

CHAPTER 5 ACCOUNTING/INVOICES

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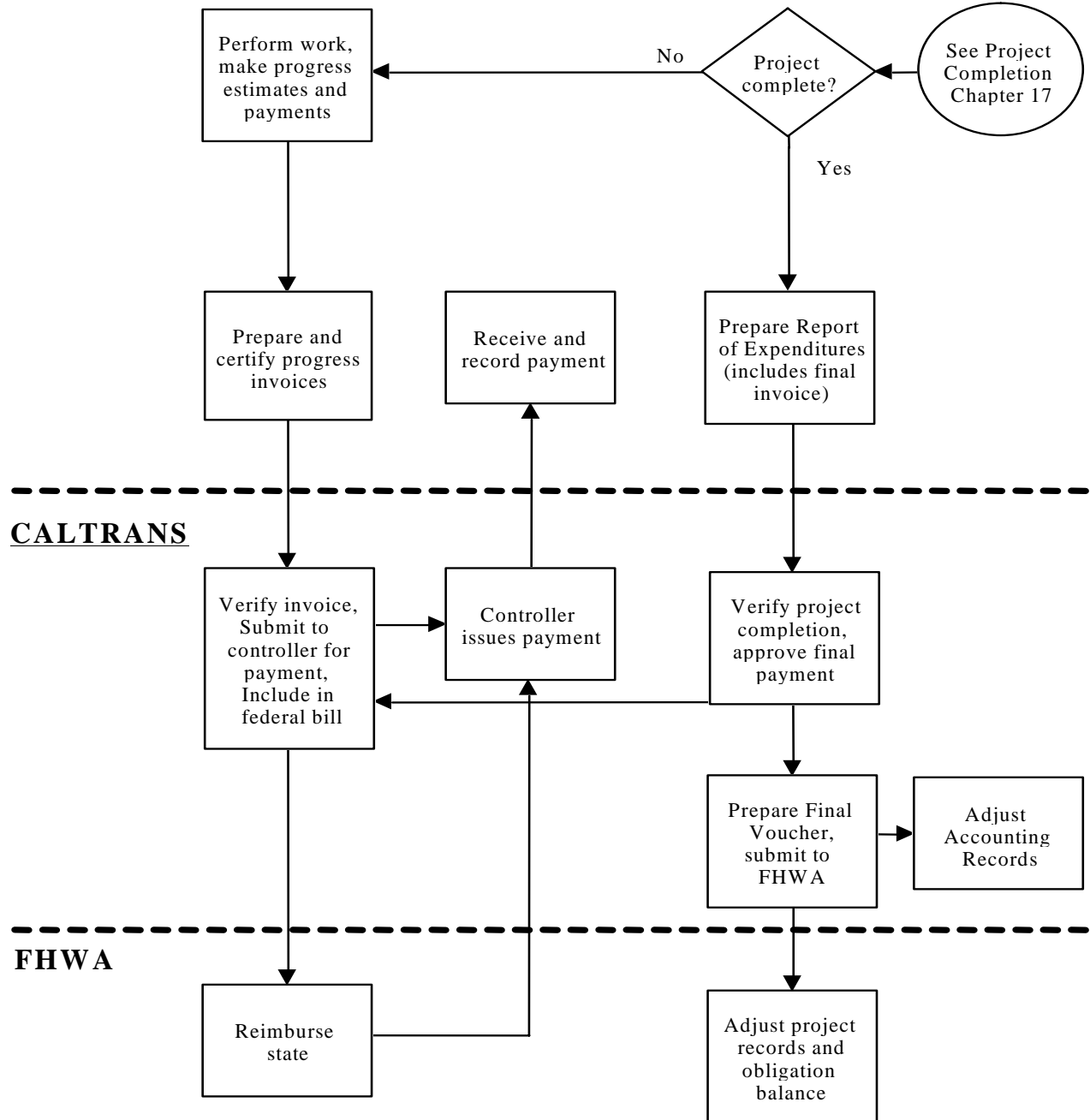
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INVOICE PROCESSING
For Developing All Local Federal-Aid Projects

**LOCAL
AGENCY**



FLOWCHART 5-1 INVOICE PROCESSING

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CHAPTER 5 ACCOUNTING/INVOICES

The purpose of this chapter is to provide local agencies with basic information required to obtain reimbursement for their expenditures on local federal-aid and state funded projects. Additional information may be obtained from Local Program Accounting (LPA) through the District Local Assistance Engineer (DLAE). Payments made under these provisions are for expenditures paid by the local agency prior to claiming reimbursement from the Department of Transportation (Caltrans).

5.1 TRACKING OF STATUS INVOICES

As invoices are received in the LPA, they are logged into the Invoice Control System. Local agencies can monitor the status of their invoices by viewing this data at www.dot.ca.gov/hq/asc/ and selecting the "Local Assistance Payment System" option. This site is updated daily and contains all invoices for projects not yet final vouchered.

5.2 REQUIREMENTS FOR REIMBURSEMENT

If an agency is participating in the Department's Electronic Fund Transfer (EFT) Payment program, payments will normally be made within 15 days of invoice receipt by LPA; otherwise, they will be processed within 25 days. Details on how to participate in the EFT program are in Section 5.4. "Methods of Reimbursement" in this chapter. In either case, the following conditions must be met prior to reimbursement of costs:

BUDGET AUTHORITY

The State Legislature and Federal Government have provided budget authority and the projects have met all program budget conditions, e.g., timely use of funds.

AGREEMENT

1. The Administering Agency-State Master Agreement (Master Agreement) must be fully executed (all required signatures obtained), if one is used. This is an agreement between the state and a city, county or other local agency defining the general terms and conditions, which must be met to receive federal-aid and/or state funds.
2. The Program Supplement, project agreement, or some other required applicant-state agreement must be fully executed. These documents are agreements between the state and local agency (or applicant) identifying the type and amounts of funds used to finance the project and the specific covenants related to the project. **The State can only reimburse the agency that signed this contractual document, unless there is a covenant in the Program Supplement authorizing another entity to bill and/or be paid on behalf of the agency signing the Program Supplement.**

For additional information about agreements, please see Chapter 4, "Agreements," of the *Local Assistance Procedures Manual* (LAPM).

FEDERAL-AID PROJECT AUTHORIZATION (E-76)

Prior to the beginning of the reimbursable work, the project phase of work eligible for reimbursement from federal funds must be formally authorized (approved) by Caltrans and the Federal Highway Administration (FHWA). The payment of federal funds is limited to the amounts approved on the "Authorization to Proceed" or "E-76." To initiate a federal project authorization for a phase(s) of work, or to increase the authorization for additional phases, the local agency must prepare the "Request for Authorization" package (see Chapter 3 "Project Authorization" of the LAPM) that provides the information needed by Caltrans and FHWA to process the request in a timely manner.

Important note: Costs incurred prior to the authorization date are not eligible for FHWA reimbursement except for Emergency Opening and Preliminary Engineering work that is part of the Emergency Relief program. See Chapter 11 "Disaster Assistance" of the *Local Assistance Program Guidelines* (LAPG) for additional details.

For additional information about phases of work and project authorization process, see Chapter 3, "Project Authorization" of the LAPM.

INDIRECT COSTS

With the enactment of Transportation Equity Act for the 21st Century (TEA-21) on June 9, 1998, indirect costs are eligible for federal reimbursement. Should the local agency seek reimbursement of their indirect costs, they must receive an Approval Letter of Indirect Costs Rate for the fiscal year involved from Caltrans' Audits and Investigations **prior** to billing for indirect costs. If a project involves more than one fiscal year, approval of the indirect cost rate for **each** fiscal year is required prior to claiming reimbursement. The Indirect Cost Calculation section on the invoice must be completed and the summary data transferred to the first page of the invoice. Indirect costs **must not** be combined with direct costs on invoices. See Section 5-14 "Obtaining Approval for Indirect Costs" in this chapter for details on obtaining approval of indirect cost rates.

INVOICE SUBMITTAL

The local agency may submit monthly invoices for reimbursement of participating costs (costs eligible for federal and/or state reimbursement). Amounts claimed must reflect the cost of completed work, which has been paid for. The local agency must claim all reimbursable work within 180 days of project completion or prior to the expiration date of the project agreement, whichever comes first.

Towards the end of the state fiscal year (June 30), it is very important for local agencies to submit invoices timely for all incurred project costs so that accrued expenditures are properly identified on Caltrans' financial statements.

Each fiscal year, the Division of Local Assistance (DLA) will notify local agencies regarding projects funded from lapsing appropriations (funds that will expire/not be available for spending June 30 of that fiscal year). They will be notified of the deadline for submitting invoices for these projects.

AWARD PACKAGE

The local agency must submit a complete Award Package to the DLAE immediately after the award of the construction contract. A copy of the Award Package **must also be included** with the local agency's **first invoice for construction** to LPA at:

Department of Transportation
Division of Accounting
Local Program Accounting Branch - MS 33
Attn: Invoice Control
P.O. Box 942874
Sacramento, CA 94274-0001

If LPA does not receive a copy of the award package with the first invoice for the construction phase, the invoice will be returned to the local agency unpaid.

For construction work involving force account, the submittal of the award package is required if the work is contracted out to a contractor. No award package is required if the local agency utilizes its own work force. In this case, submit a brief memo explaining why the award package is not included.

The Award Package for Federal-Aid projects includes the following:

1. Local Agency Contract Award Checklist (LAPM, Exhibit 15-L) with attachments
2. Detail Estimate (LAPM, Exhibit 15-M)
3. Finance Letter (LAPM, Exhibit 15-N)
4. Resident Engineer's Construction Contract Administration Checklist (LAPM, Exhibit 15-B)
5. Disadvantaged Business Enterprise Project Goal, with race-neutral and race-conscious portions identified separately.

Award Package for State Transportation Improvement Program (STIP) projects

The Award Package for state-only funded construction contract shall consist of the completed Award Information for STIP projects. (See LAPG, Chapter 23, Exhibit 23-A "Award Information for STIP Projects").

5.3 REIMBURSABLE PROJECT COSTS

The costs of salaries, wages and related project costs may be reimbursable for the following activities. All costs must be broken down into eligible direct and/or indirect cost components.

PHASES OF WORK

1. **Preliminary Engineering:** Preliminary Engineering is the initiation, design, and related work preparatory to the advancement of a project to physical construction. For local STIP Projects, the Preliminary Engineering costs must be segregated into:
 - Environmental Studies and Permits
 - Plans, Specifications & Estimate
2. **Right of Way:** Acquisition of right of way, real property, or rights thereto is included. It also includes the preparation of right of way plans, making economic studies and other related preliminary work, appraisal for parcel acquisition, review of appraisals, preparation for and trial of condemnation cases, management of properties acquired, furnishing of relocation advisory assistance, utility relocation, and other related labor expenses.

Note: Right of Way rental income and the proceeds from the sale of excess land may be retained by local agencies **if it is used for a valid Title 23 purpose.** It is the local agency's responsibility to assure they comply with Title 23 if this option is selected.

For additional information about Right of Way topics, see LAPM, Chapter 13 "Right of Way."

3. **Construction Engineering:** Construction Engineering is the supervision and inspection of construction activities, additional staking functions considered necessary for effective control of the construction operations, testing materials incorporated into construction, checking shop drawing, and measurements needed for the preparation of pay estimates. **Construction Engineering costs must be listed on the "Authorization to Proceed" (E-76) to be eligible for reimbursement.**
4. **Construction:** Eligible construction costs include the actual costs to construct the transportation facility and its appurtenant facilities. It also includes: removal, adjustment or demolition of buildings or major construction; utilities or railroad work that is a part of the physical construction of the project; and administrative settlement cost of contract claims.
5. **Pre-award Audit Costs:** Pre-award audits are required for engineering and design related service contracts and subcontracts. See LAPM, Chapter 10 "Consultant Selection" for more information.
6. **Administrative Settlement Costs:** These are service costs related to contract claims related to the review and defense of claims against federal-aid-projects. See LAPM, Chapter 16 "Federal-Aid-Participation".

DIRECT COSTS

Direct costs are expenditures incurred solely for a specific federal-aid/state funded transportation project. These include contract payments, right of way acquisition, direct material, salaries, wages, fringe benefits and related costs, which become eligible when an individual participates in project-related activities. Typical direct costs chargeable to federal-aid/state funded projects are:

- Compensation of employees for the time devoted and identified specifically to the performance of the project phase for which the federal-aid/state funding was approved. This is usually permissible up to and including the first level of supervision dedicated to the project.
- Costs of materials consumed, or expended specifically for the purpose in which the participating federal/state funds were authorized.
- Equipment and other approved capital expenditures.
- Expense items or services contracted, or furnished specifically for the project to carry out the purpose in which the participating federal/state funds were authorized.
- Supervisory activities above the first level of supervision are recoverable as indirect costs.

INDIRECT COSTS

At the discretion of the local agencies, indirect costs may be included when seeking reimbursement for their federal-aid transportation projects, as well as STIP projects and state funded projects. Specifically, this applies to federally authorized work with costs incurred after June 9, 1998, as well as STIP projects and state funded projects. However, any completed project with a Final Report of Expenditures will not be eligible for retroactive indirect cost reimbursement. The Environmental Enhancement and Mitigation (EEM) program does not allow reimbursement for indirect costs. The Freeway Service Patrol program does not allow the use of state funds for administrative purposes pursuant to S&H Code Section 2564.

The sample invoice exhibits in the back of this chapter (Exhibit 5-A to Exhibit 5-G) show how the indirect costs should be billed. Also see Section 5-14 "Obtaining Approval for Indirect Costs" in this chapter for details on obtaining approval of indirect cost rates.

UNDERFUNDED PROJECTS

When local agency personnel request for the E-76 for a project it is either:

1. Fully funded (federal funds requested at maximum federal reimbursement rate, i.e., 88.53% for STP projects), or
2. Underfunded, (federal funds requested at "less than" maximum reimbursement rate, i.e., 60% vs. 88.53% see example below), or
3. There is nonparticipating work (costs that are not eligible for federal reimbursement).

The calculated federal reimbursement ratio is computed by dividing the amount of federal funds authorized by the total participating costs as shown on the E-76. If the local agency has obtained a better estimate of the project costs, it is the responsibility of the agency to contact the DLAE to request a revision of the E-76 to reflect the proper reimbursement ratio.

For example, project CML – XXXX (XXX) has:

- Federal participating ratio of 100%
- Normal pro-rata share of 88.53%.
- Total estimated costs of the project are \$100,000.00
- Total federal funds are \$60,000.00
- The Federal Appropriation Code is Q240
- The reimbursement ratio would be: $\$60,000.00 / \$100,000.00 = 60\%$

If the federal funding (\$60,000) divided by the federally participating costs (\$100,000) is less than the full pro-rata share (88.53%), the project is considered under funded. In this case, the progress payments must be reimbursed at the lower reimbursement ratio, which is 60%. On the **final invoice**, the reimbursement ratio may float up to 88.53% to allow all of the federal funds to be used as long as the total payments for the project do not exceed the total federal funds authorized.

Using the example above, project CML-XXXX (XXX) has incurred actual costs of \$100,000.00. The federal reimbursement would cap at \$60,000 since that was the amount requested/allocated for this project. If the project was fully funded, the federal reimbursement would have been capped at \$88,530 (\$100,000 x 88.53%).

5.4 METHODS OF REIMBURSEMENT

Local agency invoices are routinely processed for payment within 25 days after LPA receives the invoices, unless the local agency has enrolled in the EFT payment program. To receive your reimbursement 10 days sooner, see section "Electronic Fund Transfer (EFT) Reimbursement Method" below.

Due to LPA's workload, local agency invoices should be submitted no more than once a month. The invoice format must follow the requirements in this chapter. If they do not follow the format, they will be returned to obtain the additional information needed by LPA to process the payment.

PAYMENT IN ARREARS

Federal and state law requires that all federal and most state funded local agency project payments be done on a reimbursable basis. Therefore, the local agency must incur the expenditures and pay their contractor prior to invoicing Caltrans for reimbursement of their costs. The local agency is required to submit one copy of proper documentation with their invoices to validate that the expenditures were properly incurred. Acceptable documentation includes copies of cancelled checks made payable to the vendors or contractors.

LUMP SUM PAYMENT UP FRONT

Projects in which there is a request for direct deposit of funds into an escrow account must be approved by the DLAE and submitted to LPA 30 days prior to closing escrow for the purchase of the property. LPA will not process the invoice unless the local entity is able to provide a firm escrow closing date.

Planning, Programming & Monitoring (PPM) and Freeway Service Patrol (FSP) projects Agreement clauses, when used, allow lump sum advance payments to all agencies, which receive \$300,000 or less per fiscal year. Sixty days after all expenditures have been made by the local agency; they must submit a Final Report of Expenditures, including a final invoice, to the Caltrans showing how the advance has been spent. Agencies that receive over \$300,000 will be paid on a reimbursable basis.

State Match and Exchange Program (X projects) and TEA Exchange Program (TX projects) These funds are advanced to the local agencies to be spent in accordance with the provisions in the Local Agency – State Agreement. **It is the responsibility of the Regional Transportation Planning Agencies (RTPA) to provide LPA and the DLAE with an annual report on these funds.** The report with an "as of date of June 30," is due August 1 of each year. It must show the amounts given to each of the city and/or county. Failure to provide this report will result in future exchanges being held in abeyance. The State Controller's Office (SCO) will review the actual expenditures to verify compliance with state law.

ELECTRONIC FUND TRANSFER (EFT) REIMBURSEMENT METHOD

Caltrans offers an Electronic Fund Transfer (EFT) option to local agencies. Participation in the EFT program is limited to the local agencies that do not have a delinquent account receivable with Caltrans.

EFT is the transfer of funds from the State Controller's Office (SCO) to a State-contracted bank and then directly into a local agency's designated banking account.

1. EFT Processing Time

The processing time within LPA for invoices paid by either EFT or warrant will be the same. EFT, however, will decrease the processing time at the SCO from 14 days to 4 days. With EFT, LPA will forward the invoices to the SCO on Mondays and Wednesdays. The SCO will process the payments for the invoices submitted on Monday by electronically depositing the payments to the local agency's bank account on Thursday of the same week. The payments for invoices submitted on Wednesday will be deposited on Monday of the following week.

2. Enrolling in the EFT Program

The EFT program involves the electronic direct deposits of payments of local agency's invoices to their banking account. Therefore, it is very important that the local agencies verify with their financial institution that EFT payments are allowable.

Download the "EFT" Enrollment form from www.dot.ca.gov/hq/asc/eft or request it from LPA if a form cannot be obtained.

If a local agency has not done business with Caltrans before, they are required to fill out the Payee data Form STD 204 (request from LPA) and EFT Enrollment Form.

If the local agency has done business with Caltrans and has several accounts with Caltrans (multiple remittance addresses in Caltrans' accounting system), the local agency's Finance and Public Works Directors must jointly decide if one or more of those accounts will be designated for EFT payments. Each account to be converted to an EFT account must have a complete separate Enrollment Form. Once an account has been identified to receive EFT payments, all payments will be made through EFT. Contact LPA for help in identifying the Vendor Number(s) that Caltrans uses to identify each mailing address.

For each account to be converted to EFT, the local agency must complete a separate Enrollment Form. Section I and II of the Enrollment Form must be filled out by the local agency by typing or printing the following information:

- Name of the local agency and the address that will receive the Automated Clearing House (ACH) payment
- The local agency Federal Tax ID (FEIN)
- The designated contact person and telephone number information.
- The signature of the authorized contact person.

Section III of the Enrollment Form is filled out by the local agency's financial institution, which will receive the Automatic Clearing House (ACH) payment by printing or typing the following information:

- Name and the address of the agency's financial institution, which will receive the ACH payments.
- ACH coordinator's name and phone number.
- Nine-digit routing transit number.

- Depositor (agency) account title and account number. The bank account numbers must not exceed 17 digits.
- Type of accounts (select either checking account or savings account).
- Signature of authorized banking official.
- Name, title and phone number of the authorized banking official.

Caltrans will complete Section IV of the EFT Enrollment form.

Caltrans also requires a voided check or a savings deposit slip for the checking or savings account, which the EFT payments will be electronically deposited, to be mailed to Caltrans along with the EFT Enrollment Form. The voided check or savings deposit slip will aid in verifying the bank account and routing transit numbers.

After the Enrollment Form is completely filled out, mail it along with the voided check or deposit slip to:

Department of Transportation
Division of Accounting - MS 33
P.O. Box 168043
Sacramento, CA 95816-8043
Attn: Gayle Smith

Do not mail the Enrollment Form to Local Program Accounting.

Caltrans will process the EFT Enrollment packet and work with the local agency's financial institution to establish the EFT payment processing of local agency invoices. During the initial set up period (up to 30 days), Caltrans will regularly perform "pre-note" tests to verify that all financial routing and transit numbers are accurate while continuing processing payments of the local agency invoices the usual way. Once the EFT information has been verified, LPA will begin making all payments via the EFT payment process.

For additional information about EFT program, please visit the Caltrans' EFT web site at: <http://www.dot.ca.gov/hq/asc/eft/>

ALTERNATIVE CONSTRUCTION PROGRESS PAYMENT PROCEDURE

All federal and most state funded local agency projects must be invoiced in arrears. This means that the local agencies must pay their contractors before requesting reimbursement from Caltrans for their costs. The Alternative Construction Progress Payment Procedure is designed to assist local agencies in the implementation of their local transportation projects when they experience severe cash flow problems. These problems could be the result of either:

- Unusual cash shortages within the local agency caused by economic or other conditions,
- Significant cash shortages resulting from the payment to a contractor on an unusually large federal or state transportation project, or
- Cash drain to repair damages caused by flood, earthquake or other acts of nature.

Since this alternative procedure requires extra work by Caltrans and thus adversely affects other agency processing, it will be used only for the **construction phase** of projects. Construction contract administration process reviews have found that some local agencies were not invoicing Caltrans for money that was due to them in a timely manner. Therefore, these agencies will not be eligible to use this procedure since they do not have a severe cash flow problem.

LPA will process a local agency's invoice based on estimated payments to the contractor in the same manner as normal reimbursement billings. The invoice format for alternative construction progress payments is shown on Exhibit 5-G "Alternative Payment Procedure Sample." Local agencies should follow the procedures described below when requesting the use of the alternative payment procedures:

1. The governing board for the local agency must pass a resolution requesting the use of this procedure for a specific project. The resolution must include the reasons for the request and a statement that all other options have been considered and that the project cannot be implemented, or will be delayed unless this procedure is used.
2. The local agency must also provide a written schedule of estimated monthly construction payments for the project. This resolution and estimated payment schedule should accompany the local agency's Request for Authorization (E-76) to the DLAE for the construction phase of their project no later than 45 days prior to the first month's payment to the contractor. Earlier submittals are allowed. The DLAE will forward the estimated payment schedule to LPA through the Division of Local Assistance.
3. After approval of the E-76 and execution of the Program Supplement (which must include language allowing a payment based on estimated costs), an invoice requesting payment for the first month's estimated payment (less local match funds), may be submitted to LPA. This invoice can be submitted any time within 30 calendar days prior to the date of the first month's payment to the contractor. This will allow the local agency to receive the payment at approximately the same time they are required to pay the contractor.
4. The estimated payment amount shown on the second and subsequent invoices must reflect the most current estimated payment to the contractor. In addition, the invoices will reflect the difference between the estimated payment claimed on the prior invoice and the actual payment made to the contractor.
5. The local agency must provide a final invoice and a final report of expenditures, showing actual project costs (including claims) within 180 days of project completion. The final invoice, final report of expenditures and final inspection form must be sent to the DLAE for written approval. For Environmental Enhancement & Mitigation (EEM) projects, the final invoice and final report must be submitted to the district at least 60 days prior to the expiration of the Budget Authority.
6. If the local agency has been overpaid, a check for the amount of over payment along with a copy of the final invoice must be sent to LPA within 30 calendar days of the final payment to their contractor.
7. Failure by a local agency to adhere to all the terms of this procedure will result in termination of the alternative payment process for the agency.

5.5 FORMAT OF THE INVOICES

The exhibits to this Chapter contain a number of sample invoices. They should cover the majority of projects. Because of the large number of possible funding combinations, we are not able to provide a sample for each possible funding combination. Local agencies are encouraged to cut and paste the samples to fit their specific need while maintaining the integrity of the invoice format. If there are significant questions, contact LPA through the DLAE for assistance. The sample invoices were designed so that only the information absolutely needed has been requested. Invoices with significant errors will be returned to the local agencies for correction without being processed for payment. Detailed instructions for preparing invoices for reimbursements are outlined below.

GENERAL GUIDELINES

1. Local agency may submit invoices for reimbursement monthly.
2. Invoices must be submitted on local agency letterhead with the local agency's address. If there is a change of the remittance address, the local agency must notify LPA in writing, so that LPA can update the Vendor file in the Caltrans' accounting system to reflect the new remittance address. Verbal requests cannot be processed.
3. The first time that a local agency invoices Caltrans, they must fill out a Payee Data Form, Form STD 204. This Payee Data Form is required in lieu of IRS W-9 when doing business with the State of California. This form is also used to set up the vendor's account in the Caltrans' accounting system.
4. **Progress** invoices are submitted directly to LPA, unless specific covenants in the Program Supplement indicate otherwise. An **original invoice and two copies** should be sent to:

Department of Transportation
Division of Accounting - MS 33
Local Program Accounting Branch
Attn: Invoice Control
P.O. Box 942874
Sacramento, CA 94274-0001

If the invoice is sent via Federal Express or UPS, it should be sent to the following address:

Department of Transportation
Division of Accounting - MS 33
Local Program Accounting Branch
Attn: Invoice Control
1820 Alhambra Blvd.
Sacramento, CA 95816

5. Final invoices must be submitted to the DLAE as part of the Final Report of Expenditures. The DLAE verifies the project completion and approves payment before forwarding the Final Report of Expenditures, including the original and two copies of the final invoice to Invoice Control in LPA. More information regarding final invoice procedures is described in Section 5.6 of this chapter.
6. For local STIP projects, the preliminary engineering phase must be separated into Environmental Studies & Permits (ES&P), and Plans, Specification & Estimate (PS&E).
7. For Right of Way Acquisition, if payment is to be made to a Title Company, the invoice and the covenants must identify the Title Company to be paid, address, escrow number and contact name. If payment is to be made to the local agency for locally acquired Right of Way, a Right of Way Report of Expenditures is needed.
8. Invoices must have a current date when sent to the district or LPA. If for any reason an invoice is returned to the local agency, the resubmitted invoice must have a revised current date.
9. Invoices must be certified and signed by the appropriate responsible persons in the local agency.
10. The certification statement on the invoice must be the same as shown on the sample invoice(s).
11. Invoices must list the name and phone number of the contact person if the LPA staff needs additional information about invoices.
12. Invoices must have one copy of supporting backup documentation for costs incurred and claimed for reimbursement included when mailed to the district or LPA. Acceptable backup documentation includes agency's progress payment to the contractors, copies of cancelled checks showing amounts made payable to the vendors and contractors, and/or computerized summary of project costs.

DETAILED INVOICE FORMAT

The invoice format may vary, but the following information **must** be included:

1. Date of invoice. Invoices must have a current date. If an invoice is returned to the local agency for any reason, it must be re-dated when resubmitted to the district or LPA.
2. Billing number. This is a serially assigned number that begins with #1. This progress billing number allows LPA to determine that they have received all the invoices for the project.
3. Invoice number. This invoice number is assigned by local agency's Account Receivable Accounting system, if applicable. This invoice number will be shown on the remittance advice for project identification purpose.
4. Federal-aid or state project number, e.g. prefix-project number, STPL-5012 (005), CML-5006 (089), ER-3632 (002), etc.
5. Local agency's Federal Tax Identification Number.
6. Date project accepted by the local agency (for final invoice only). Show "On going" if project is not completed.

7. Project Location.
8. Project Expenditure Authorization No. (E.A.#)
9. Local Agency / State Agreement and supplement numbers and date executed.
10. Phase of work headings such as Preliminary Engineering, Right of Way, Construction Engineering, Construction Contract.

For STIP projects, the Preliminary Engineering phase must be segregated into Environmental Studies and Permits (ES&P), and Plans, Specifications & Estimate (PS&E).

11. Federal Appropriation codes such as Q240, Q110, etc.
12. Federal Authorization/Agreement date for each phase of work. Costs incurred prior to the Federal Authorization/Agreement date (E-76) are not eligible for federal reimbursement.
13. Time period for which claimed project participating costs were incurred and paid for each phase of work from the beginning of the project to date.
14. Cost breakdown by Federal Appropriation codes for Preliminary Engineering (ES&P and PS&E for STIP projects), Right of Way, Construction Engineering and Construction phases as follows:

- Total Indirect Costs of project to date, if claimed and approved by Caltrans' Audits and Investigations by phases of work. Indirect Costs are described in Section 5.2. When calculating an Indirect Cost Rate, the most common Direct Cost Base used is direct salaries and wages plus fringe benefits. If this Direct Cost Base is used, when applying the Indirect Cost Rate, it should be applied to direct **labor** costs only (not to other direct costs, such as payment of construction contracts and right of way purchases).
- Complete the Indirect Cost Calculation Section of the invoice and transfer the computed Indirect Costs to date to the front of the invoice.
- Total direct costs of project to date by phases of work. Direct costs are the labor, material, contract payments, and right of way acquisition for project-related activity.
- Less total retention amount withheld from contractor. Retention is not eligible for reimbursement until it has been paid to the contractor or deposited into an escrow account. At the end of the project and after all retention has been released, the amount should be zero.
- Less liquidation damages.
- Less nonparticipating costs to date.
- Total federal participating costs to date. Participating costs are project costs paid for by the sponsoring local agency that are eligible for reimbursement on a pro-rata basis in compliance with laws, regulations, and policies.
- Less total federal participating costs shown on the previous invoice.

- Change in participating costs.
 - Federal and/or state reimbursement ratio. Federal reimbursement rate may vary depending on the type of funding used, i.e. 80%, 88.53%, etc. If state funds are matching the federal funds, the state reimbursement rate should be shown. If a federal project is not fully funded, see the discussion in Section 5.3, Underfunded Projects, for detailed instructions on how to compute the reimbursement ratio.
 - When multiplying the “change in participating costs” by the reimbursement ratio, the result must be rounded **down** to the lowest cent. Federal rules do not allow rounding up.
 - Federal reimbursement ratio.
 - State reimbursement ratio.
 - Amount of the claim.
15. Certification statement, printed name, title, and signature of the local agency representative. The certification statement on the invoice must be the same as shown on the sample invoice(s).
16. Contact Name. Provide the name and phone number of the person LPA can contact if there are questions about the invoice.
17. With each invoice submitted to the LPA, the local agencies are required to submit one copy of proper documentation to validate all the expenditures being claimed on the invoice. Acceptable documents include copies of cancelled checks made payable to vendors or contractors. **For construction contract progress payments, the agency’s progress payment to the contractor must be submitted along with the invoice.** Failure to submit proper backup documents will be grounds for the invoice being returned to the local agency.

5.6 FINAL EXPENDITURE REPORTS & FINAL INVOICE

Within six months of project completion, the local agency is responsible for preparing and submitting to the DLAE the Final Report of Expenditures, which includes the final invoice. See Chapter 17, “Project Completion” of the LAPM for detailed instructions on completing the Final Report of Expenditures. For EEM projects, the final report (including the final invoice) must be submitted to the DLAE, 60 days prior to the expiration of the Budget Authority. This report provides key information required to initiate timely closure and payment. The Report of Expenditures is to be signed by the responsible person in charge of the project for the local agency. After the DLAE approves the “Report of Expenditures,” including the final invoice, he/she will forward them to LPA for processing of the final invoice.

If the final invoice is returned to the local agency for error correction, it must be re-dated with a current date before being resubmitted to the DLAE or LPA.

When preparing the final Expenditure Report, follow the instructions in Chapter 17 of the LAPM. At a minimum, insure that:

- The following are shown, for each phase of work:
 - Total Costs
 - Participating Costs
 - Nonparticipating Costs
 - Federal Funds
 - Other Funds (local, state, etc.)
- The costs shown, by phase of work, are the same on the:
 - Final Invoice
 - Final Detailed Estimate (federal-funded projects)
 - Final Detailed Estimate Summary (federal-funded projects)
 - Final Report of Expenditures – report (state-funded projects)
- If there are Liquidated Damages, they are shown on both the Final Invoice and the Final Detail Estimate. If there were none, write “None”.
- A Change Order Summary is provided, whether there were change orders or not. If there were none, write “None”.
- Contractor Claims are listed. If there were no claims, write “None”.

5.7 FINAL PROJECT COSTS

The final project cost listed in the local agency’s Final Report of Expenditures will be analyzed by LPA to determine if the costs reported for each phase of work are eligible for federal reimbursement. Eligible amounts for each phase of work, as determined from the analysis are reconciled with the costs recorded in the Caltrans’ accounting system.

If it is determined that the funds paid to the local agency are more than the amount eligible for reimbursement, LPA will initiate an Accounts Receivable billing to the local agency for recovery of the overpayment. However, if it is determined that the amount paid is less than the amount eligible for reimbursement, LPA will send the additional amount to the local agency.

5.8 AUDIT OF LOCAL AGENCY EXPENDITURES

The local agency shall maintain written source document records that account for agency costs and payments made to consultants, vendors, and contractors. Contract records must be retained by the local agency for a minimum period of three years from the date of the final payment by the state. Refer to Title 49, Code of Federal Regulations (CFR), Section 18.42 for federal requirements for retention and access of records.

Local agency expenditures for all local assistance programs are subject to financial and compliance audits by the SCO and Caltran’s Office of External Audits (OEA). The OEA’s evaluation of a local agency’s system of controls will determine if an on-site audit of the local agency’s records (underlying the reported project) is necessary.

The auditors typically discuss any audit findings with the local agency before finalizing their report. The local agency should provide any clarifications or raise any objections to the audit findings at this meeting.

Local agencies are also subject to the audit requirements of the Federal Office of Management and Budget's Circular A-133. A single audit is required if an agency receives more than \$500,000 in federal funds from all sources in their fiscal year. **NOTE: The \$500,00 threshold is effective for audits covering fiscal periods that end after December 31, 2003. For audits covering fiscal periods ending Dec 31, 2003, or prior, the audit threshold is \$300,000.** Normally, project audits are not necessary if the expenditures for a project are covered by a single audit report accepted by the appropriate federal agency.

The Master Agreement for State Funded Projects requires local agencies to have a financial audit of project costs when the costs are in excess of \$300,000. The audit must be completed by December 30th following the fiscal year of project completion. This audit may be contracted for at the agency's expense or conducted by agency staff that meets the Independence Standard as outlined in the GAO government Auditing Standards (The Yellow Book). This publication can be found at: www.gao.gov/govaud/ybk01.htm.

5.9 FINAL REPORT OF EXPENDITURES ON PROJECTS ADMINISTERED BY THE STATE

The final report of expenditures for state administered local assistance projects is prepared by LPA.

On some projects, the state performs only specific phases of work associated with a local assistance project. For example, design engineering, right of way acquisition, or striping may be performed by the local agency for a construction project administered by the state. In such instances, LPA is responsible for preparing a Final Report of Expenditures for the work performed by state staff. The local agency is responsible for preparing the Final Report of Expenditures for work it performed and for any expenditure it incurred.

5.10 AUDIT OF STATE EXPENDITURES

State expenditures for local assistance federal-aid major construction contracts (greater than \$300,000) are subject to the internal procedures established by Caltrans' Audits and Investigations as well as the Bureau of State Audits when they perform the annual Single Audit of Caltrans. Caltrans' internal procedures and controls for major contracts do not require a formal audit of each construction project. However, projects may be selected on a random basis for an audit of extra work paid by a force account method of payment (see LAPM, Chapter 12, "Plans, Specifications & Estimate").

5.11 FINAL PROJECT COSTS OF STATE ADMINISTERED PROJECTS

Each final report of contract expenditures for state-administered local assistance projects is analyzed by LPA to determine the final amount of federal, state and local agency funds expended for the project. The final expenditure of local agency funds is compared to the local agency deposit for the project. Refunds or billings are made upon completion of the Final Voucher analysis.

When all pending claims by the contractor have been settled, the Final Voucher package is prepared by LPA and submitted to FHWA via the Federal Aid Data System (FADS).

NOTE: If the Report of Contract Expenditures indicates that a claim by the contractor has not been settled, the final expenditure of federal, state and local agency funds cannot be determined. Consequently, the submittal of the Final Voucher is delayed until all pending claims are settled.

The Final Project Cost Adjustment analysis is prepared concurrently with the Final Voucher to determine the final allocation of federal, state and local agency funds for each phase of work. Budgeted amounts are adjusted to reflect the actual amount of funds expended for the project.

If during the final adjustment it is determined that the deposit of local agency funds is less than the agency's share of expenditures, LPA will initiate an Accounts Receivable Invoice, which is sent to the local agency for recovery of the required funds. If the deposit exceeds the agency's share of expenditures, the excess funds are refunded to the local agency.

5.12 SERVICE CONTRACTS

Invoices for work performed by local agencies, consultants or other contractors under Caltrans' Service Contracts shall be submitted to the designated program manager, e.g., Railroad Crossing Program Manager, for review and verification. The manager then forwards the invoice to LPA for payment.

5.13 INVOICE CHECKLIST BEFORE SENDING TO THE LOCAL PROGRAM ACCOUNTING

Local agency's invoices are normally paid within 25 days or 15 days if the local agency has signed up for EFT after LPA receives the invoices, provided the invoices adhere to the format in this chapter. To assist local agencies with the format of their invoices, use the checklist below before sending invoices to the district or LPA for reimbursement. Invoices with significant errors will be returned to the local agencies for correction.

Prior to Invoicing:

- A. Has the Public Works Department submitted all the required documents to the DLAE so that the project can be processed with FHWA for federal fund reimbursement? i.e. Finance Letter, etc.
- B. Are master agreement and the program supplement executed by both Caltrans and the local agency and conformed by Caltrans?
- C. Are the reimbursable phases of work authorized in the E-76, Finance Letter and all federal documents?
- D. Were all the federally eligible costs incurred after the Federal Authorization E-76 date? Are those dates shown on the invoice?

Invoice Format & Backup:

- E. Is the invoice in the proper format as discussed in Chapter 5 of *Local Assistance Procedures Manual*? See Sample Exhibits 5C through 5G.
- F. Were original invoice and two copies submitted along with one copy of the required backup documentation? (See Section 5.5 #12 for acceptable backup documentation of this chapter)
- G. Is this the first construction invoice? If so, a copy of the award package must be included (exception: force account done by local agency's work force).
For Construction Progress Invoices, the agency's progress payment to the contractor must be submitted along with the invoice.
- H. Is the date of the invoice current? (Re-submitted invoices must be re-dated.)
- I. Does the invoice have the local agency's letterhead, address, and signed certification statement from the responsible parties?
- J. Is the invoiced amount less or equal to the total authorized funds on E-76 and /or program supplement for this project?

- K. Does the invoice show the correct project number and correct reimbursement ratio?
- L. Is the correct Federal Appropriation code (i.e. Q240) shown for each phase of work and does it agree with the Finance Letter?
- M. Was the indirect cost reimbursement rate applied only to direct costs included in the direct cost base, i.e., payment for direct labor? (See Section 5.5. # 14.)
- N. Does the invoice show all the cumulative costs to date and is the calculation correct?
- O. Does the invoice have a contact person's name and phone number?

Final Invoice:

- P. Is this the **final** invoice? If so, it should be sent to the district DLAE or **to the designated Caltrans Program Manager for approval** before coming to LPA. Does the final invoice amount agree with the final detail estimate/final report of expenditures?
- Q. Does the invoice request all the funds specified on the program supplement or federal documents? If so, are all the proper documents included? (Final project reports, proper signatures form authorized parties, etc.)

5.14 OBTAINING APPROVAL FOR INDIRECT COSTS

At the discretion of the local agency, indirect costs may be included when seeking reimbursement for their federal-aid transportation projects, as well as STIP projects and state funded projects. Specifically, this applies to federally authorized work with costs incurred after June 9, 1998, as well as STIP projects and state funded projects. However, any completed project with a Final Report of Expenditures will not be eligible for retroactive indirect cost reimbursement.

Computation of Indirect Cost Rates are based on:

- The Office of Management and Budget (OMB) Circular A-87, Cost Principles for State, Local and Indian Tribal Government; and
- Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Agreements with the Federal Government (ASMB C-10), issued by the United States Department of Health and Human Services.

SUBMISSION OF PROPOSAL

1. A local agency, which has been assigned a cognizant federal agency by the OMB, must submit its Indirect Cost Rate Proposal and Central Service Cost Allocation Plan to its cognizant federal agency for approval. A list of the cognizant federal agencies assigned to state and local agencies is found in the Federal Register. See Exhibit 5-H in this chapter. If the assigned cognizant federal agency is the U.S. Department of Transportation (DOT), and FHWA provides the largest amount of federal funds compared to other DOT administrations, the Indirect Cost Rate Proposal and Central Service Cost Allocation Plan must be submitted to Caltrans Audits and Investigations for approval, under delegation from the FHWA, California Division.
2. A local agency without an assigned cognizant federal agency and/or who have not been required by their cognizant federal agency to submit their Indirect Cost Rate Proposal and Central Service Cost Allocation Plan for review and approval, will submit their proposals to Caltrans Audits and Investigation for their review and approval under delegation from the FHWA, California Division.
3. Local agencies which have an Indirect Cost Rate Proposal and Central Service Cost Allocation Plan approved by cognizant federal agency will submit a copy of their approved proposal and plan and subsidiary worksheets and other relevant data, as detailed below, to Caltrans Audits and Investigation for their review and information.
4. Mail the Indirect Cost Rate Proposal and Central Service Cost Allocation Plan to:

Caltrans Audits and Investigations
Attn: External Audits, Review of ICRP
P.O. Box 942874 - MS 2
Sacramento, CA 94274-0001

DOCUMENTATION OF PROPOSAL

All local agencies desiring to claim their indirect cost for federal-aid and/or state funded projects must prepare an Indirect Cost Rate Proposal and Central Service Cost Allocation Plan and related documentation to support those costs. All documents related to the Indirect Cost Rate Proposal and Central Service Cost Allocation Plan must be retained for audit in accordance with the records retention requirements in the “Common rule,” Title 49, CFR, part 18. The following shall be included with each proposal as prescribed by OMB Circular A-87:

1. INDIRECT COST RATE PROPOSAL

- a. Schedule showing calculation of rates proposed including subsidiary worksheets and other relevant data, cross-referenced and reconciled to the financial data noted below. Unless a cognizant federal agency requires otherwise, the type of rate to be used is the “fixed rate” addressed in OMB Circular A-87, Attachment E, Section B, No.6.
- b. Subsidiary worksheets should include the following:
 - Schedule of actual direct / indirect costs incurred by cost category type (i.e., rent, utilities, etc...) as well as by department unit.
 - Schedule of budgeted direct costs and indirect costs by cost category type and department unit.
 - Schedule showing calculation of the over/under carry forward provision when “fixed rate” is used.
- c. A copy of the financial data (financial statements, comprehensive annual financial report, etc) on which the rate is based.
- d. The approximate amount of direct base costs to be incurred under federal-aid reimbursement. These costs should be broken out between salaries and wages and other direct costs.
- e. A chart showing the organization structure of the agency during the period for which the proposal applies along with a functional statement noting the duties and/or responsibilities of all units that comprises the agency.
- f. Certification that the Indirect Cost Rate Proposal was prepared in a manner consistent with the cost principles of OMB Circular A-87.

Local agencies, which are required to submit their “Indirect Cost Rate Proposal” to Caltrans for approval, shall submit it in the sample format of Exhibit 5-I of this chapter, which includes documentation outlined in paragraph a, b and f above. In addition, submit the other required documentation (paragraph c, d and e above). Send it to Caltrans Audits and Investigation at the address specified above.

2. CENTRAL SERVICE COST ALLOCATION PLAN

Local agencies that are required to submit their Central Service Cost Allocation Plan to Caltrans for approval should submit a Certificate of Cost Allocation Plan, document their plan, and include supporting documentation in accordance with OMB Circular A-87, Attachment C. See ASMB C-10 for a Sample Central Service Cost Allocation Plan and supporting documentation.

3. APPROVAL AND USE

If the cognizant federal agency has approved the local agency's Indirect Cost Rate Proposal and Central Service Cost Allocation Plan for a time period/fiscal year, the local agency must send a copy to Caltrans Audits and Investigations and include a copy of the federal approval letter. After Audits and Investigations have notified the local agency that it has accepted the federal approval letter, the local agency may include indirect costs on its invoices.

If a local agency's Indirect Cost Rate Proposal and Central Service Cost Allocation Plan have not been approved by the cognizant federal agency, then Caltrans Audits and Investigations will perform the review and approval. If Audits and Investigations approves the Indirect Cost Rate and Central Service Cost Allocation Plan, they will issue an approval letter. The local agency may bill for indirect costs once they receive the approval letter.

The approval letter, either from the cognizant federal agency (if accepted by Caltrans Audits and Investigations) or from Audits and Investigations, will serve as the documentation needed to justify estimates and reimbursement invoices. Audits and Investigations will forward a copy of their approval letter or the cognizant federal agency approval letter to LPA, as LPA's authority to reimburse the local agency for their indirect costs.

Invoices claiming indirect cost prior to receipt of a written approval letter from Caltrans Audits and Investigations will either be reduced or returned to the local agency unpaid.

If federal-aid highway funds or state funds participate in indirect cost reimbursement, all invoices must include a line item for indirect cost, showing the calculation (Direct Cost Base Expense multiplied by the approved indirect cost rate for the FY involved). The most common Direct Cost Base is direct salaries and wages plus fringe benefits. If this Direct Cost Base is used, indirect cost reimbursement will not apply to other direct costs, i.e., payment of construction contracts and right of way purchases, not included in the Direct Cost Base.

Local agencies' indirect costs rates are calculated on an annual basis, so there may be several rates on a project. If the fluctuation causes a depletion of project funding, the local agency will be responsible for making up the difference.

Detailed information regarding allowable costs, Cost Allocation Plans and Indirect Cost Rate Proposals are available in OMB Circular A-87 and ASMB C-10. Both documents are available through the Internet: the OMB Circular A-87 is at:

<http://www.whitehouse.gov/omb/circulars/a087/a087-all.html>

the ASMB C-10 is at: <http://www.hhs.gov/grantsnet/state/asmbc10.pdf>

Additionally, OMB Circular A-133 provides single audit information and may be accessed on the Internet at: <http://www.whitehouse.gov/omb/circulars/a133/a133.html>

5.15. REFERENCES

- *State Administrative Manual*
- *Local Assistance Procedures Manual (LAPM)*
- *Local Assistance Program Guidelines (LAPG)*
- Transportation Equity Act of the 21st Century (TEA-21)
- Federal Office of Management and Budget (OMB) Circular A-133
- Federal Office of Management and Budget (OMB) Circular A-87
- Title 49, Code of Federal Regulations (CFR), Section 18.42
- GAO government Auditing Standards

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INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36
Total Indirect Costs To Date for Preliminary Engineering \$825.00 (this Amount is carried to the front of the invoice under the Preliminary Engineering column)		

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$1,474.43	\$391.07
Total Indirect Costs To Date for Construction Engineering \$1,865.50 (this Amount is carried to the front of the invoice under the Construction Engineering column)		

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative

Phone No.

For questions regarding this invoice, please contact:

Name

Phone No.

* Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.

** Show "liquidated damages" amount on final invoice.

*** Total must be rounded down to the lowest cent. Federal rules do not allow rounding up.

- ****
- Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

**Distribution: Original & 2 Copies: Local Program Accounting (progress invoices)
District Local Assistance Engineer (final invoices)**

Exhibit 5-B SAMPLE FEDERAL-AID INVOICE
WITH TWO APPROPRIATIONS & DIFFERENT REIMBURSEMENT RATES
(EXCEPT FOR STIP PROJECTS)

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice)
Department of Transportation
Accounting Service Center- MS 33
Local Program Accounting Branch
P.O. Box 942874
Sacramento, CA 94274-0001
Billing No:
Invoice No:
Federal-aid Project No:
Tax Identification No:
Date Project Accepted by City/County:
Project Location:
Project Expenditure Authorization:

(For Final Invoice) Name, District Director
Attn: Name, District Local Assistance Engineer
Department of Transportation
Street or P.O. Box
City, CA Zip Code

1,2..., or Final
Local Agency's Invoice No.
Prefix-Proj. No. (Fed. Agreement No.)
Agency IRS ID Number
Final Date or "Ongoing" if not Final
Project Limits

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. Number,
Program Supplement No., Number, executed on Date.

	Preliminary Engineering	Construction Engineering	Right of Way/ Acquisition	Construction Contract
Federal Appropriations Code	Q24	Q24	Q24	Q24
Federal Authorization Date	5/12/99	6/5/99	5/12/99	6/5/99
Federal/State participating costs From	5/15/99	6/15/99	5/15/99	6/15/99
To	7/15/99	8/30/99	8/30/99	8/30/99
Total Indirect Costs to Date	\$825.00	\$1,865.50	-----	-----
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Nonparticipating Costs	(350.00)	(840.00)	(1,200.00)	(16,000.00)
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$7,090.00	\$114,652.00
Less: Participating Costs on previous invoice	\$2,120.95	\$6,350.20	0.00	\$98,231.00
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$16,421.00
Federal reimbursement ratio	88.53			
State reimbursement ratio (if applicable)				
Amount of this claim	\$2,084.57	\$2,722.82	\$6,276.77	\$14,537.51

**Exhibit 5-B
Sample Federal-Aid Invoice with Two Appropriations
& Different Reimbursement Rates**

Federal Appropriations Code	114	114	114	114
Federal Authorization Date	5/12/99	5/12/99	5/12/99	5/12/99
Federal/State participating costs From	5/15/99	5/15/99		5/15/99
To	7/15/99	8/30/99		8/30/99
Total Indirect Costs to Date	\$500.00	\$1,375.25	-----	-----
Total Direct Costs to Date	\$2,700.00	\$5,250.00	0.00	\$63,240.00
Less: Retention	-----	-----	-----	(6,324.00)*
Liquidated Damages	-----	-----	-----	0.00**
Nonparticipating Costs	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>(9,500.00)</u>
Total Federal Participating Costs to Date	\$3,200.00	\$6,625.25	0.00	\$47,416.00
Less: Participating Costs on previous invoice	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Change in Participating Costs	\$3,200.00	\$6,625.25	0.00	\$47,416.00
Federal reimbursement ratio	80%	80%		80%
State reimbursement ratio				
Amount of this claim	\$2,560.00	\$5,300.20	\$0.00	\$37,932.80
TOTAL INVOICE TOTAL		<u>\$71,414.67</u>		

INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs (Q24):

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36
Total Indirect Costs To Date for Preliminary Engineering	<u>\$825.00</u> (this Amount is carried to the front of the invoice under the Q24 Preliminary Engineering column)	

Construction Engineering Indirect Costs (Q24/33D):

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$1,474.43	\$391.07
Total Indirect Costs To Date for Construction Engineering	<u>\$1,865.50</u> (this Amount is carried to the front of the invoice under the Q24/33D Construction Engineering column)	

Preliminary Engineering Indirect Costs (114):

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$972.00	\$602.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$301.32	\$198.68
Total Indirect Costs To Date for Preliminary Engineering	<u>\$500.00</u> (this Amount is carried to the front of the invoice under the 114 Preliminary Engineering column)	

Construction Engineering Indirect Costs (114):

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$3,174.78	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$984.18	\$391.07
Total Indirect Costs To Date for Construction Engineering <u>\$13,75.25</u> (this Amount is carried to the front of the invoice under the 114 Construction Engineering column)		

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative	Phone No.
--	-----------

For questions regarding this invoice, please contact:

Name	Phone No.
------	-----------

- * Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.
- ** Show “liquidated damages” amount on final invoice.
- *** Total must be rounded down to the lowest cent. Federal rules do not allow rounding up.
- ****
 - Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

**Distribution: (Original & 2 Copies) Local Program Accounting (progress invoices)
 District Local Assistance Engineer (final invoices)**

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Exhibit 5-C SAMPLE OF STATE PROJECT INVOICE

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice)
 Department of Transportation
 Accounting Service Center- MS 33
 Local Program Accounting Branch
 P.O. Box 942874
 Sacramento, CA 94274-0001
 Billing No:
 Invoice No:
 State Project No:
 Tax Identification No:
 Date Project Accepted by City/County:
 Project Location:
 Expenditure Authorization No.

(For Final Invoice) Name, District Director
 Attn: Name, District Local Assistance Engineer
 Department of Transportation
 Street or P.O. Box
 City, CA Zip Code

1,2..., or Final
Local Agency's Invoice No.
Prefix-Proj. No.
Agency IRS ID Number
Final Date or "Ongoing" if not Final
Project Limits

Reimbursement for **State Program** funds is claimed pursuant to Local Agency-State Agreement No. Number, Program Supplement No., Number, executed on Date.

	Preliminary Engineering	Construction Engineering	Right of Way/ Acquisition	Construction Contract
Total Indirect Costs to Date	\$8,25.00	\$1,865.50	-----	-----
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00
Participating costs From	6/15/02	6/15/02	6/15/02	6/15/02
To	8/01/02	8/01/02	8/01/02	8/01/02
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Nonparticipating Costs	(350.00)	(840.00)	(1,200.00)	(16,000.00)
Total State Participating Costs to Date	\$4,475.60	\$9,425.80	\$7,090.00	\$114,652.00
Less: Participating Costs on previous invoice	<u>\$2,120.95</u>	<u>\$6,350.20</u>	<u>0.00</u>	<u>\$98,231.00</u>
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$16,421.00
Reimbursement Ratio	75%	75%	75%	75%
Amount of this claim	\$1,765.98	\$2,306.70	\$5,317.50	\$12,315.75
TOTAL INVOICE AMOUNT				<u>\$21,705.93</u>

INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ***	\$602.64	\$222.36

Total Indirect Costs To Date for Preliminary Engineering **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ***	\$1,474.43	\$391.07

Total Indirect Costs To Date for Construction Engineering **\$1,865.50** (this Amount is carried to the front of the invoice under the Construction Engineering column)

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative

Phone No.

Contact Name (for questions about this invoice)

Phone No.

- * Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.
- ** Show "liquidated damages" amount on final invoice.
- ***
 - Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

Distribution: (Original & 2 Copies) Local Program Accounting (progress invoices)
District Local Assistance Engineer (final invoices)

Exhibit 5-D SAMPLE RIGHT OF WAY INVOICE

(LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice
Department of Transportation
Accounting Service Center- MS 33
Local Program Accounting Branch
P.O. Box 942874
Sacramento, CA 94274-0001
Billing No:
Invoice No:
Federal-Aid Project No:
Tax Identification No:
Date Project Accepted by City/County:
Project Location:
Expenditure Authorization No.

(For Final Invoice) Name, District Director
Attn: Name, District Local Assistance Engineer
Department of Transportation
Street or P.O. Box
CITY, CA ZIP CODE
1,2..., or Final
Local Agency's Invoice No.
Prefix-Proj. No.(Fed. Agreement No.)
Agency IRS ID Number
Final Date or "Ongoing" if not Final
Project Limits

Reimbursement for Federal funds is claimed pursuant to Local Agency-State Agreement No. Number
Program Supplement No., Number, executed on Date.

	<u>Phase 9 Capital</u>	<u>Phase 2 Incidental</u>
Federal Appropriations Code	33D	33D
Federal Authorization Date	5/12/99	5/12/99
Federal/State participating costs From	5/15/99	5/15/99
To	7/15/99	7/15/99
Total Indirect Costs To Date	-----	\$4,147.00
Total Direct Costs To Date	\$1,133,907.00	\$243,642.00
Less: Nonparticipating Costs	(20,750.00)	(64,356.00)
Federal Participating Costs to Date	<u>\$1,113,157.00</u>	<u>\$183,433.00</u>
Less: Participating Costs on Previous Invoice	<u>\$980,165.00</u>	<u>\$150,794.00</u>
Change in Participating Costs	\$132,992.00	\$32,639.00
Federal reimbursement ratio	88.53%	88.53%
State reimbursement ratio (if applicable)		
Amount of this claim	<u>\$117,737.81*</u>	<u>\$28,895.30*</u>

TOTAL INVOICE AMOUNT **\$146,633.11**

INDIRECT COST CALCULATION

Right of Way Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$1,0740.49
Approved indirect cost rate	31%	33%
Subtotal **	\$602.64	\$3,544.36
Total Indirect Costs To Date for Preliminary Engineering <u>\$4,147.00</u> (this Amount is carried to the front of the invoice under the Right of Way Incidental column)		

1. I certify that to the best of my knowledge and belief the above data is correct; that adequate title to the necessary right of way has been acquired for the herein above described federal-aid project in the name of the **Local Agency name** for the amount of just compensation based on bona fide appraisals duly qualified as required by the right of way procedures of the Federal Highway Administration and other written justification now contained in the **Local Agency** files, in accordance with procedures as submitted and accepted by the Director.

2. I further state that this certification is made in my official capacity as **Title**, pursuant to Section 1.31 of Title 23 of the Code of Federal Regulations and Section 121 of Title 23, United States Code, for the purpose of securing, pursuant thereto, by the **Local Agency name**, federal-aid funds in connection with the above designated federal-aid highway project, and that neither I nor to the best of my knowledge, any officer, agent, or employee of the **City, County** authorized in any official capacity to perform services in connection with the appraisal or acquisition of any such right of way has any interest, or contemplates any benefit from any transaction which involves acquisition of property for right of way for such project, other than as herein disclosed.

Signature, Title and Unit of Local Agency Representative

Phone No.

For questions regarding this invoice, please contact:

Name

Phone No.

- * Please round down the figures to the lowest cent. Federal rules do not allow rounding up.

- **
 - Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

Note: Rental income may be retained by local agencies, but must be used for Title 23 purposes.

**Distribution: (Original & 2 Copies) Local Program Accounting (progress invoices)
District Local Assistance Engineer (final invoices)**

Exhibit 5-E SAMPLE OF "STIP PROJECT" FEDERAL INVOICE

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice)
 Department of Transportation
 Accounting Service Center - MS 33
 Local Program Accounting Branch
 P.O. Box 942874
 Sacramento, CA 94274-0001
 Billing No:
 Invoice No:
 Federal-aid Project No:
 Tax Identification No:
 Date Project Accepted by City/County:
 Project Location:
 Project Expenditure Authorization:

(For Final Invoice) Name, District Director
 Attn: Name, District Local Assistance Engineer
 Department of Transportation
 Street or P.O. Box
 City, CA Zip Code

**1,2..., or Final
 Local Agency's Invoice No.
 Prefix-Proj. No. (Fed. Agreement No.)
 Agency IRS ID Number
 Final Date or "Ongoing" if not Final
 Project Limits**

Reimbursement for federal and/or state funds is claimed pursuant to Local Agency-State Agreement No. Number, Program Supplement No., Number, executed on Date.

	Environmental Studies & Permits	PS&E	Construction Engineering	Construction
Federal Appropriations Code	Q24/33D	Q24/33D	Q24/33D	Q24/33D
Federal Authorization Date	5/12/99	5/12/99	6/10/99	6/10/99
Federal/State participating costs From	5/15/99	6/15/99	6/15/99	6/15/99
To	8/15/99	8/15/99	8/15/99	8/15/99
Total Indirect Costs to Date	\$825.00	\$1,865.50	\$2,690.50	-----
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Nonparticipating Costs	(350.00)	(840.00)	(1,200.00)	(16,000.00)
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$9,780.50	\$114,652.00
Less: Participating Costs on previous invoice	<u>\$2,120.95</u>	<u>\$6,350.20</u>	<u>0.00</u>	<u>\$98,231.00</u>
Change in Participating Costs	\$2,354.65	\$3,075.60	\$9,780.50	\$16,421.00
Federal reimbursement ratio	88.53%	88.53%	88.53%	88.53%
State reimbursement ratio	0.00%	0.00%	11.47%	11.47%
Amount of this claim	\$2,084.57***	\$2,722.82***	9,780.50***	\$16,421.00***

TOTAL INVOICE AMOUNT

\$31,008.89

INDIRECT COST CALCULATION

Environmental Studies & Permits Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36
Total Indirect Costs To Date for Environmental Studies & Permits <u>\$825.00</u> (this Amount is carried to the front of the invoice under the Environmental Studies & Permits column)		

PS&E Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$1,474.43	\$391.07
Total Indirect Costs To Date for PS&E <u>\$1,865.50</u> (this Amount is carried to the front of the invoice under the PS&E column)		

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$6,000.00	\$2,516.67
Approved indirect cost rate	31%	33%
Subtotal ****	\$1,860.00	\$830.50
Total Indirect Costs To Date for Construction Engineering <u>\$2,690.50</u> (this Amount is carried to the front of the invoice under the Construction Engineering column)		

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative

Phone No.

For questions regarding this invoice, please contact:

Name

Phone No.

* Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.

** Show "liquidated damages" amount on final invoice.

*** Please round down the figures to the lowest cent. Federal rules do not allow rounding up.

- ****
- Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

Note: For R/W acquisition use Exhibit 5-D.

Distribution: 1) (Original & 2 Copies) Local Program Accounting (progress invoices)
2) District Local Assistance Engineer (final invoices)

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Exhibit 5-F SAMPLE OF "STIP PROJECT" STATE INVOICE
(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice)
Department of Transportation
Accounting Service Center - MS 33
Local Program Accounting Branch
P.O. Box 942874
Sacramento, CA 94274-0001
Billing No:
Invoice No:
State Project No:
Tax Identification No:
Date Project Accepted by City/County:
Project Location:
Expenditure Authorization No.

(For Final Invoice) Name, District Director
Attn: Name, District Local Assistance Engineer
Department of Transportation
Street or P.O. Box
City, CA Zip Code

**1,2..., or Final
Local Agency's Invoice No.
Prefix-Proj. No.
Agency IRS ID Number
Final Date or "Ongoing" if not Final
Project Limits**

Reimbursement for **State Program** funds is claimed pursuant to Local Agency-State Agreement No. **Number**,
Program Supplement No., **Number**, executed on **Date**.

	Environmental Studies & Permits	PS&E	Right of Way/ Acquisition	Construction including CE
State participating costs from To	<u>5/12/02</u> <u>6/29/02</u>	<u>5/12/02</u> <u>6/29/02</u>	<u>5/12/02</u> <u>6/29/02</u>	<u>5/12/02</u> <u>6/29/02</u>
Total Indirect Costs to Date	\$825.00	\$1,865.50	-----	\$4,323.22
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$8,290.00	\$150,652.00
Less: Retention	-----	-----	-----	(20,000.00)*
Liquidated Damages	-----	-----	-----	0.00**
Nonparticipating Costs	(350.00)	(840.00)	(1,200.00)	(16,000.00)
Total State Participating Costs to Date	\$4,475.60	\$9,425.80	\$7,090.00	\$118,975.22
Less: Participating Costs on previous invoice	\$2,120.95	\$6,350.20	0.00	\$98,231.00
Change in Participating Costs	\$2,354.65	\$3,075.60	\$7,090.00	\$20,744.22
Reimbursement ratio	75%	75%	75%	75%
Amount of this claim	\$1,765.98	\$2,306.70	\$5,317.50	\$12,315.75

TOTAL INVOICE AMOUNT **\$24,946.10**

INDIRECT COST CALCULATION

Environmental Studies & Permits Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ***	\$602.64	\$222.36
Total Indirect Costs To Date for Environmental Studies & Permits <u>\$825.00</u> (this Amount is carried to the front of the invoice under the Environmental Studies & Permits column)		

PS&E Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ***	\$1,474.43	\$391.07
Total Indirect Costs To Date for PS&E <u>\$1,865.50</u> (this Amount is carried to the front of the invoice under the PS&E column)		

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$9,500.00	\$4,176.43
Approved indirect cost rate	31%	33%
Subtotal ***	\$2,945.00	\$1,378.22
Total Indirect Costs To Date for Construction Engineering <u>\$4,323.22</u> (this Amount is carried to the front of the invoice under the Construction Engineering column)		

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative

Phone No.

For questions regarding this invoice, please contact:

Name

Phone No.

* Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.

** Show "liquidated damages" amount on final invoice.

- ***
- Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

Distribution: 1) (Original & 2 Copies) Local Program Accounting (progress invoices)
2) District Local Assistance Engineer (final invoices)

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Exhibit 5-G Alternative Payment Procedure Sample

(PREPARE ON LETTERHEAD OF LOCAL AGENCY)

Date of Invoice (For Progress Invoice)
 Department of Transportation
 Accounting Service Center - MS 33
 Local Program Accounting Branch
 P.O. Box 942874
 Sacramento, CA 94274-0001
 Billing No:
 Invoice No:
 Federal-aid Project No:
 Tax Identification No:
 Date Project Accepted by City/County:
 Project Location:
 Project Expenditure Authorization:

(For Final Invoice) Name, District Director
 Attn: Name, District Local Assistance Engineer
 Department of Transportation
 Street or P.O. Box
 City, CA Zip Code

**1,2..., or Final
 Local Agency's Invoice No.
 Prefix-Proj. No. (Fed. Agreement No.)
 Agency IRS ID Number
 Final Date or "Ongoing" if not Final
 Project Limits**

Reimbursement for federal funds is claimed pursuant to Local Agency-State Agreement No. **Number**,
 Program Supplement No., **Number**, executed on **Date**.

	Preliminary Engineering *****	Construction Engineering	Construction Contract	Total
Federal Appropriations Code	33D/33C	33D/33C	33D/33C	
Federal Authorization Date	1/15/99	2/10/99	2/10/99	
Federal/State participating costs From	3/1/99	3/1/99	3/1/99	
To	7/30/99	7/30/99	7/30/99	
Total Indirect Costs to Date	\$825.00	\$1,865.50	-----	
Total Direct Costs to Date	\$4,000.60	\$8,400.30	\$200,000.10	
Less: Retention	-----	-----	(20,000.00)*	
Liquidated Damages	-----	-----	0.00**	
Nonparticipating Costs	<u>(350.00)</u>	<u>(840.00)</u>	<u>(16,000.00)</u>	
Total Federal Participating Costs to Date	\$4,475.60	\$9,425.80	\$164,000.10	
Less: Participating Costs on previous invoice	<u>\$2,120.95</u>	<u>\$6,350.20</u>	<u>\$98,231.00</u>	
Change in Participating Costs	\$2,354.65	\$3,075.60	\$65,769.10	
Reimbursement Ratio (Federal and/or State)	88.53	88.53	88.53	
Federal Reimbursement	2,084.57	2,722.82	58,225.38	
State Reimbursement	2,084.57	2,722.82	58,225.38	
Amount of claim (expended funds)				<u>\$63,032.77***</u>

ADJUSTMENT OF STATE FUNDS FOR ESTIMATED CONTRACT PAYMENTS

Total expended funds	\$63,032.77
Less: Estimate Previously Invoiced for the month	\$80,000.00
Difference (positive or negative amount)	(\$16,967.22)
Plus: Estimate for next month	\$100,000.00
TOTAL INVOICE AMOUNT	<u>\$83,032.77</u>

INDIRECT COST CALCULATION

Preliminary Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$1,944.00	\$673.82
Approved indirect cost rate	31%	33%
Subtotal ****	\$602.64	\$222.36

Total Indirect Costs To Date for Preliminary Engineering **\$825.00** (this Amount is carried to the front of the invoice under the Preliminary Engineering column)

Construction Engineering Indirect Costs:

	FY 1998-1999	FY 1999-2000
Direct Cost Base Expense	\$4,756.23	\$1,185.07
Approved indirect cost rate	31%	33%
Subtotal ****	\$1,474.43	\$391.07

Total Indirect Costs To Date for Construction Engineering **\$1,865.50** (this Amount is carried to the front of the invoice under the Construction Engineering column)

I certify that the work covered by this invoice has been completed in accordance with approved plans and specifications; the costs shown in this invoice are true and correct; and the amount claimed, including retention as reflected above, is due and payable in accordance with the terms of the agreement.

Signature, Title and Unit of Local Agency Representative	Phone No.

For questions regarding this invoice, please contact:

Name	Phone No.

- * Total retention amount withheld from contractor. At the end of the project and after all retention has been released, this amount should be zero.
- ** Show "liquidated damages" amount on final invoice.
- *** Please round down the figures to the lowest cent. Federal rules do not allow rounding up.
- ****
 - Indirect cost for this project equals the direct cost base expense (i.e., direct salaries & wages plus fringe benefits) for this project multiplied by the approved indirect cost rate.
 - Indirect cost reimbursement will not apply to direct costs, i.e., payment of construction contracts and right of way purchases, not included in the direct cost base.
 - An indirect rate must be approved by Caltrans every fiscal year to be used for only those costs incurred for that year.

***** If invoice is for a STIP project, PE has to be segregated into E&PP and PS&E.

Distribution: 1) (Original & 2 Copies) Local Program Accounting (progress invoices)
2) District Local Assistance Engineer (final invoices)

Exhibit 5-H Cognizant Federal Agencies

Federal Register / Vol. 51, No. 3 / Monday, January 6, 1986 / Notices

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COGNIZANT AGENCY ASSIGNMENTS FOR COST ALLOCATION UNDER OMB CIRCULAR A-87 AND FOR SINGLE AUDIT UNDER OMB CIRCULAR A-128—Continued

	Cognizant Federal agency
Cities:	
Birmingham.....	HUD
Gadsden.....	HHS
Huntsville.....	DOL
Mobile.....	HUD
Montgomery.....	HUD
Tuscaloosa.....	HUD
ALASKA	
State agencies:	
Commerce and Economic Development.....	DOE
Community and Regional.....	DOL
Corrections.....	DOJ
Education.....	ED
Environmental Conservation.....	USDA
Fish and Game.....	DOI
Governor's Office.....	HHS
Health and Social Services.....	HHS
Housing Authority.....	H/D
Labor.....	DOJ
Military and Veteran Affairs.....	DOI
Natural Resources.....	DOI
Public Safety.....	DOJ
Transportation and Public Facilities.....	DOT
Vocational Rehabilitation.....	HHS
Counties: Greater Anchorage.....	HHS
Cities: Anchorage.....	HHS
AMERICAN SAMOA	
State agencies: All departments and agencies.....	DOI
ARIZONA	
State Agencies:	
Corrections.....	DOJ
Economic Security.....	HHS
Education.....	ED
Emergency and Military Affairs.....	DOD
Game and Fish.....	DOI
Governor's Office.....	DOL
Health Services.....	HHS
Industrial Commission.....	DOL
Land.....	USDA
Mine Inspector.....	DOL
Public Safety.....	DOJ
State Parks.....	DOJ
Transportation.....	DOT
Counties:	
Cochise.....	HHS
Marcopa.....	HUD
Pima.....	HHS
Pinal.....	HHS
Cities:	
Aviation.....	DOT*
Community Development.....	HUD
Housing.....	HUD
Human Resources/Relations.....	DOL
Parks and Recreation.....	DOI
Police.....	DOJ
Public Works.....	DOT
Sewer Utility.....	EPA
Transit.....	DOT
Tucson.....	HUD
ARKANSAS	
State agencies:	
Corrections.....	DOJ
Education.....	ED
Emergency Services Office.....	FEMA
Energy Office.....	DOE
Forestry Commission.....	USDA
Game and Fish Commission.....	DOI
Governor's Office.....	DOL
Health.....	HHS
Highway and Transportation.....	DOT
Human Services.....	HHS
Labor.....	DOJ
Natural and Cultural Heritage.....	DOI
Parks and Tourism.....	DOI
Pollution Control and Ecology.....	EPA
Workers' Compensation Commission.....	DOL
Veterans Affairs.....	VA
Counties:	
Jefferson.....	HHS
Mississippi.....	HHS
Pulaski.....	HUD

COGNIZANT AGENCY ASSIGNMENTS FOR COST ALLOCATION UNDER OMB CIRCULAR A-87 AND FOR SINGLE AUDIT UNDER OMB CIRCULAR A-128—Continued

	Cognizant Federal agency
Sebastian.....	EPA
Washington.....	HHS
Cities:	
Fort Smith.....	HUD
Little Rock.....	DOL
Community Improvement.....	HUD
Human Resources.....	DOI*
Parks.....	DOI*
North Little Rock.....	EPA
CALIFORNIA	
State agencies:	
Aging.....	HHS*
Air Resource Board.....	EPA
Alcohol and Drug Abuse Programs.....	HHS
Conservation.....	EPA
Corrections.....	HHS
Developmental Services.....	HHS
Economic and Business Development.....	DOC
Education.....	ED
Emergency Services Office.....	FEMA
Employment Development.....	DOL
Energy Commission.....	DOE
Finance.....	HUD
Fish and Game.....	DOI
Food and Agriculture.....	USDA
Forestry.....	USDA
Governor's Office.....	DOJ
Health Services.....	HHS
Housing and Community Development.....	HUD
Industrial Relations.....	DOL
Justice.....	DOJ
Mental Health.....	HHS
Military Department.....	DOD
Parks and Recreation.....	DOI
Post Secondary Education Commission.....	ED
Planning and Research Office.....	HUD
Rehabilitation.....	ED
Resources Agency.....	EPA
Social Services.....	HHS
Solid Waste Management Board.....	EPA
Transportation.....	DOT
Veterans Affairs.....	VA
Water Resources Control Board.....	EPA
Youth Authority.....	HHS
Counties:	
Alameda:	
District Attorney.....	HHS*
Health/Human Services.....	HHS
Planning.....	HUD
Probation.....	DOJ
Sheriff.....	DOJ
Social Services.....	HHS
Streets.....	DOT
Contra Costa.....	HHS
Fresno.....	HHS
Kern.....	HHS
Los Angeles:	
Community and Senior Citizens/Services.....	HHS*
Community Development Commission.....	HUD
Courts.....	DOJ
District Attorney.....	HHS
Health Services.....	HHS
Mental Health.....	HHS
Parks and Recreation.....	USDA
Public Social Services.....	HHS
Public Works.....	DOT
Regional Planning.....	DOJ
Sheriff.....	DOJ
Merced.....	HHS
Monterey.....	HHS
Orange.....	HHS
Airport.....	DOT
Criminal Justice.....	DOJ
Courts.....	DOL
District Attorney.....	HHS
Environmental Affairs/Probation.....	HUD
Health/Human Services.....	HHS
Probation.....	HHS
Senior Citizens/Services.....	HHS
Sheriff.....	HHS
Riverside.....	HHS
Sacramento.....	HHS
San Bernardino.....	HHS
Community Development.....	HUD
Environmental Public Works.....	EPA

COGNIZANT AGENCY ASSIGNMENTS FOR COST ALLOCATION UNDER OMB CIRCULAR A-87 AND FOR SINGLE AUDIT UNDER OMB CIRCULAR A-128—Continued

	Cognizant Federal agency
Health/Human Services.....	HHS*
Human Resources/Relations.....	DOJ
Law and Justice.....	DOL
Manpower.....	HHS
San Buenaventura.....	HHS
San Diego.....	HHS
San Joaquin.....	HHS
San Luis Obispo.....	HHS
San Mateo.....	HHS
Santa Cruz.....	HHS
Sonoma.....	HHS
Stanislaus.....	HHS
Tulare.....	HHS
All other counties.....	HHS
Cities:	
Alameda.....	HUD
Alhambra.....	HHS
Anaheim.....	EPA
Bakersfield.....	DOC
Berkeley.....	HUD
Burbank.....	HHS
Butte.....	HHS
Carson.....	DOT
Compton.....	HUD
Downey.....	HUD
Fresno.....	HUD
Fulterton.....	HHS
Garden Grove.....	HHS
Glendale.....	HHS
Hayward.....	HUD
Inglewood.....	HHS
Lakewood.....	HUD
Long Beach.....	HUD
Los Angeles:	
Airport.....	DOT
Building and Safety.....	HUD
Community Development.....	HUD
Council.....	DOT
Fire Services.....	FEM
General Services.....	HUD
Housing Authority.....	HUD
Mayor's Office.....	DOC
Parks and Recreation.....	HUD
Personnel.....	DOL
Public Works.....	EPA
Redevelopment Agency.....	HUD
Transportation.....	DOT
Norwalk.....	HHS
Oakland.....	HUD
Palo Alto.....	EPA
Pasadena.....	HHS
Pomona.....	HUD
Richmond.....	HUD
Riverside.....	HUD
Sacramento.....	HUD
San Bernardino.....	HUD
San Diego:	
General Services.....	DOT
Housing Commission.....	HUD
Streets.....	HUD
Utilities.....	EPA*
San Francisco:	
Administrative Office.....	EPA
Arts.....	DOI
Health/Human Services.....	HHS
Mayor's Office.....	DOL
Parks and Recreation.....	DOC
Planning.....	DOJ
Police.....	DOJ
San Jose.....	USD/
San Leandro.....	HHS
San Mateo.....	HUD
San Jose.....	HUD
Santa Clara.....	HUD
Justice.....	DOJ
Planning.....	HUD
Santa Monica.....	HHS
Southgate.....	HHS
Stockton.....	HUD
Sunnyvale.....	HHS
Torrance.....	HHS
Vallejo.....	HUD
Ventura.....	HHS
West Covina.....	HHS

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Exhibit 5-I Sample Indirect Cost Rate Proposal**Local Agency name
Indirect Cost Plan**

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Caltrans), subject to the conditions in Section II. This plan was prepared by the *Local Agency name* and approved by Caltrans.

SECTION I: Rates

<u>Rate Type</u>	<u>Effective Period</u>	<u>Rate*</u>	<u>Applicable To</u>
Fixed with carry forward	7/1/96 to 6/30/97	40.49%	All Programs

*Base: Total Direct Salaries and Wages plus fringe benefits

SECTION II: General Provisions**A. Limitations:**

The rates in this Agreement are subject to any statutory or administrative limitations and apply to a given grant, contract, or other agreement only to the extent that funds are available. Acceptance of the rates is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally accepted: such costs are legal obligations of the organization and are allowable under the governing cost principles; (2) The same costs that have been treated as indirect costs are not claimed as direct costs; (3) Similar types of costs have been accorded consistent accounting treatment; and (4) The information provided by the organization which was used to establish the rates is not later found to be materially incomplete or inaccurate by the Federal Government or Caltrans. In such situations the rate(s) would be subject to renegotiations at the discretion of the Federal Government or Caltrans; (5) Prior actual costs used in the calculation of the approved rate are contained in the grantee's Single Audit, which was prepared in accordance with OMB Circular A-133. If a Single Audit is not required to be performed, then audited financial statements should be used to support the prior actual costs; and, (6) The estimated costs used in the calculation of the approved rate are from the grantee's approved budget in effect at the time of approval of this plan.

B. Accounting Changes:

This Agreement is based on the accounting system purported by the organization to be in effect during the Agreement period. Changes to the method of accounting for costs, which affect the amount of reimbursement resulting from the use of this Agreement, require prior approval of the authorized representative of the cognizant agency. Such changes include, but are not limited to, changes in the charging of a particular type of cost from indirect to direct. Failure to obtain approval may result in cost disallowance.

C. Fixed Rate with Carry Forward:

The fixed rate used in this Agreement is based on an estimate of the costs for the period covered by the rate. When the actual costs for this period are determined either by the grantee's Single Audit or if a Single Audit is not required, then by the grantee's audited financial statements any differences between the application of the fixed rate and actual costs will result in an over or under recovery of costs. The over or under recovery will be carried forward, as an adjustment to the calculation of the indirect cost rate, to the second fiscal year subsequent to the fiscal year covered by this plan.

D. Audit Adjustments:

Immaterial adjustments resulting from the audit of information contained in this plan shall be compensated for in the subsequent indirect cost plan approved after the date of the audit adjustment. Material audit adjustments will require reimbursement from the grantee.

E. Use by Other Federal Agencies:

Authority to approve this agreement by Caltrans has been delegated by the Federal Highway Administration, California Division. The purpose of this approval is to permit subject local government to bill indirect costs to Title 23 funded projects administered by the Federal Department of Transportation (DOT). This approval does not apply to any grants, contracts, projects, or programs for which DOT is not the cognizant federal agency. The approval will also be used by Caltrans in state-only funded projects.

F. Other:

If any federal contract, grant, or other agreement is reimbursing indirect costs by a means other than the approved rate(s) in this Agreement, the organization should (1) credit such costs to the affected programs, and (2) apply the approved rate(s) to the appropriate base to identify the proper amount of indirect costs allocable to these programs.

G. Rate Calculation

FY 1997 Budgeted Indirect Costs		\$3,168,447
Carry Forward from FY 1995		(441,989)
Estimated FY 1997 Indirect Costs		\$2,726,458
FY 1997 Budgeted Direct Salaries and Wages plus fringe benefits		\$6,732,880
FY 1997 Indirect Cost Rate		40.49%

CERTIFICATION OF INDIRECT COSTS

This is to certify that I have reviewed the indirect cost rate proposal submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal to establish billing or final indirect costs rates for fiscal year 1997 (July 1, 1996 to June 30, 1997) are allowable in accordance with the requirements of the federal and state award(s) to which they apply and OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribal Governments." 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 and state 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 and the Federal Government and Caltrans will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Governmental Unit: _____

Signature: _____

Signature: _____

Reviewed, Approved and Submitted by:

Prepared by:

Name of Official: _____

Name of Official: _____

Title: _____

Title: _____

Date of Execution: _____

Phone: _____

INDIRECT COST RATE APPROVAL

The State DOT has reviewed this indirect cost plan and hereby approves the plan.

Signature

Signature

Reviewed and Approved by:
(Name of Audit Manager)

Reviewed and Approved by:
(Name of auditor)

Title: _____

Title: _____

Date: _____

Date: _____

Phone Number: _____

Phone Number: _____

Local Agency Name
CARRY FORWARD CALCULATION

	FY 1994	FY 1995	FY 1996		FY 1997
APPROVED RATE	43.33%	50.10%	51.47%	Approved Rate (Indirect Costs/ Direct S&W+FB)	40.49%
INDIRECT CARRY FORWARD					
Carry Forward	(99,748)	(16,796)	20,794	Carry Forward	(441,989)
Indirect Costs from Single Audit	<u>2,400,168</u>	<u>2,439,166</u>		Estimated Indirect Costs (From FY97 Budget)	<u>3,168,447</u>
Total Indirect Costs	2,300,384	2,422,370		Totals Estimated Indirect Costs	<u>2,726,458</u>
Recovered Costs				Estimated Direct S&W +FB (From FY 97 Budget)	<u>6,732,880</u>
Direct Salaries & Wages +Fringe Benefits (* Approved Rate)	5,260,998 43.33%	5,717,283 50.10%			
Total Recovered Indirect Costs	2,279,590	2,864,359			
Indirect Carry Forward	20,794	(441,989)			
DIRECT SALARIES & WAGES + FRINGE BENEFITS (Per Single-Audit)					
General Fund-S&W+FB	5,260,998	5,717,283			
Special Revenue Fund-S&W_FB	N/A	N/A			
Internal Service Fund-S&W+FB	<u>N/A</u>	<u>N/A</u>			
Total Direct Salaries & Wages + Fringe Benefits	5,260,998	5,717,283			

<i>Local Agency Name</i>				
FY 1997 BUDGET				
	DIRECT COSTS	INDIRECT COSTS	UNALLOWED COSTS	TOTAL BUDGET
Salaries	5,034,970	1,214,698		6,249,668
Fringe Benefits	<u>1,697,910</u>	<u>417,485</u>		<u>2,115,395</u>
Total	6,732,880	1,632,183		8,365,063
 DIRECT COSTS	 11,037,468			 11,037,468
 INDIRECT COSTS				
Printing		150,300		150,300
Computer Services		102,700		102,700
Conference & Training		104,475		104,475
Auto Expense		8,889		8,889
Travel / Local Mileage		45,000		45,000
Transit Tickets		1,050		1,050
Meeting Room Rentals		5,250		5,250
Office Supplies		46,620		46,620
Equipment Rental		6,217		6,217
Equipment Maintenance & Repair		16,370		16,370
Mailing & Postage		147,814		147,814
Communications		95,550		95,550
Insurance		64,279		64,279
Subscriptions / Library		29,400		29,400
Personnel Recruitment		26,250		26,250
Public Hearings		22,050		22,050
County Auditor		10,000		10,000
Law Library		17,850		17,850
Parking		22,050		22,050
Other Maintenance		26,250		26,250
Janitorial Services		32,970		32,970
Clippings/Newswire Services		13,125		13,125
Utilities		94,500		94,500
Storage Rental		8,295		8,295
Advertisement / Legal Notices		9,450		9,450
Advisory Committees		16,500		16,500
Miscellaneous Expense		7,560		7,560
Equipment less than \$300		20,000		20,000
Independent Audit Fees		62,000		62,000
Memberships		39,900		39,900
Special Events		24,150		24,150
ADA Special Services		<u>9,450</u>		<u>9,450</u>
Subtotal	<u>11,037,468</u>	<u>1,286,264</u>		<u>12,323,732</u>
 TOTAL BUDGET	 17,770,348	 2,918,447		 <u>\$ 20,688,795</u>
 Depreciation		<u>250,000</u>		
 TOTAL INDIRECT COSTS		 <u>\$ 3,168,447</u>	*	

* For the sake of simplicity, this sample does not include any central service costs carried forward from a Central Service Cost Allocation Plan. See ASMB C-10 for a sample Indirect Cost Rate Proposal which includes central service costs and a sample Central Service Cost Allocation Plan.

Local Agency Name

COMBINED STATEMENTS OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	FY1995
REVENUES	
Sales Taxes under Transportation Development Act:	
Planning	\$ 5,312,475
Administration	885,410
Grants:	
Federal Highway Administration	4,926,640
Federal Transit Administration	750,631
Federal Aviation Administration	510
State Department of Transportation	682,542
Project revenues from state and local agencies	2,813,359
Interest	349,160
Other	863,414
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Total Revenues	16,584,141
EXPENSES:	
Operating:	
Salaries and benefits	7,082,555
Travel	243,331
Printing and reproduction	170,641
Professional fees	2,784,847
Computer charges	54,000
Overhead	1,482,291
Contributions to other agencies	1,044,402
Other	930,155
	<hr/>
Total Expenses	13,792,222
EXCESS OF REVENUES OVER EXPENSES	2,791,919
FUND BALANCE, Beginning of Year	<hr/> 8,996,570
FUND BALANCE, End of year	<hr/> \$ 11,788,489
** Total Indirect Costs	2,847,563
Less Indirect Salaries	1,365,272
Overhead	1,482,291

Local Agency Name

SUPPLEMENTAL SCHEDULE OF OVERHEAD AND SALARIES AND BENEFITS EXPENSE
FOR THE FISCAL YEAR ENDED JUNE 30, 1995

	Direct Costs	Indirect Costs	Total Costs
Salaries	4,275,487	1,016,059	5,291,546
Benefits	<u>1,441,796</u>	<u>349,213</u>	<u>1,791,009</u>
Total salaries and benefits	\$ 5,717,283	1,365,272	\$ 7,082,555
REIMBURSABLE OVERHEAD			
Printing / reprographics		16,124	
Computer Services		89,306	
Conference & Training		63,625	
Auto Expense		6,328	
Travel / Local Mileage		2,280	
Transit Tickets		680	
Meeting Room Rentals		1,280	
Office Supplies		54,469	
Equipment Rental		2,147	
Equipment Maintenance & Repair		4,063	
Mailing & Postage		76,610	
Communications		89,868	
Insurance		45,990	
Subscriptions		16,915	
Library Acquisitions		11,950	
Personnel Recruitment		7,052	
Public Hearings		9,338	
County Auditor		7,488	
Press clippings		1,653	
Law Library		15,251	
Parking		13,934	
Legislative analysis services / supplies		2,230	
Other Maintenance		30,974	
Janitorial Services		29,892	
Newswire Services		1,212	
Utilities		85,404	
Storage Rental		8,197	
Advertisement / Legal Notices		5,980	
Advisory Services		5,676	
ADA Services		2,238	
Miscellaneous Expense		2,235	
Elderly and handicapped		3,776	
Audio reproduction / supply		2,068	
Equipment less than \$300		10,634	
Independent Audit Fees		44,800	
Memberships		<u>27,536</u>	
Total Indirect G & A Costs		799,203	
Depreciation		<u>274,691</u>	
Total Overhead before carry forward		2,439,166	
Over (under) absorbed for FY 1995**		425,193	
carry forward (from FY 1993)		<u>(16,796)</u>	
Total Indirect Costs		<u>\$ 2,847,563</u>	
Direct Salaries & Wages plus Fringe Benefits	5,717,283		
Approved FY 1995 IC Rate		<u>50.10%</u>	
Indirect Costs Recovered		2,864,359	
Actual Indirect Costs		<u>2,439,166</u>	
**Over absorbed costs		425,193	

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