

**COUNTY OF SAN JOAQUIN  
INDIRECT COST RATE  
GUIDELINE**

**For Managing Subcontractors**

**Prepared by the County Administrator's Office  
September 15, 2006**

# TABLE OF CONTENTS

|  | <b>Page</b> |
|--|-------------|
| <b>Introduction</b> .....  | 2           |
| <b>Section A</b><br>General Principles for Determining Allowable Costs<br>(Direct and Indirect)..... | 3           |
| <b>Section B</b><br>Direct Allocation Method.....  | 6           |
| <b>Section C</b><br>Preparation of Indirect Cost Rate Proposals.....                                 | 7           |
| <b>Section D</b><br>Unallowable Direct and Indirect Costs.....                                       | 8           |
| <b>Attachment One</b><br>Example of an Indirect Cost Rate Proposal.....                              | A-1         |

## ***Introduction***

The purpose of the Indirect Cost Rate Guideline for Managing Subcontractors is to establish consistent countywide policies for the determination and management of indirect cost rates for subcontractors. The management of indirect cost rates includes the principles for determining allowable direct and indirect costs, and the documentation requirements for development and submission of indirect cost rate proposals.

An indirect cost rate is the percentage of an organization's indirect costs to its direct costs and is a standardized way to charge individual programs for their share of indirect costs.

A standard indirect cost allowance equal to, or less than, eight percent (8%) of the direct salary and wage cost of the contract, excluding benefits, may be used in lieu of determining the actual costs of the service and the applicable justification of an indirect cost proposal.

Included in the Guideline is Attachment One, which provides an example of an indirect cost proposal. This example can be used as a model for subcontractors submitting indirect cost rate proposals.

This Guideline was developed for San Joaquin County in accordance with the Office of Management and Budget (OMB) Circular A-87 and A-122. Circular A-87 establishes principles and standards for determining costs for federal awards carried out through grants, cost reimbursement contracts, and other agreements with state and local governments. Circular A-122 establishes cost principles for non-profit organizations.

The California Department of Education has been granted authority by the United States Department of Education to calculate, review and approve indirect cost rates for California's local educational agencies, including county offices of education, school districts, and joint powers agencies. The County will accept these approved rates for local education agencies. The approved rates can be found on the California Department of Education's website "[www.cde.gov/fq/ac/](http://www.cde.gov/fq/ac/)"

Section D is referenced directly from Circular A-87, which provides principles in establishing the unallowability of certain items of cost. These principles apply whether a cost is treated as direct and indirect.

## **Section A**

### **General Principles for Determining Allowable Costs (Direct and Indirect)**

This Guideline establishes principles and standards for determining costs for County awards carried out through grants, cost reimbursement contracts, and other agreements with subcontractors. This Guideline establishes principles and standards to provide a uniform approach for determining costs and to promote effective program delivery, efficiency, and better relationships between subcontractors and the County. The principles are for determining allowable costs only. They are not intended to identify the circumstances or to dictate the extent of County and subcontractor participation in the financing of a particular County award. Provision for profit or other increment above cost is outside the scope of this Guideline.

The application of these principles is based on the fundamental premises that:

1. Subcontractors are responsible for the efficient and effective administration of County awards through the application of sound management practices.
2. Subcontractors assume responsibility for administering County funds in a manner consistent with underlying agreements, program objectives, and the terms and conditions of the County award.
3. Each subcontractor, in recognition of its own unique combination of staff, facilities, and experience, will have the primary responsibility for employing whatever form of organization and management techniques may be necessary to assure proper and efficient administration of County awards.

#### **Basic Guidelines.**

1. Factors affecting allowability of direct and indirect costs.  
To be allowable under County awards, costs must meet the following general criteria:
  - a. Be necessary and reasonable for proper and efficient performance and administration of County awards.
  - b. Be allocable to County awards under the provisions of this Guideline.
  - c. Be authorized or not prohibited under federal and State laws or regulations.
  - d. Conform to any limitations or exclusions set forth in these principles, federal and State laws, terms and conditions of the County award, or other governing regulations as to types or amounts of cost items.
  - e. Be consistent with policies, regulations, and procedures that apply uniformly to both County awards and other activities of the subcontractor.
  - f. Be accorded consistent treatment. A cost may not be assigned to a County award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the County award as an indirect cost.
  - g. Except as otherwise provided for in this Guideline, be in accordance with generally accepted accounting principles.

h. Not be included as a cost or used to meet cost sharing or matching requirements of any other County award in either the current or a prior period, except as specifically provided by federal and State law or regulation.

i. Be the net of all applicable credits.

j. Be adequately documented.

## 2. Reasonable costs.

A cost is reasonable if, in its nature and 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 cost. The question of reasonableness is particularly important when subcontractors or components are predominately government-funded. In determining reasonableness of a given cost, consideration shall be given to:

a. Whether the cost is of a type generally recognized as ordinary and necessary for the operation of the subcontractor or the performance of the County award.

b. The restraints or requirements imposed by such factors as: sound business practices; arms length bargaining; federal, State and other laws and regulations; and, terms and conditions of the County award.

c. Market prices for comparable goods or services.

d. Whether the individuals concerned acted with prudence in the circumstances considering their responsibilities to the subcontractor, its employees, the public at large, and the County.

e. Significant deviations from the established practices of the subcontractor, which may unjustifiably increase the County award's cost.

### **Applicable credits.**

Applicable credits refer to those receipts or reduction of expenditure-type transactions that offset or reduce expense items allocable to County awards as direct or indirect costs. Examples of such transactions are: purchase discounts, rebates or allowances, recoveries or indemnities on losses, insurance refunds or rebates, and adjustments of overpayments or erroneous charges. To the extent that such credits accruing to or received by the subcontractor relate to allowable costs, they shall be credited to the County award either as a cost reduction or cash refund, as appropriate.

### **Composition of Cost.**

The total cost of County awards is comprised of the allowable direct cost of the program, plus its allocable portion of allowable indirect costs, less applicable credits. There is no universal rule for classifying certain costs as either direct or indirect under every accounting system. A cost may be direct with respect to some specific service or function, but indirect with respect to the County award or other final cost objective. Therefore, it is essential that each item of cost be treated consistently in like circumstances either as a direct or an indirect cost. Guidelines for determining direct and indirect costs charged to County awards are provided in the sections that follow.

### **Direct Costs.**

Direct costs are those that can be identified specifically with a particular final cost objective. Typical direct costs chargeable to County awards are:

- a. Compensation of employees for the time devoted and identified specifically to the performance of those awards.
- b. Cost of materials acquired, consumed, or expended specifically for the purpose of those awards.
- c. Equipment and other approved capital expenditures.
- d. Travel expenses incurred specifically to carry out the award.

Any direct cost of a minor amount may be treated as an indirect cost for reasons of practicality where such accounting treatment for that item of cost is consistently applied to all cost objectives.

### **Indirect Costs.**

Indirect costs are those: (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 originating in the grantee program, as well as those incurred by other programs in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a subcontractor department or in other agencies providing services to a subcontractor department. Indirect cost pools should be distributed to benefited cost objectives on bases that will produce an equitable result in consideration of relative benefits derived.

#### 1. Limitation on indirect or administrative costs.

- a. In addition to restrictions contained in this Guideline, there may be laws that further limit the amount of administrative or indirect cost allowed.
- b. Amounts not recoverable as indirect costs or administrative costs under one County award may not be shifted to another County award, unless specifically authorized by federal or State legislation or regulation.
- c. A standard indirect cost allowance equal to, or less than, eight percent (8%) of the direct salary and wage cost of providing the service, excluding benefits, may be used in lieu of determining the actual indirect costs of the service.

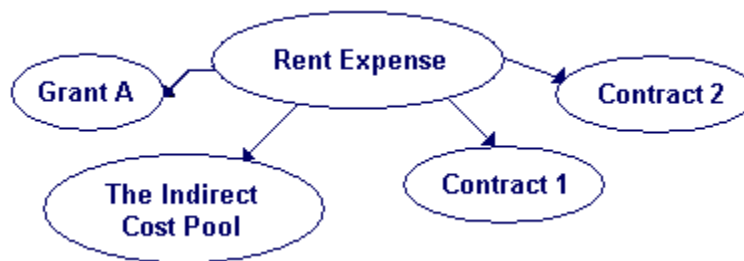
Some of the most common indirect costs are as follows:

- Administrative and support staff salary and benefits costs
- Office rent
- Office equipment lease
- Telephone costs
- Printing and duplicating
- Postage and delivery
- Office supplies
- Depreciation

## Section B

### Direct Allocation Method

The **Direct Allocation Method** is used by organizations that treat all costs as direct costs except general administration and general expenses. These organizations generally separate their costs into three basic categories: (1) general administration and general expenses, (2) fund raising, and (3) other direct functions (including projects performed under other County awards). Joint costs, such as depreciation, rental expense, operation and maintenance facilities, telephone expenses, and the like are prorated individually as direct costs to each category and to each award or other activity using a base most appropriate to the particular cost being prorated. A pictorial example of the proration of rental expense is shown below:



**\*Note the only rent expense allocated to the indirect pool is the indirect portion of rent expense as a whole.**

Under this method, indirect costs consist exclusively of general administration and general expenses. In all other respects, the organization's indirect cost rates shall be computed in the same manner as that described above.

This method is acceptable provided each joint cost is prorated using a base which accurately measures the benefits provided to each award or other activity. An example format for the computation of an indirect cost rate under the **Direct Allocation Method** can be found in Attachment One.

## **Section C**

### **Preparation of Indirect Cost Rate Proposals**

The following information is required on an annual basis from organizations that claim indirect costs on cost reimbursable contracts or grants with the County. However, organizations can claim indirect costs up to eight percent (8%) of the direct labor cost of the County program in lieu of determining the actual costs. Direct labor cost is defined as the cost of direct labor excluding supervision.

**1. Organization Profile**

- a. A chart showing the organizational structure during the period for which the proposal applies. Once this is submitted, only revisions need be submitted with subsequent proposals.
- b. A copy of the financial data [financial statement (certified, if appropriate), budgets, accounting reports, etc.] upon which the rate is based.
- c. A listing of directly awarded grants and contracts for the proposal period, total dollar amount, period of performance, and the indirect cost limitations (if any) applicable to each, such as, ceiling rates or amounts restricted by administrative or statutory regulations.

**2. Allocation of Personnel Worksheet**

This document reflects the estimated/actual salary costs for each County and Non-County cost objective. The percentage of time per position should be spread under the appropriate cost objective, making sure that 100 percent is allocated for each position. The grantee/contractor must maintain a time distribution system for use by employees whose time is charged to more than one cost objective. An example of an Allocation of Personnel Worksheet is also shown in Attachment One.

**3. Statement of Employee Benefits**

This document should contain the estimated/actual costs of the items in the employee fringe benefit pool. Employee fringe benefits should follow the salary of the individual and are a consideration in the determination of the reasonableness of the compensation. Fringe benefits should be accrued in the period incurred, including accrued leave if employees have an irrevocable right to be compensated during employment or upon termination of employment. Generally, the cost of annual leave is recognized when it is earned by the employee, and holiday and other types of leave are considered a cost to the extent of actual compensation to employees. An example of the statement is shown in Attachment One.

**4. Statement of Total Costs**

This document should contain all estimated/actual costs of the organization for each County and Non-County cost objective. The direct costs should be spread under the appropriate cost objective, including the County program, other direct programs, indirect costs and exclusions. One hundred percent (100%) of the total cost should be allocated for each budget category. An example of a Statement of Total Costs is also shown in Attachment One.

## **Section D**

### **Unallowable Direct and Indirect Costs**

Sections 1 through 16 provide principles to be applied in establishing the unallowability of certain items of cost. These principles apply whether a cost is treated as direct or indirect. A cost is allowable for reimbursement only to the extent of benefits received by County awards and its conformance with the general policies and principles stated in this Guideline. Failure to mention a particular item of cost in these sections is not intended to imply that it is allowable; rather, determination of allowability in each case should be based on the treatment or standards provided for similar or related items of cost.

#### **1. Advertising and public relations costs.**

Unallowable advertising and public relations costs include the following:

- (1) Costs of meetings, conventions, convocations, or other events related to other activities of the subcontractor, including:
  - (a) Costs of displays, demonstrations, and exhibits;
  - (b) Costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events; and
  - (c) Salaries and wages of employees engaged in setting up and displaying exhibits, making demonstrations, and providing briefings;
- (2) Costs of promotional items and memorabilia, including models, gifts, and souvenirs;
- (3) Costs of advertising and public relations designed solely to promote the subcontractor.

#### **2. Alcoholic beverages.**

Costs of alcoholic beverages are unallowable.

#### **3. Bad debts.**

Bad debts, including losses (whether actual or estimated) arising from uncollectable accounts and other claims, related collection costs, and related legal costs are unallowable.

#### **4. Contingency provisions.**

Contributions to a contingency reserve or any similar provision made for events the occurrence of which cannot be foretold with certainty as to time, intensity, or with an assurance of their happening, are unallowable. The term "contingency reserve" excludes self-insurance, pension plan, and post-retirement health and other benefit reserves computed using acceptable actuarial cost methods.

#### **5. Defense and prosecution of criminal and civil proceedings, and claims.**

- a. Costs incurred in defense of any civil or criminal fraud proceeding or similar proceeding are unallowable. Costs incurred by a contractor in connection with any criminal, civil or administrative proceedings commenced by the United States or a state.
- b. Legal expenses required in the administration of County programs are allowable. Legal expenses for prosecution of claims against the County are unallowable.

**6. Donations and contributions.**

a. Contributions or donations rendered. Contributions or donations, including cash, property, and services, made by the subcontractor, regardless of the recipient, are unallowable.

b. Donated services received: Donated or volunteer services may be furnished to a subcontractor by professional and technical personnel, consultants, and other skilled and unskilled labor. The value of these services is not reimbursable either as a direct or indirect cost.

**7. Entertainment.**

Costs of entertainment, including amusement, diversion, and social activities and any costs directly associated with such costs (such as tickets to shows or sports events, meals, lodging, rentals, transportation, and gratuities) are unallowable.

**8. Fines and penalties.**

Fines, penalties, damages, and other settlements resulting from violations (or alleged violations) of, or failure of the subcontractor to comply with, federal, state, or local laws and regulations are unallowable except when incurred as a result of compliance with specific provisions of the County award or written instructions by the awarding agency authorizing in advance such payments.

**9. Fund raising and investment management costs.**

a. Costs of organized fund raising, including financial campaigns, solicitation of gifts and bequests, and similar expenses incurred to raise capital or obtain contributions are unallowable, regardless of the purpose for which the funds will be used.

b. Costs of investment counsel and staff and similar expenses incurred to enhance income from investments are unallowable.

**10. Goods or services for personal use.**

Costs of goods or services for personal use of the subcontractor's employees are unallowable regardless of whether the cost is reported as taxable income to the employees.

**11. Idle facilities and idle capacity.**

a. The costs of idle facilities are unallowable except to the extent that:

(1) They are necessary to meet fluctuations in workload; or

(2) Although not necessary to meet fluctuations in workload, they were necessary when acquired and are now idle because of changes in program requirements, efforts to achieve more economical operations, reorganization, termination, or other causes, which could not have been reasonably foreseen. Under the exception stated in this subsection, costs of idle facilities are allowable for a reasonable period of time, ordinarily not to exceed one year.

b. The costs of idle capacity are normal costs of doing business and are a factor in the normal fluctuations of usage or indirect cost rates from period to period. Such costs are allowable, provided that the capacity is reasonably anticipated to be necessary or was originally reasonable and is not subject to reduction or elimination by use on other County awards, subletting, renting, or

sale, in accordance with sound business, economic, or security practices. Widespread idle capacity throughout an entire facility or among a group of assets having substantially the same function may be considered idle facilities.

**12. Interest.**

a. Costs incurred for interest on borrowed capital or the use of a subcontractor's own funds, however represented, are unallowable except as specifically authorized by federal or state legislation.

b. Financing costs (including interest) paid or incurred which are associated with the otherwise allowable costs of building acquisition, land, construction, or fabrication, reconstruction or remodeling is allowable subject to the conditions in (1) through (3).

(1) The financing is provided (from other than tax or user fee sources) by a bona fide third party external to the subcontractor;

(2) The assets are used in support of County awards;

(3) Earnings on debt service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate. Earnings subject to being reported to the Internal Revenue Service under arbitrage requirements are excludable.

c. Interest attributable to fully depreciated assets is unallowable.

**13. Lobbying.**

a. The cost of certain influencing activities associated with obtaining grants, contracts, cooperative agreements, or loans is an unallowable cost.

b. Executive lobbying costs. Costs incurred in attempting to improperly influence either directly or indirectly, an employee or officer of the County to give consideration or to act regarding a sponsored agreement or a regulatory matter is unallowable.

**14. Memberships, subscriptions, and professional activity costs.**

Costs of membership in organizations substantially engaged in lobbying are unallowable.

**15. Patent costs.**

Costs relating to patent and copyright matters are allowable where the cost of preparing disclosures, reports, and other documents required by the County award and of searching the art to the extent necessary to make such disclosures; cost of preparing documents and any other patent costs in connection with the filing and prosecution of a United States patent application where title or royalty-free license is required by the County to be conveyed to the County; and general counseling services relating to patent and copyright matters, such as advice on patent and copyright laws, regulations, clauses, and employee agreements.

**16. Selling and marketing.**

Costs of selling and marketing any products or services of the subcontractor are unallowable.

# ***Attachment One***

## **EXAMPLE**

### **INDIRECT COST RATE PROPOSAL**

The following is an example of an indirect cost rate proposal that would be submitted to the County. The Neon Non-Profit Organization is a fictitious company used only for this example. For illustrative purposes, it is assumed that the organization runs several programs including the County program requesting the indirect cost rate, several State and federally funded programs, a private foundation funded program, and a fund raising division. The following is a table of the documents that would be submitted to the County:

| <b><u>Exhibit</u></b> | <b><u>Description</u></b>                                | <b><u>Page</u></b> |
|-----------------------|--|--------------------|
| 1                     | Example – Introduction Statement                         | A-2                |
| 2                     | Example – Summary of Indirect Cost Reimbursement Claimed | A-3                |
| 3                     | Example – Organizational Chart                           | A-3                |
| 4                     | Example – Allocation of Personnel Worksheet              | A-4                |
| 5                     | Example - Statement of Employee Fringe Benefits          | A-5                |
| 6                     | Example - Statement of Budgeted Total Costs              | A-6                |
| 7                     | Example - Statement of Indirect Costs                    | A-7                |

# **EXHIBIT - 1**

## **INDIRECT COST RATE PROPOSAL FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006**

### **INTRODUCTION**

The Neon Non-profit Organization has received an indirect cost rate from San Joaquin County since fiscal year 1991-92. This proposal is based upon estimated budgets for all programs to be administered by the Neon Non-profit Organization during the period July 1, 2005 through June 30, 2006. All federal, state, and county programs have been included in the proposal.

We have also included audited financial statements for all programs and the indirect cost pool for fiscal year 2003-04.

The individuals to contact in regard to this proposal are:

Mr. Gary Green, Controller  
Neon Non-profit Organization  
1776 Silver Street  
Stockton, CA. 95202  
Tel. (209) 555-1234  
Email [ggreen@xxx.org](mailto:ggreen@xxx.org)  
Fax (209) 555-1240

Ms. Betty Blue  
Sea Blue CPA Services  
678 Red Road  
Sacramento, CA. 95831  
Tel. (916) 555-3456  
Email [bblue@xxx.net](mailto:bblue@xxx.net)  
Fax (916) 555-3450

## EXHIBIT - 2

### SUMMARY OF INDIRECT COST REIMBURSEMENT CLAIMED

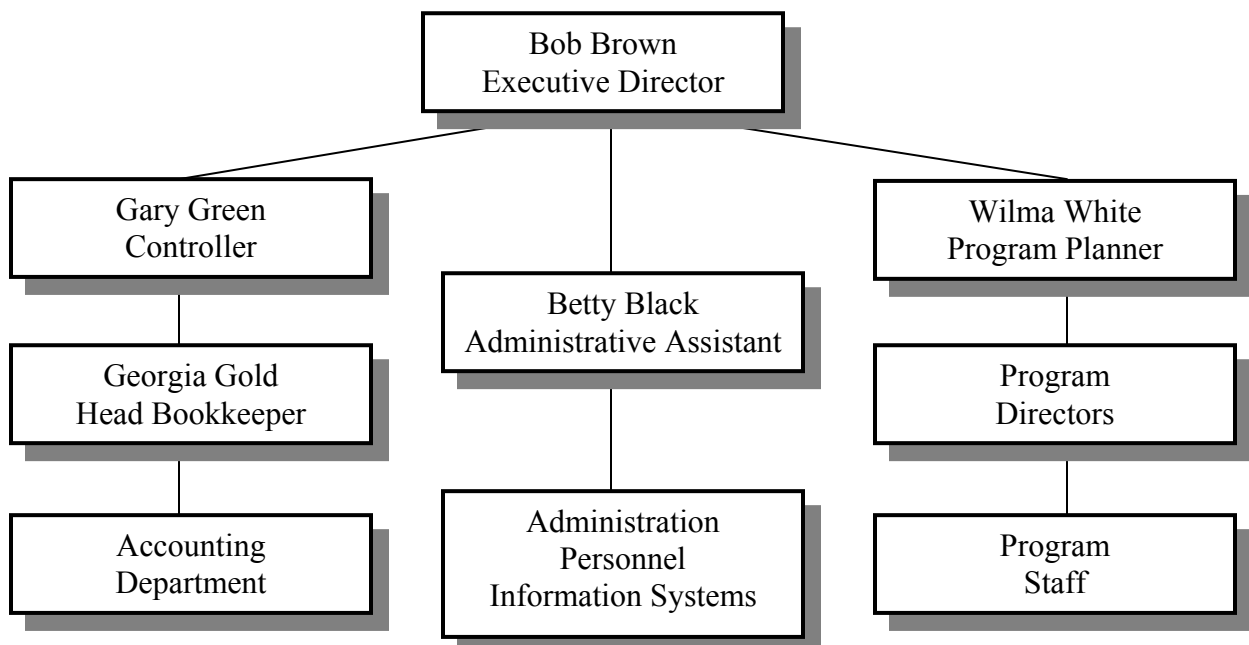
|   |                |
|---|----------------|
| Total Allowable Indirect Costs                            | \$551,336      |
| Less: Indirect Cost to be Reimbursed<br>by Other Agencies | <u>375,340</u> |
| Remaining Indirect Costs                                  | 175,996 (1)    |
| Amount of Indirect Costs Charged to<br>the County Program | 105,230        |

- (1) *The amount of indirect costs available cannot be less than the amount charged to the County program.*

## EXHIBIT - 3

### ORGANIZATIONAL CHART

# Neon Non-profit Organization



# EXHIBIT - 4

## ALLOCATION OF PERSONNEL WORKSHEET FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006

| POSITION                 | CURRENT<br>ANNUAL<br>SALARY | INDIRECT<br>COSTS | COUNTY<br>PROGRAM | ALL OTHER<br>PROGRAMS | PRIVATE<br>FOUNDATION | FUND<br>RAISING |
|--------------------------|-----------------------------|-------------------|-------------------|-----------------------|-----------------------|-----------------|
| EXECUTIVE DIRECTOR       | \$60,000                    | \$54,000          |                   |                       |                       | \$6,000         |
|                          |                             | (90%)             |                   |                       |                       | (10%)           |
| ADMINISTRATIVE ASSISTANT | 22,000                      | 22,000            |                   |                       |                       |                 |
| CONTROLLER               | 45,000                      | 45,000            |                   |                       |                       |                 |
| ACCOUNTANT (3)           | 90,000                      | 90,000            |                   |                       |                       |                 |
| PROGRAM PLANNER (4)      | 120,000                     | 12,000            | \$72,000          | \$36,000              |                       |                 |
|                          |                             | (10%)             | (60%)             | (30%)                 |                       |                 |
| FIELD OPER. DIRECTOR     | 35,000                      | 5,250             | 8,750             | 19,250                | 1,750                 |                 |
|                          |                             | (15%)             | (25%)             | (55%)                 | (5%)                  |                 |
| AREA COORDINATOR*        | 15,000                      |                   |                   | 15,000                |                       |                 |
| PROGRAM SPECIALIST       | 25,000                      |                   | 20,000            | 5,000                 |                       |                 |
|                          |                             |                   | (80%)             | (20%)                 |                       |                 |
| PERSONNEL DIRECTOR       | 40,000                      | 40,000            |                   |                       |                       |                 |
| MIS DIRECTOR             | 45,000                      | 45,000            |                   |                       |                       |                 |
| HEAD START DIRECTOR      | 45,000                      |                   | 9,000             | 36,000                |                       |                 |
|                          |                             |                   | (20%)             | (80%)                 |                       |                 |
| DATA ENTRY CLERK*        | 12,000                      |                   | 9,000             | 3,000                 |                       |                 |
|                          |                             |                   | (75%)             | (25%)                 |                       |                 |
| ALL OTHER POSITIONS**    | 700,000                     |                   | 280,000           | 385,000               | 35,000                |                 |
|                          |                             |                   | (40%)             | (55%)                 | (5%)                  |                 |
| TOTAL                    | <u>\$1,314,000</u>          | <u>\$373,250</u>  | <u>\$398,750</u>  | <u>\$499,250</u>      | <u>\$36,750</u>       | <u>\$6,000</u>  |

\* THIS REPRESENTS AN EMPLOYEE WHO WILL WORK PART-TIME OR LESS THAN A TWELVE MONTH PERIOD.

\*\* THESE POSITIONS HAVE BEEN CONSOLIDATED FOR ILLUSTRATIVE PURPOSES ONLY: ALL PERSONNEL POSITIONS THAT REQUIRE TIME TO BE CHARGED TO MORE THAN ONE COST OBJECTIVE MUST BE IDENTIFIED SEPARATELY ON THIS WORKSHEET.

# EXHIBIT - 5

## STATEMENT OF EMPLOYEE FRINGE BENEFITS FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006

|                                 |                  |
|---------------------------------|------------------|
| F.I.C.A. (.0765)                | \$100,521        |
| STATE UNEMPLOYMENT COMPENSATION | 16,965           |
| WORKER'S COMPENSATION INSURANCE | 13,140           |
| MEDICAL INSURANCE               | 168,200          |
| PENSION                         | <u>105,120</u>   |
| TOTAL EMPLOYEE FRINGE BENEFITS  | <u>\$403,746</u> |

ALLOCATION BASE:

|                |             |
|----------------|-------------|
| TOTAL SALARIES | \$1,314,000 |
|----------------|-------------|

EMPLOYEE FRINGE BENEFIT RATE

$$(TOTAL EMPLOYEE FRINGE BENEFITS / TOTAL SALARIES) \quad \frac{\$403,746}{\$1,314,000} = \quad \underline{30.73\%}$$

UNDER THIS METHOD, FOR ESTIMATING PURPOSES ON BUDGETS, GRANTEEES/CONTRACTORS SHOULD INCLUDE RELEASE TIME (VACATION, HOLIDAY, AND SICK LEAVE) AS PERSONNEL SALARY COSTS.

# EXHIBIT - 6

## STATEMENT OF BUDGETED TOTAL COSTS - ALL FUNDS FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006

| FOOTNOTES                        | (1)                      |  |                   | (2)                      |                   |                          |                       |                 |
|----------------------------------|--------------------------|--|-------------------|--------------------------|-------------------|--------------------------|-----------------------|-----------------|
| A                                | B                        | C                                      | D                 | E                        | F                 | G                        | H                     | I               |
|                                  | C + D + E                |  |                   | F + G + H + I            |                   |                          |                       |                 |
| BUDGET CATEGORY                  | ALL FUNDS<br>TOTAL COSTS | EXCLUSIONS &<br>UNALLOW-<br>ABLE COSTS | INDIRECT<br>COSTS | TOTAL<br>DIRECT<br>COSTS | DIRECT COSTS      |                          |                       |                 |
|                                  |                          |  |                   |                          | COUNTY<br>PROGRAM | ALL<br>OTHER<br>PROGRAMS | PRIVATE<br>FOUNDATION | FUND<br>RAISING |
| SALARIES                         | \$1,314,000              |  | \$373,250         | \$940,750                | \$398,750         | \$499,250                | \$36,750              | \$6,000         |
| FRINGE BENEFITS                  | 403,746                  |  | 114,686           | 289,060                  | 122,522           | 153,402                  | 11,292                | 1,844           |
| CONSULTANT/<br>CONTRACT SERVICES | 26,000                   |  |                   | 26,000                   | 7,000             | 17,300                   | 1,700                 |                 |
| STAFF TRAVEL                     | 94,000                   |  | 5,000             | 89,000                   | 28,000            | 58,000                   | 3,000                 |                 |
| BAD DEBTS                        | 10,000                   | \$10,000                               |                   |                          |                   |                          |                       |                 |
| OFFICE RENT                      | 170,000                  |  | 22,000            | 148,000                  | 47,000            | 94,000                   | 4,000                 | 3,000           |
| OFFICE SUPPLIES                  | 161,000                  |  | 8,000             | 153,000                  | 36,000            | 109,500                  | 7,500                 |                 |
| SUBCONTRACTS                     | 175,000                  | 107,000                                |                   | 68,000                   |                   | 50,000                   | 18,000                |                 |
| EQUIPMENT LEASE                  | 82,000                   | 22,000                                 | 7,500             | 52,500                   | 17,000            | 35,500                   |                       |                 |
| TELEPHONE                        | 109,200                  |  | 7,500             | 101,700                  | 30,700            | 65,500                   | 2,000                 | 3,500           |
| ENTERTAINMENT                    | 2,000                    | 2,000                                  |                   |                          |                   |                          |                       |                 |
| DUPLICATING/PRINTING             | 48,000                   |  | 4,000             | 44,000                   | 12,000            | 29,000                   | 2,000                 | 1,000           |
| INSURANCE AND<br>BONDING         | 41,900                   |  | 3,400             | 38,500                   | 9,000             | 27,500                   | 2,000                 |                 |
| POSTAGE AND<br>DELIVERY          | 34,000                   |  | 2,000             | 32,000                   | 12,000            | 16,000                   |                       | 4,000           |
| DEPRECIATION                     | 29,000                   |  | 4,000             | 25,000                   | 10,000            | 15,000                   |                       |                 |
| ALLOWANCES                       | 148,000                  | 148,000                                |                   |                          |                   |                          |                       |                 |
| EMERGENCY<br>ASSISTANCE          | 54,000                   | 54,000                                 |                   |                          |                   |                          |                       |                 |
| TRAINING MATERIALS               | 82,000                   |  |                   | 82,000                   | 36,000            | 46,000                   |                       |                 |
| PARTICIPANT SUPPORT<br>COSTS     | 36,000                   | 36,000                                 |                   |                          |                   |                          |                       |                 |
| <b>TOTAL</b>                     | <b>\$3,019,846</b>       | <b>\$379,000</b>                       | <b>\$551,336</b>  | <b>\$2,089,510</b>       | <b>\$765,972</b>  | <b>\$1,215,952</b>       | <b>\$88,242</b>       | <b>\$19,344</b> |

- (1) Total Costs include columns C – Exclusions & Unallowables, D – Indirect Costs, and E – Total Direct Costs.
- (2) Total Direct Costs include columns F – County Program, G – All Other Programs, H – Private Foundation, and I – Fund Raising.

# EXHIBIT - 7

## STATEMENT OF INDIRECT COSTS FOR THE PERIOD JULY 1, 2005 THROUGH JUNE 30, 2006

|                           |                |                  |
|---------------------------|----------------|------------------|
| SALARIES                  | \$373,250      |                  |
| FRINGE BENEFITS (30.73%)  | <u>114,686</u> | \$487,936        |
| STAFF TRAVEL              |                | 5,000            |
| OFFICE RENT               |                | 22,000           |
| SUPPLIES                  |                | 8,000            |
| EQUIPMENT                 |                | 7,500            |
| TELEPHONE                 |                | 7,500            |
| PRINTING AND REPRODUCTION |                | 4,000            |
| INSURANCE AND BONDING     |                | 3,400            |
| POSTAGE AND DELIVERY      |                | 2,000            |
| DEPRECIATION              |                | <u>4,000</u>     |
| TOTAL INDIRECT COST       |                | <u>\$551,336</u> |

|  |                                  |
|--|----------------------------------|
| TOTAL DIRECT COST                                  | \$ 2,089,510 *                   |
| TOTAL INDIRECT COST                                | 551,336 **                       |
| INDIRECT COST RATE CALCULATION (INDIRECT / DIRECT) |                                  |
|  | (\$551,336 / \$2,089,510) 26.39% |

|  |                       |
|--|-----------------------|
| COUNTY PROGRAM                         |                       |
| TOTAL DIRECT SALARIES – COUNTY PROGRAM | \$ 398,750            |
| INDIRECT COST RATE                     | 26.39%                |
| INDIRECT COST FOR COUNTY PROGRAM       | <u>\$ 105,230 ***</u> |

\* TOTAL FOUND ON COLUMN E OF EXHIBIT 6

\*\* TOTAL FOUND ON COLUMN D OF EXHIBIT 6

\*\*\* ROUNDED TO THE NEAREST DOLLAR