earned and taken by employees. The accrued vacation balance of employees is adjusted to actual quarterly. Employees are paid any unused vacation at the time that they terminate employment.

- Sick leave - is recorded as used. Employees are not paid accrued balances upon departure from East-West Gateway.
- Holiday and jury duty pay - is recorded as used.
- Disability pay - The Council self-funds short term disability and it is recorded as used.

Other benefits included in the pool include employer FICA, state unemployment, jury duty pay, group medical, dental, vision insurance, group life insurance equal to 1 times annual salary up to the maximum of $50,000, and long-term disability insurance, employee transportation incentives, employer contributions to the East-West Gateway retirement plan, and workers' compensation insurance.

C. Direct Costs

The direct costs are costs that can be identified with a specific element or task and therefore are charged to that task. Examples of direct costs are personnel costs, consultant services, mileage, meeting costs, postage, publications, supplies, and conference call charges. The accounting system records these costs as they are incurred within the task/grant assigned.

Types of Costs

A. Salary and Wages

Employees may charge their salary and wage costs as direct, indirect or both. The distinction is based on the functions performed. When functions/activities benefit one or more tasks they are direct. When functions/activities are for a joint purpose benefiting more than one objective or task and not readily assignable to objective/task benefitted then they are indirect.

1. Direct Costs – The majority of East-West Gateway staff are charged as direct costs since their work is attributable to specific work tasks. These tasks are identified with specific grants, contracts or activities of East-West Gateway. Each pay period employees submit time sheets based on the actual time worked on each task and the semi-monthly salary or hourly rate, as appropriate, is allocated based on hours in the

pay period. The accounting system provides labor distribution reports which reflect the charges to tasks.

2. Indirect Costs – Some East-West Gateway staff charge time as indirect. The activities performed are for a common purpose and are beneficial to all tasks/activities. The accounting system provides auditable labor distribution reports which reflect the charges to tasks/activities.

B. Non-Personnel Costs

The non-personnel costs descriptions are shown in attachment 1. These costs may be charged as either direct or indirect based upon the nature of the cost in accordance with 2CFR 200.

Signature

Executive Director
Title

Attachment 1

Non-Personnel Costs	Description
Contributed Services	Contributed services include created or enhanced nonfinancial assets; specialized skills that the Agency would otherwise need to purchase; in-kind contribution; used to meet cost sharing or as part of match requirements.
Contract/Consultant Services	Contract/Consultant services covers the costs of outside firms to conduct studies, plans, and other services as deemed necessary to perform functions related to regional planning, training & exercises; also includes pass-thru costs to sub-recipients.
Computer Software	Computer software programs required to perform project - related functions. Includes specialized software programs; does not include general operating system software.
Office Lease & Utilities	The lease calls for scheduled rent increases. Lease costs are expensed on a straight line basis over the lease term. Lease costs for our office space are considered an indirect cost.
Software Maintenance	Software maintenance fees required to keep software updated
Supplies & General Expenses	Supplies and expenses as they relate to the administration of the agency and its programs, including office supplies, paper, and other items necessary to perform work-related tasks.
Grant Equipment	Special purpose equipment purchased through various grant programs to support regional programs, such as homeland security response teams, HUD programs, etc.
Travel expenses	Expenses include mileage, airfare, per diem, lodging, and transportation costs as they relate to agency-related programs and travel.
Depreciation & amortization	Depreciation is used to allocate the cost of fixed assets to periods benefitting the asset use. Depreciation is calculated on a straight line basis in accordance with GAAP. Fixed assets include furniture and equipment maintained by EWG. Amortization recognizes and expenses the leasehold improvements to office facilities on a straight line basis over the life of the lease. These costs are considered indirect costs.
Professional services	Professional services for allowable services to include audit services, legal expenses, temporary services, and benefits administration.
Meetings & conference expenses	Meetings and conference expenses include the costs incurred to host on-site meetings & conferences (parking, speakers' fees, refreshments only if eligible, etc.), as well as costs associated with staff attendance at off-site meetings and conferences. Includes registration, parking, and other allowable fees that may be associated.

Equipment rental & maintenance	Rental or lease cost of equipment such as postage metering equipment, copiers, audio visual equipment, etc. Cost may be for short-term rental or leased for a longer period. If leased, the lease must be evaluated in accordance with GAAP to determine if it is a capital or operating type lease. Equipment under a capital lease are treated as a fixed asset. Short-term equipment rental benefitting a specific grant or cost center are charged as direct costs. Maintenance and repair cost include costs incurred necessary for the maintenance, repair, or upkeep of buildings and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition. Leased equipment and maintenance and repair are considered indirect costs benefitting more than one function/program.
Telephone, Internet, Cellular Service	Agency telephone and internet lines, as well as cellular phone charges as they relate to EWG-related business for essential staff. Cost of telephone lines, long distance, and internet service are considered indirect costs. Conference calls related to specific grants/functions are tracked and charged as a direct cost.
Copying/printing expense	Costs for electronic and printed materials.
Dues & memberships	Fees paid for membership in business, technical, and professional organizations.
Pension Administration fees	Fees paid to the plan administrator and record-keeper are considered an indirect cost
Public notices	Public notices are the cost of advertising requests for bids and proposals in accordance with procurement policy, the recruitment of personnel, and notifications of public meetings as required.
Postage & delivery costs	Freight, postage, and other delivery / transportation services as they relate to agency functions.
Liability and property insurance	Cost of coverage for losses due to events that may occur during the normal course of business including general liability and casualty loss for property. This is an indirect costs.
Training & development	Costs related to training and employee development.
Periodicals & subscriptions	Subscriptions to business, professional, and technical periodicals.
Other	Includes employee relocation costs, healthcare (ACA) tax, uncollected accounts, program promotion costs

Attachment 2

Rate Calculations

CY 2017

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS
COMPOSITION OF INDIRECT COSTS
FOR CALENDAR YEAR 2017

Simplified - Accrual Method								
Account/Budget Category (A)	**Fringe Rate (applied in 2015)**	**Total Costs (C)**	**General Fund Costs (D)**	**Indirect Costs (E)**	**Total Direct Costs (F)**	**Federal Program Costs (G)**	**General Fund (H)**	**All Other Programs / Activity (I)**
Personnel Costs								
Salaries and Wages		$ 2,972,741		$ 654,709	$ 2,318,032	$ 2,152,999	$ 6,639	$ 158,394
Fringe Benefits Applied	49.30%	1,465,561		322,771	1,142,790	1,061,429	3,273	78,088
	Total Personnel Costs	4,438,302	-	977,480	3,460,822	3,214,428	9,912	236,482
Non-Personnel Costs								
Contributed Services		299,633			299,633	299,633		
Consultant Services		5,017,268			5,017,268	1,927,680	187,319	2,902,269
Computer Software		176,970			176,970	176,970		
Office Lease and Utilities		250,919		250,919	-	-		
Software maintenance		38,355		6,688	31,667	31,181	429	57
Supplies and general expenses		60,947		19,917	41,030	33,491	7,466	73
Grant Equipment		904,264			904,264	904,264		
Travel expense		24,784		763	24,021	23,047	793	181
Depreciation and amortization		42,593		42,593	-	-		
Professional services		83,811		71,351	12,460	-	12,460	-
Meetings and conference expense		68,287		7,209	61,078	23,207	37,805	66
Equipment rental and maintenance		23,311		20,691	2,620	2,180	440	-
Telephone, Internet, Cellular Service		27,992		18,060	9,932	9,041	43	848
Copying/printing expense		22,869		4,699	18,170	10,416	7,741	13
Dues & memberships		19,297		9,105	10,192	6,453	3,739	-
Pension Adminstration fees		15,800		15,800	-	-		
Public notices		20,934		2,521	18,413	18,413		
Postage and delivery costs		5,915		3,107	2,808	1,380	1,369	59
Liability and property insurance		9,364		9,364	-	-		
Training & development		28,850		372	28,478	28,478		
Periodocals and subscriptions		4,447		2,659	1,788	(40)	1,828	

Simplified - Accrual Method

Account/Budget Category (A)	Fringe Rate (applied in 2015)	Total Costs (C)	General Fund Costs (D)	Indirect Costs (E)	Total Direct Costs (F)	Federal Program Costs (G)	General Fund (H)	All Other Programs / Activity (I)
Other		23,416		672	22,744	19,357	3,387	
		-			-			
Total Non-Personnel Costs		7,170,026	-	486,490	6,683,536	3,515,151	264,819	2,903,566
TOTAL COSTS for 2015		$ 11,608,328	$ -	$ 1,463,970	10,144,358	6,729,579	274,731	3,140,048

Reconciliation to 2015 financial statements	
Total expenses or expenditures per financial statements	$ 11,705,453
Total expenses reported above	11,608,328
Difference-underapplied fringe benefits for 2015	$ 97,125

Adjustment to Indirect Costs	
Overapplied Indirect expenses for 2015	$ 75,235
Total indirect expenses allocated in 2015	1,539,205
Accumulated overapplied expenses from prior years	(95,110)
Subtotal	1,444,095
Adjustment to Benefits Applied to Indirect Wages (at 2017 rate of 50.45%)	7,530
Total indirect expenses for 2017 rate	$ 1,451,625

Calculation of Direct Wages and Benefits Base	
Total Direct Salaries and Wages	$ 2,318,032
Less Direct Salaires and Wages Attributable to Contractor	(131,662)
Total Direct Salaries and Wage Base	$ 2,186,370
Fringe Benefits (2017 Fringe Benefit Rate of 50.45%)	1,103,024
Total Direct Salaries, Wages and Benefits	$ 3,289,394

** Columns C thru I - Costs based on 2015 Expenditures

East-West Gateway Council of Governments
2017 Indirect Cost Rate Calculation

2017 Rate Calculation		
Total Indirect Costs	$	1,451,625
Total Direct Wages and Benefits	$	3,289,394
Indirect Cost Rate		44.13%

EAST-WEST GATEWAY COUNCIL OF GOVERNMENTS
COMPOSITION OF FRINGE BENEFIT COST
FOR CALENDAR YEAR 2017

Simplified - Accrual Method	
Account/Budget Category	**Total Costs**
Vacation Expense	253,126
Sick leave	159,058
Holiday pay	136,760
Jury duty	893
Disability pay	0
Employer FICA	254,490
Disability insurance	11,614
State unemployment tax	541
Employer pension plan contributions	148,837
Group health insurance costs	579,244
Worker's compensation insurance	10,328
Employee health & transportation incentives	7,796
Total	1,562,687
Underapplied expenses for 2015	-97,125
Total Benefit Costs Allocated in Year	1,465,562
Accumulated Overapplied expenses from prior years	34,090
Total Benefit Costs To Allocate in 2017	$1,499,652

2017 Rate calculation:

Total Fringe Benefit Cost to Allocate	$1,499,652	=	50.45%
Total Salaries and Wages (Based on 2015 Actual)	$2,972,741		