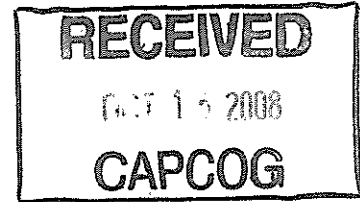


Texas Department of Transportation

DEWITT C. GREER STATE HIGHWAY BLDG. • 125 E. 11TH STREET • AUSTIN, TEXAS 78701-2483 • (512) 463-8585

October 10, 2008



MR. CLAY COLLINS
DEPUTY EXECUTIVE DIRECTOR
CAPITAL AREA COUNCIL OF GOVERNMENTS
PO BOX 17848
AUSTIN, TX 78760-7848

Dear Mr. Collins:

Reference is made to your letter of August 6, 2008, requesting approval of the Indirect Cost Allocation Plan for the Capital Area Council of Governments (CAPCOG) for fiscal year 2009. This request was submitted to the Texas Department of Transportation for review and approval under the Uniform Grant Management Standards, Attachment E, since we are your state coordinating agency.

In compliance with your request, we have reviewed our files on CAPCOG in order to evaluate the reasonableness of these proposed provisional rates included in the plan. Based upon the findings of our review, the following provisional rates are acceptable for use during the period October 1, 2008 to September 30, 2009:

Indirect Cost	8.55%
Fringe Benefits Rate	43.14%

If we can be of further assistance, please do not hesitate to contact us.

Sincerely,

Dalton M. Ritter
Supervisor, External Audit
Audit Office

/dr

Capital Area Council of Governments
FY 2009 Cost Allocation Plan

The Capital Area Council of Governments accounts for all costs as direct program expenditures where administratively feasible. Expenditures for Accounting Services, Payroll & Personnel Services, Computer Support, and Geographic Information Services have been pooled into separate cost pools and these costs are distributed directly to programs each month. The allocation method for Accounting Services is number of accounting transactions. The allocation method for Payroll & Personnel Services is number of employees per program. The allocation for Computer Support Services is the number of network connections per program. The allocation for Geographic Information Services is number of mapping projects per program.

Indirect Costs are allocated base on the modified direct expenditures method. The base is modified by only including the first \$10,000 of each contract or sub-grant. All Direct Capital Expenditures are excluded from the base.

The following is a general description of the treatment of categories of expenditures:

1. Salaries- All salaries are distributed based on semi-monthly time sheets. Time sheets are prepared and signed by each employee. Program Salaries are charged directly to the appropriate program budget. Salaries and benefits for the Executive Director's staff are allocated to the Indirect Cost Plan for services that benefit all program areas.
2. Employee Benefits- Benefits are allocated and documented in accordance with the Fringe Benefit and Cost Allocation Plan. Release Time (Annual leave, sick leave, and holiday leave) is included in the fringe benefit calculation.
3. Indirect Costs- Indirect costs are allocated in accordance with the approved Indirect Cost Allocation Plan. Accounting Services, Payroll & Personnel Services, Computer Support, GIS Services, and Training Services are pooled and allocated as direct expenses to each program at the end of the month.
4. Contract Services- Costs are supported by signed contracts and expenditure reports prepared by each contractor. Contract expenditures are charged directly to the appropriate program.
5. Travel- Costs are distributed based upon the purpose of the travel as documented by travel vouchers, which the employee prepares and signs prior to receiving payment.
6. Photocopies Each program area is issued an account code which keeps

count of number of copies and actual costs are allocated based upon this account.

7. Communications- Telephone service and the costs are computed and allocated to the program to which the employee is assigned. All long distance calls require the use of an access code for tracking calls by each program.
8. Space Costs- Office rental is allocated based on actual square foot costs of space used by each program. This rental cost includes proportionate share of conference room used for Committee meetings, etc., and ancillary areas. Average rental cost is \$1.25 per square foot.
9. Other Expenditures-The remaining expenditure categories (such as consumable supplies, meeting registrations, dues, membership and publications, etc.) are costs for which each program directly pays. Documentation to support program allocations includes items such as purchase requisitions, receiving reports and vendor invoices.
10. Capital Equipment-Equipment purchases are expensed directly to programs. Documentation to support program allocations includes items such as purchase requisitions, receiving reports and vendor invoices. Capital purchases are made in accordance with the CAPCOG Purchasing Policy and are maintained in the fixed asset inventory.



CAPITAL AREA COUNCIL OF GOVERNMENTS

Indirect Cost Allocation Plan

October 1, 2008 - September 30, 2009

EXPENDITURES	2007-08 Budget	2007-08 Estimate	2008-09 Budget
Salaries	221,057	215,000	246,366
Temporary Services	-	-	-
Release Time & Benefits	96,616	95,000	106,274
TOTAL PERSONNEL COSTS	317,673	310,000	352,640
Accounting/Auditing	9,771	9,000	10,101
Communications	7,031	5,800	2,980
Insurance	10,000	9,500	10,000
Legal	5,000	5,000	5,000
Postage	4,500	4,500	4,500
Printing	6,500	5,200	6,500
Photocopy Expense	5,000	4,000	5,000
Contractual Services	2,500	2,000	20,000
Professional Services	1,500	1,000	1,500
Advertising	500	250	500
Prof. Development	3,350	3,000	3,350
Meeting Expense	1,000	600	1,000
Subscriptions, Dues	25,422	25,000	25,422
Travel	12,100	4,500	12,100
Office Space	45,000	45,000	45,000
Equipment Maintenance	500	-	500
Consumable Supplies	9,400	10,500	9,400
Equipment Lease	27,500	26,000	27,500
Personnel/Payroll Services	9,315	12,000	16,213
Computer Support Services	9,788	7,400	10,740
Other	0	0	0
TOTAL EXPENDITURES	513,350	490,250	569,946
Basis for Allocation	5,954,559	5,944,990	6,668,185
INDIRECT RATE	8.62%	8.25%	8.55%

Indirect costs are not to be considered Administrative or Overhead Costs. It is an accounting method used when costs are: (a) incurred for a common joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objective specifically benefited, without effort disproportionate to the results achieved. This method is outlined in OMB Circular A-87 as an allowable method of cost distribution. The modified direct method is used. This method uses all direct operating expenses and the first \$10,000 of any contracts/sub-grants as the basis for allocation of indirect costs. Separate costs pools have been established for Accounting, Personnel/Payroll, Computer Support and Geographic Information Systems (GIS) and are allocated as direct costs to program areas based on allocation methods included in the approved Cost Allocation Plan.



CAPITAL AREA COUNCIL OF GOVERNMENTS

Fringe Benefits Rate

October 1, 2008 - September 30, 2009

RELEASE TIME		
Vacation	113,530	
Sick Leave	79,471	
Holidays	124,883	
Total Release Time	317,883	12.07%
BENEFITS		
FICA	225,810	
Employee Insurance	363,311	
Retirement	207,805	
Unemployment Insurance	8,855	
Workman's Compensation	7,500	
Wellness Program	5,000	
Total Benefits	818,281	31.07%
TOTAL RELEASE TIME AND BENEFITS	1,136,164	43.14%
Total Salaries	2,951,770	
Less: Release Time	317,883	
	2,633,887	
BASIS FOR BENEFIT RATE ALLOCATION:		
1,136,164 / 2,633,887		43.14%