

**Grant Budget Instructions****NOTICE TO GRANTEES**

Reimbursement to a Grantee under this program is on a cost reimbursable basis. In accordance with the terms of the grant a Grantee is required to submit certified requests for reimbursements that document commitments and expenditures and demonstrate meeting milestones identified in the grant.

A proposed reimbursement schedule tied to completion of milestones must be identified in the applicant's proposal. The Alaska Energy Authority ("AEA" or "Authority") will not approve a reimbursement schedule that does not reflect costs or commitments tied to the accomplishment of milestones identified in the grant. The final reimbursement schedule is subject to negotiation and will be incorporated into the grant agreement.

The Authority may authorize a percentage of grant funds, up to 20% depending on the type of grant, as an advance reimbursement at the startup of the grant.

The Authority may also withhold up to 10% of the total grant subject to completion of the project and submission of final reports and other documentation that may be required by the grant.

A Grantee is required to account for and document all expenditures of grant and matching funds including documentation of expenditures on any advanced reimbursement. All requests for reimbursement are subject to audit by the Authority.

The Grantee is also required to comply with 2.AAC.45.010, the State Single Audit regulations. For federally funded projects, the Grantee will be required to comply with federal audit requirements (OMB- A 133). Commercial (for-profit) entities shall obtain an audit by an independent auditing firm similar to a program audit prepared under OMB A-133. The auditee and auditor shall have basically the same responsibilities for the federal or state program as they would have for an audit of a major program in a single audit. The expenditure threshold is \$500,000 in the commercial entity's fiscal year.

**1. Budget Form**

Information concerning the proposed grant budget needs to be provided on the Grant Budget Form. The Grantee must tie their budget request to the proposed milestones they propose in their application. Examples of milestones for each project phase are included with the budget form and in Section 2 of the RFA.

For the purposes of determining potential cash-flow and a reimbursement schedule Grantees should use the form to identify the proposed date that the milestone would be met, the anticipated amount of grant funds to be expended to meet that milestone, and the amount and type of matching resources they intend to apply to that milestone.

The bottom part of the form includes the allowable Budget Categories and is intended to be a summary of types of cost for each phase of the grant.

**2. Allowable Costs**

Examples of allowable costs for a grant include all reasonable and ordinary costs for direct labor and benefits, travel, equipment, supplies, contractual services, construction services, and other direct costs identified that are necessary for and incurred as a direct result of the project.

A cost is reasonable and ordinary if, in its nature or amount, it does not exceed that which would be incurred by a prudent person under the circumstances prevailing at the time the decision was made to incur the costs.

Allowable costs under this grant include all reasonable and ordinary costs for direct labor & benefits, travel, equipment, supplies, contractual services, construction services, and other direct costs identified and approved in the Project budget that are necessary for and incurred as a direct result of the Project and are consistent with the requirements of the grant agreement.

Allowable costs are only those costs that are directly related to activities authorized by the Grant Agreement and necessary for the Project. The categories of costs and additional limits or restrictions are listed below:

**a. Direct Labor & Benefits**

Include salaries, wages, and employee benefits of the Grantee's employees for that portion of those costs attributable to the time actually devoted by each employee to, and necessary for the Project. Direct labor costs do not include bonuses, stock options, other payments above base compensation and employee benefits, severance payments or other termination allowances paid to the Grantee's employees.

**b. Travel, Meals, or Per Diem**

Include reasonable travel expenses necessary for the Project. These include necessary transportation and meal expenses or per diem of Grantee employees for which expenses the employees are reimbursed under the Grantee's standard written operating practice for travel and per diem or the current State of Alaska Administrative Manual for employee travel.

**c. Equipment**

Include costs of acquiring, transporting, leasing, installing, operating, and maintaining equipment necessary for the Project, including sales and use taxes. Equipment owned by the Grantee is to be charged to the project at the monthly rates contained in the Data Quest Blue Book. The rates for equipment owned by the Grantee for less than a month's duration are to be computed on an hourly charge determined by dividing the monthly rate by 176. Equipment rented by the Grantee can be charged to the grant at actual invoiced charge rates, subject to a maximum amount equal to the hourly rates contained in the Data Quest Blue Book. The Authority's Project Manager must approve all equipment charge rates to be used by the Grantee. The Data Quest Blue Book is available to the AEA Project Managers and grantees may contact them for current allowable rates.

Subject to prior approval of the Authority's Project Manager, costs or expenses necessary to repair or replace equipment damage or losses incurred in performance of work under the grant may be allowed. However, damage or losses that result from the Grantee's employee's, officer's, or contractor's gross negligence, willful misconduct, or criminal conduct will not be allowed.

**d. Materials and Supplies**

Include costs of material, office expenses, communications, computers, and supplies purchased or leased by the Grantee necessary for the Project.

**e. Contractual services**

Include the Grantee's cost of contract services necessary for the Project. Services may include costs of contract feasibility studies, project management services, engineering and design, environmental studies, field studies, and surveys for the project as well as costs incurred to comply with ecological, environmental, and health and safety laws.

**f. Construction Services**

For construction projects this includes the Grantee's cost for construction contracts, labor, equipment, materials, insurance, bonding, and transportation necessary for the Project. Work performed by the Grantee's employees during construction may be budgeted under direct labor and benefits. Contracted project management or engineering may be budgeted under contractual services and major equipment purchases made by the Grantee may be budgeted under equipment.

**g. Other Direct Costs** In addition to the above the following expenses necessary for the Project may be allowed.

- Net insurance premiums paid for insurance required for the grant Project;  
Costs of permits and licenses for the grant Project;
- Non-litigation legal costs for the Project directly relating to the activities; in this paragraph, "non-litigation legal costs" includes expenses for the Grantee's legal staff and outside legal counsel performing non-litigation legal services;
- Office lease/rental payments;
- Other direct costs for the Project directly relating to the activities and identified in the grant documents; and/or
- Land or other real property or reasonable and ordinary costs related to interests in land including easements, right-of-ways, or other defined interests.

### **3. Specific Expenditures not allowed for state funded project**

Some examples of ineligible expenditures include costs for overhead, lobbying, entertainment, alcohol, litigation, payments for civil or criminal restitution, judgments, interest on judgments, penalties, fines, costs not necessary for and directly related to the grant Project, or any costs incurred before the beginning date of the grant as indicated on the signature page.

Overhead costs described in this section include:

salaries, wages, applicable employee benefits, and business-related expenses of the Grantee's employees performing functions not directly related to the grant Project; office and other expenses not directly related to the grant Project; and costs and expenses of administration, accounting, human resources, training, property and income taxes, entertainment, self-insurance, and warehousing.

### **4. Match and Cost Sharing**

All Applicant match should be detailed either as a specific dollar amount or as a percentage of the total project budget. The type and amount of matching contributions should be discussed in the application under section two.

Cost sharing or matching is that portion of the Project costs not borne by the Authority. The Authority will accept cash and in-kind contributions as part of the Applicants' cost sharing or matching when such contributions meet the following criteria:

- Are provided for in the Project budget;
- Are verifiable from the Applicant's records;
- The value of land is not to be counted towards the minimum grant match requirement, but the value of land may be counted towards match beyond the minimum required;
- Third party costing sharing contributions are verifiable (with a letter of intent or similar document);
- Are not included as contributions for another state or federally assisted project or program (i.e., the same funds cannot be counted as match for more than one program);
- Are necessary and reasonable for proper and efficient accomplishment of the Project or program objectives;
- Are allowable costs;
- Are not paid by the State or federal government under another award, except for

- authorized by the State or federal statute to be used for cost sharing or matching;
- Must be incurred within the grant eligible time period.
- Any match proposed with the application will be required in the Grant award and the Grantee will be required to document the use of the proposed matching funds or in-kind contributions with their request for reimbursement.

For projects receiving funds from the Denali Commission, federal funds cannot be counted as match.

#### **5. Valuing In-Kind Support as Match**

If the Applicant chooses to use in-kind support as some; or, its entire match, the values of those contributions will be reviewed by the Authority at the time the budget is approved. The values will be determined as follows:

- The value of real property will be the current fair market value as determined by an independent third party or a valuation that is mutually agreed to by the Authority and the Applicant and approved in the grant budget. The value of real property cannot be counted as part of the minimum match requirement.
- The value assessed to Applicant equipment or supplies will not exceed the approved equipment rates or fair market value of the supplies at the time the grant is approved or amended.
- Equipment usage will be valued based on approved usage rates that are determined in accordance with the item -c- above. Rates paid will not exceed the fair market value of the equipment if purchased.
- Rates for donated personal services will be based on rates paid for similar work and skill level in the recipient's organization. If the required skills are not found in the recipient organization, rates will be based on rates paid for similar work in the labor market. Fringe benefits that are reasonable, allowable, and allocable may be included in the valuation.
- Transportation and lodging provided by the Applicant for non-local labor will not exceed the commercial rates that may be available within the community or region.

#### **6. Grant Disbursements**

Applicants are reminded that they must request disbursement of grant funds in the form and format required by the Authority with appropriate back-up documentation and certifications. This format will be provided by the Authority. The back-up documentation must demonstrate the total costs incurred are allowable, and reflect the amount being billed. Documentation must include:

- A summary of direct labor costs supported by timesheets or other valid time record to document proof of payment.
- Travel and per diem reimbursement documentation.
- Contractor or vendor payment requests.
- Invoices.

Payment of grant funds will be subject to the Applicant complying with its matching contribution requirements of the proposed grant. Payment of grant funds will be made by AEA to the Grantee within 30 days of receipt of a properly completed, supported, and certified Reimbursement Request.