



# Texas Department of Transportation

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

August 28, 2009

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 the letter dated August 25, 2009 from Mr. James Mikolaichik of your agency, requesting approval of the Indirect Cost Allocation Plan for the Capital Area Council of Governments (CAPCOG) for fiscal year 2010. 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 rate included in the plan. Based upon the findings of our review, the following provisional rate is acceptable for use during the period October 1, 2009 to September 30, 2010:

Indirect Cost	8.93%
---------------	-------

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

Sincerely,

Dalton M. Ritter  
Supervisor, External Audit  
Audit Office

/dr



## CERTIFICATION

This is to certify that:

1. I have reviewed the indirect cost proposal dated 8/12/09.
2. All costs included in the proposal dated 8/12/09 to establish billing for a provisional rate as allowable in accordance with the requirements of the grant(s), contract(s), and agreement(s) to which they apply and the applicable Federal cost principles specified below. (Please check Federal cost principles applicable to your award.)  
  
X  OMB Circular A-87, Cost Principles for State, Local and Federally-recognized Indian Tribal Governments.  
  
 OMB Circular A-122, Cost Principles for Nonprofit Organizations.  
  
 Federal Acquisition Regulations (FAR), Part 31, Cost Principles for Commercial Organizations.
3. This proposal does not include any costs which are unallowable under the applicable Federal and State cost principles.
4. This proposal complies with the requirements and standards on lobbying costs for OMB Circular A-122 or Federal Acquisition Regulations (FAR), Part 31, where such cost principles are applicable to the award.
5. All costs included in this proposal are properly allocable to Federal or State grant(s), contract(s), and agreement(s) on the basis of a beneficial or casual relationship between expenses incurred and the grant(s), contract(s), and agreement(s) to which they are allocated in accordance with the applicable Federal and State cost principles.
6. The Indirect Cost rate for the period October 1, 2009 to September 30, 2010 is 8.93%.

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

Governmental Unit: Capital Area Council of Governments

Signature: \_\_\_\_\_

Authorized Official: James Mikolaichik, Director of Finance

Date: August 25, 2009

## **Capital Area Council of Governments FY 2010 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, Data Services, 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 Data Services is number of researched data sets 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, Data 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, 2009 - September 30, 2010

EXPENDITURES	2008-09 Budget	2008-09 Estimate	2009-10 Budget
Salaries	246,366	265,150	267,519
Temporary Services	-	-	-
Release Time & Benefits	106,274	114,850	115,983
<b>TOTAL PERSONNEL COSTS</b>	<b>352,640</b>	<b>380,000</b>	<b>383,501</b>
Accounting/Auditing	10,101	10,101	11,821
Communications	2,980	4,500	5,634
Insurance	10,000	9,500	10,000
Legal	5,000	3,000	5,000
Postage	4,500	4,500	4,500
Printing	6,500	5,200	5,500
Photocopy Expense	5,000	6,500	6,000
Contractual Services	20,000	32,400	2,500
Professional Services	1,500	1,000	1,500
Advertising	500	850	500
Prof. Development	3,350	3,780	3,350
Meeting Expense	1,000	1,500	1,000
Subscriptions, Dues	25,422	25,000	25,500
Travel	12,100	12,100	16,100
Office Space	45,000	45,000	44,950
Equipment Maintenance	500	-	500
Consumable Supplies	9,400	15,500	13,000
Equipment Lease	27,500	27,500	27,500
Personnel/Payroll Services	16,213	16,213	18,092
Computer Support Services	10,740	10,740	11,366
Other	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>569,946</b>	<b>614,885</b>	<b>597,815</b>
Basis for Allocation	6,668,185	6,668,185	6,695,038
<b>INDIRECT RATE</b>	<b>8.55%</b>	<b>9.22%</b>	<b>8.93%</b>

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, Data Services 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, 2009 - September 30, 2010

### RELEASE TIME

Vacation	117,137	
Sick Leave	81,996	
Holidays	128,851	
<b>Total Release Time</b>	<b>327,985</b>	<b>12.07%</b>

### BENEFITS

FICA	232,986	
Employee Insurance	380,945	
Retirement	214,408	
Unemployment Insurance	9,137	
Workman's Compensation	7,750	
Wellness Program	5,000	
<b>Total Benefits</b>	<b>850,227</b>	<b>31.29%</b>

**TOTAL RELEASE TIME AND BENEFITS** 1,178,212 43.36%

Total Salaries	3,045,575	
Less: Release Time	327,985	
	<b>2,717,590</b>	

### BASIS FOR BENEFIT RATE ALLOCATION:

1,178,212 / 2,717,590 43.36%