DEPARTMENT OF TRANSPORTATION
AUDITS AND INVESTIGATIONS
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Serious drought.
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September 15, 2014

Mr. Mark A. Paul
Deputy Director, Finance and Administration
County of Santa Barbara
123 East Anapaum Street
Santa Barbara, CA 93011-2059

Dear Mr. Paul:

At the request of the California Department of Transportation (Caltrans), the State Controller's Office (SCO) conducted an audit of the Indirect Cost Rate Proposal (ICRP) for fiscal year (FY) 2012/2013 on the County of Santa Barbara, Department of Public Works (County), to determine whether the ICRP was presented in accordance with Title 2, Code of Federal Regulations (CFR), Part 225.

Based on audit work performed by the SCO, we determined the County's ICRP was presented in accordance with Title 2 CFR, Part 225. The County is authorized to use the indirect cost rate of 66.17 percent of total direct wages and fringe benefits, a difference of 7.28 percent for FY 2012/2013 billing and reimbursement purposes.

The rate of 66.17 percent supersedes the rate of 73.45 percent accepted in our letter to you dated November 5, 2012. Since the audited indirect cost rate is lower than the previously accepted rate, the County is required to reconcile all prior reimbursement claims using the lower audited rate. Any resulting overpayment should be repaid to Caltrans within 30 days or by the next billing cycle, whichever occurs first.

The audit identified $711,614 in overstated indirect costs that the County included as unallocable indirect charges. The County's department-wide indirect cost rate was allocated to all direct cost objectives; however, $711,614 of indirect activities did not equitably benefit all direct cost objectives, as these indirect costs benefitted only the Road Maintenance Cost Center. Although these are allowable indirect cost activities, the County chose not to revise the proposed ICRP as these indirect costs did not benefit federal and State funded capital projects.

This report is intended solely for the information of the County, Caltrans Management, the California Transportation Commission, and the Federal Highway Administration (FHWA). However, this report is a matter of public record and its distribution is not limited. In addition,

this report will be posted on the Caltrans website. Please retain a copy of this letter with your ICRP. Copies of this letter were sent to Caltrans District 5, Caltrans Division of Accounting, and FHWA.

If you have any questions, please call Alice Lee, Audit Manager, at (916) 323-7953.

Sincerely,

ZILAN CHEN, Chief
External Audits-Local Governments
Audits and Investigations

Enclosures:
ICRP Audit Report of the County of Santa Barbara, Department of Public Works for FY 2012/2013 prepared by the State Controller's Office
Indirect Cost Rate Proposal for FY2012/2013

c: Robert W. Geis, Auditor-Controller, County of Santa Barbara
Janice Richard, Director, Financial Services, Federal Highway Administration
Rodney Whitfield, Financial Manager, Federal Highway Administration
Jermaine Hannon, Director, Planning and Air Quality, Federal Highway Administration
Kara Magdaleno, Administrative Program Assistant, Planning and Finance, Federal Highway Administration
Andrew Finlayson, Chief, State Agency Audit Bureau, California State Controller's Office
Michael Mock, Audit Manager, State Agency Audit Bureau, State Controller's Office
Sean Tsao, Audit Manager, State Agency Audit Bureau, State Controller's Office
Garin Schneider, DLAE, Chief, Office of Local Assistance, Division of Planning and Local Assistance, District 5, Caltrans
James Ogbonna, Chief, Rural Transit and Intercity Bus Branch, Division of Mass Transportation, Caltrans
Terry Farris, Senior Transportation Planner, State Transit Program, Office of State Policy, Research and Capital, Division of Mass Transportation, Caltrans
C. Edward Philpot, Jr., Chief, Office of Community Planning, Division of Transportation Planning, Caltrans
Erin Thompson, Senior Transportation Planner, Division of Transportation Planning, Caltrans
Karen Hunter, Rail Transportation Associate, Division of Rail, Caltrans
Lisa Gore, Associate Accounting Analyst, Local Program Accounting Branch, Local Assistance, Caltrans
David Saia, LAPM/LAPG Coordinator, Division of Local Assistance, Caltrans
Lai Huynh, Audits & Federal Performance Measures Analyst, Division of Local Assistance, Caltrans
P1590-0403

JOHN CHIANG

California State Controller

July 30, 2014

Zilan Chen, Chief
External Audits-Local Governments
Audits and Investigations, MS 2
California Department of Transportation
1304 O Street, Suite 200, MS 2
Sacramento, CA 95814

Dear Ms. Chen:

The State Controller's Office completed an audit of Santa Barbara County (County), Department of Public Works' (DPW) indirect cost rate proposal (ICRP) for fiscal year (FY) 2012-13. The proposed rate was based on actual costs of FY 2010-11. The County proposed a department-wide indirect cost rate of 73.45% based on indirect and direct costs of $7,176,796 and $9,770,375, respectively. Our audit was conducted to determine whether (1) the proposed rate was in compliance with the cost principles prescribed in Title 2 of the *Code of Federal Regulations*, Part 225 (2) the ICRP was in compliance with Caltrans Local Program Procedures Manual, 04-10, and (3) the cost accounting system was accumulating and segregating reasonable, allowable, and allocable costs.

Our audit determined an indirect cost rate of 66.17%, a difference of 7.28% for FY 2012-13. The difference was primarily due to the County including unallocable indirect charges. The DPW department-wide indirect cost rate was allocated to all direct cost objectives; however, $711,614 of indirect activities did not equitably benefit the entire DPW direct cost objectives, as these indirect costs benefitted only the Road Maintenance Cost Center.

The DPW does not plan to revise this ICRP for an additional indirect cost rate for these indirect cost recoveries, as these indirect costs were not incurred for the federal- and state-funded capital or other reimbursable projects.

If you have any questions, please contact Andrew Finlayson, Chief, State Agency Audits Bureau, at (916) 324-6310.

Sincerely,

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

JVB/mh

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Audit Report

Summary

The State Controller's Office (SCO) completed an audit of Santa Barbara County (County), Department of Public Works' (DPW) indirect cost rate proposal (ICRP) for fiscal year (FY) 2012-13. The proposed department-wide indirect cost rate of 73.45% was based on actual indirect and direct costs of FY 2010-11.

The purpose of the audit was to determine whether the ICRP was presented in accordance with Title 2, *Code of Federal Regulations*, Part 225 (2 CFR 225), Appendix A-F, and the California Department of Transportation's (Caltrans) Local Program Procedures (LPP), 04-10. The County's management is responsible for fair presentation of the ICRP.

Our audit determined an indirect cost rate of 66.17%, a difference of 7.28% for FY 2012-13. The difference was primarily due to the County including unallocable indirect charges. The DPW department-wide indirect cost rate was allocated to all direct cost objectives; however, $711,614 of indirect activities did not equitably benefit the entire DPW direct cost objectives, as these indirect costs benefitted only the Road Maintenance Cost Center. Although these are allowable indirect cost activities, the DPW does not plan to revise this proposed ICRP for an additional indirect cost rate, as these indirect costs were not incurred for the federal- and state-funded capital projects.

Background

Santa Barbara County government is overseen by an elected five-member Board of Supervisors (Board). The Board sets priorities for the County and through delegated authority to the County Administrative Office, oversees most county departments and programs, including the Department of Public Works.

The DPW comprises five divisions: Administration, Resource Recovery and Waste Management, Surveyor's Office, Transportation (Road), and Water Resources. The Roads Division is responsible for the planning, design, construction, and maintenance of county roads and other capital projects. This proposed indirect cost rate allows the County to recover Federal Highway Administration (FHWA) and Caltrans-funded project-related indirect costs for the Roads Division.

The audit was performed by the SCO on behalf of Caltrans (Audit Request No. P1590-0403). The authority to conduct this audit is given by:

- Interagency Agreement No. 77A0034, dated March 31, 2010, between the SCO and Caltrans, which provides that the SCO will perform audits of proposed ICRPs submitted to Caltrans from local government agencies to ensure compliance with 2 CFR 225 (formerly Office of Management and Budget Circular A-87) and LPP 04-10.

- Government Code section 12410, which states, "The Controller shall superintend the fiscal concerns of the state. The Controller shall audit all claims against the state and may audit the disbursement of any money, for correctness, legality, and for sufficient provisions of law for payment."

Objectives, Scope, and Methodology

The scope of the audit was limited to select financial and compliance activities. The audit consisted of recalculating the ICRP and making inquiries of department personnel. The audit also included tests of individual accounts in the general ledger and supporting documentation to assess allowability, allocability, and reasonableness of costs and an assessment of the internal control system related to the ICRP for FY 2012-13. Changes to the financial management system subsequent to FY 2012-13 were not tested and, accordingly, our conclusion does not pertain to changes arising after this fiscal year.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Our audit was conducted to determine whether (1) the County's ICRP was presented in compliance with the cost principles prescribed in 2 CFR 225; (2) the ICRP was in compliance with the requirements for ICRP preparation and application identified in Caltrans LPP 04-10; and (3) and accounting system is accumulating and segregating reasonable, allowable, and allocable costs.

We did not audit Santa Barbara County's financial statements. We limited our audit scope to planning and performing audit procedures necessary to obtain reasonable assurance that the proposed ICRP was in accordance with the 2 CFR 225 and LPP 04-10. In addition to developing appropriate auditing procedures, our review of internal control was limited to gaining an understanding of the transaction flow, accounting system, and applicable controls to determine the department's ability to accumulate and segregate reasonable, allowable, and allocable indirect and direct costs.

Conclusion

The County proposed a department-wide indirect cost rate of 73.45% based on indirect and direct costs of $7,176,796 (including a $505,894 carry-forward) and $9,770,375.

Our audit determined an indirect cost rate of 66.17%, a difference of 7.28% for FY 2012-13. The difference was primarily due to the County including unallocable indirect charges. The DPW department-wide indirect cost rate was allocated to all direct cost objectives; however, $711,614 of indirect activities did not equitably benefit the entire DPW direct cost objectives, as these indirect costs benefitted only the Road Maintenance Cost Center.

The DPW does not plan to revise this ICRP for an additional indirect cost rate for these indirect cost recoveries, as these indirect costs were not incurred for the federal- and state-funded capital or other projects.

Views of Responsible Official

We discussed our audit results with the County's representative during an exit conference conducted on January 27, 2014. Mark Paul, Deputy Director of Finance and Administration, agreed with the audit results. Mr. Paul declined a draft audit report and agreed that we could issue the audit report as final.

Restricted Use

This report is solely for the information and use of Santa Barbara County; the California Department of Transportation; and the SCO. It is not intended to be and should not be used by anyone other than these specified parties. This restriction is not intended to limit distribution of this report, which is a matter of public record.

JEFFREY V. BROWNFIELD, CPA
Chief, Division of Audits

July 30, 2014

Schedule 1—
Summary of Proposed and Audited Direct Costs, Indirect Costs, and Indirect Cost Rate
July 1, 2012, through June 30, 2013

	Proposed	Audited	Difference [1]
Direct costs:			
Direct salaries and benefits	$ 9,770,375	$ 9,770,375	$ —
Indirect costs:			
Indirect salaries and benefits	3,334,813	3,334,813	—
Services, supplies, and other:			—
Clothing and personal	125	125	—
Communications	540	540	—
Telephone service local	26,500	26,500	—
Household expense	80	80	—
Information technology software maintenance	38,250	38,250	—
Memberships	450	450	—
Office expense	28,450	28,450	—
Postage	4,525	4,525	—
Copier expense	1,900	1,900	—
Books and subscriptions	300	300	—
Printing expense	15,500	15,500	—
Information technology hardware purchase (<$5,000)	36,840	36,840	—
Information technology software purchase (<$100,000)	10,000	10,000	—
Professional and special services	409,800	409,800	—
Administration fees	925,439	925,439	—
Rent/Lease – equipment	6,750	6,750	—
Rent/Lease – structure	70,365	—	(70,365)
Special department expense	2,950	2,950	—
Cost allocations	822,584	683,093	(139,491)
Transportation and travel	11,650	11,650	—
Electricity	62,960	62,960	—
Natural Gas	12,556	12,556	—
Water	19,348	19,348	—
Refuse	48,852	48,852	—
Sewer	1,820	1,820	—
Utilities service	6,485	6,485	—
Data processing service	110,000	110,000	—
Liability insurance	618,570	618,570	—
Telephone services	40,000	40,000	—
Telephone work orders	1,000	1,000	—
Telephone toll charges	1,500	1,500	—
Subtotal services, supplies, and other:	3,336,089	3,126,233	(209,856)
Indirect costs	6,670,902	6,461,046	(209,856)
Carry-forward FY 2010-11	505,894	4,136	(501,758)
Total indirect costs	7,176,796	6,465,182	(711,614)
Indirect cost rate base – direct salaries and benefits	$ 9,770,375	$ 9,770,375	$ —
Indirect cost rate	73.45%	66.17%	-7.28%

[1] See the Finding and Recommendation section.

Finding and Recommendation

FINDING—Unallowable indirect expenses

Santa Barbara County (County) Department of Public Works (DPW) overstated $711,614 of indirect costs, causing the indirect cost rate to be overstated by 7.28%. The County, in its proposed department-wide indirect cost rate proposal, included unallocable indirect expenses for facility lease and central service cost allocation plan charges that did not benefit all direct cost objectives. These are allowable indirect costs, but for specific cost objectives. The inclusion of the unallocable costs caused an inequitable distribution to the department-wide direct cost objectives. The unallocable indirect expenses were as follows:

- The Rent-Lease Structure charge of $70,365 was for rent payments for the land and buildings used to house the Santa Ynez Road Yard. This facility is used primarily by the Road Division's maintenance program, which does not equitably benefit overall cost objectives and is not allocable to the federal award.
- The central services cost allocation plan charges of $139,491 in FY 2012-13 were for General Services-Facilities Services charges that were not allocable to the federal award and did not benefit overall cost objectives. The County developed a central services cost allocation plan to reasonably identify and assign central services charges to the Department of Public Works (DPW) as well as to other operating agencies. Based on our review of sample transactions, we observed that the General Services-Facilities Services charges were for building maintenance, custodial services, utility payments, and real property services which do not benefit the overall cost objective.

Furthermore, because the county's proposed indirect costs for FY 2012-13 were based on actual costs of carry-forward from FY 2010-11, these non-chargeable facility lease and central services costs also were deemed unallocable for the carry-forward year. We recomputed the carry-forward adjustment of $4,136, a decrease of $501,758. The carry-forward adjustment represents the difference between the estimated and actual indirect costs. Thus, these unallocable costs caused the actual indirect costs to be overstated.

Title 2, *Code of Federal Regulations*, Part 225, (2 CFR 225), Appendix A, section F.1, states that "Indirect cost pools should be distributed to benefitted cost objectives on bases that will produce an equitable result in consideration of relative benefits derived."

2 CFR 225 Appendix C, Section A.1, states that "Most governmental units provide certain services, such as motor pools, computer centers, purchasing, accounting, etc., to operating agencies on a centralized basis. Since federally-supported awards are performed within the individual operating agencies, there needs to be a process whereby these central service costs can be identified and assigned to benefitted activities on a reasonable and consistent basis. The central service cost allocation plan provides that process. All costs and other data used to distribute the costs included in the plan should be supported by formal accounting and other records that will support the propriety of the costs assigned to Federal awards."

Recommendation

The DPW does not plan to revise this ICRP for an additional indirect cost rate (tier rate) for these indirect cost recoveries, as these indirect costs were not incurred for the federal- and state-funded capital or other reimbursable projects. Therefore, we recommend that the County revise and resubmit the Indirect Cost Rate Proposal by excluding these unallowable expenses from the indirect costs pool. We further recommend that the County implement policies and procedures to ensure that only reasonable, allowable, and allocable costs are included in the indirect cost pool and that these indirect costs are distributed to all benefitted direct costs objectives.

County of Santa Barbara Public Works Department
Indirect Cost Rate

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the County of Santa Barbara Public Works Department and approved by the Department.

SECTION I: Rates

Rate Type	Effective Period	Rate*	Applicable to
Fixed w/carry forward	7/1/12 to 6/30/13	66.17%	All Programs – Transportation Division

** Base: Total Direct Salaries and Wages plus Fringe Benefits

SECTION II: General Provisions

A. Limitations:
The rate in this Agreement is subject to any statutory or administrative limitations and applies to a given grant, contract, or other agreement only to the extent that funds are available. Approval of the rate is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally approved: 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 rate is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations the rate would be subject to renegotiation at the discretion of the Federal Government or the Department; (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 2 Code of Federal Regulations, Part 225. 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) This rate is based on an estimate of the costs to be incurred during the period.

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 disallowances.

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. *(Note: If a predetermined rate is used, then the carry forward provision does not apply).*

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. Record Retention:
The proposal and all related documentation must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed or for three years after the fiscal year for which the rate is calculated, whichever is longer.

F. Use by Other Federal Agencies:
Authority to approve this agreement by the Department 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 the Department in State-only funded projects.

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

H. Rate Calculation

FY 2013 Budgeted Indirect Costs	$6,461,046
Carry Forward from 2011	$ 4,136
Budgeted FY 2013 Indirect Costs	$6,465,182
FY 2013 Budgeted Direct Salaries & Wages (or applicable base)	$9,770,375
FY 2013 Indirect Cost Rate	66.17%

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 the proposal to establish billing or final indirect costs rates for fiscal year 2013 (July 1, 2012 to June 30, 2013) are allowable in accordance with the

requirements of the Federal and State award(s) to which they apply and 2 Code of Federal Regulations, Part 225, "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 the Department will be notified of any accounting changes that would affect the fixed rate.

I declare that the foregoing is true and correct.

Governments Unit: COUNTY OF SANTA BARBARA

Signature:	Signature:
Reviewed, Approved and Submitted by:	Prepared by:
Name of Official: Robert W. Geis	Name of Official: Mark A. Paul
Title: Auditor-Controller	Title: Deputy Director of Public Works
Date of Execution: 8/26/14	Telephone No.: 805-568-3016

INDIRECT COST RATE APPROVAL

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

Signature	Signature
Reviewed and Approved by:	Reviewed and Approved by:
Date:	Date:
Phone Number:	Phone Number:

County of Santa Barbara Public Works Department
Indirect Cost Rate

The indirect cost rate contained herein is for use on grants, contracts and other agreements with the Federal Government and California Department of Transportation (Department), subject to the conditions in Section II. This plan was prepared by the County of Santa Barbara Public Works Department and approved by the Department.

SECTION I: Rates

Rate Type	Effective Period	Rate*	Applicable to
Fixed w/carry forward	7/1/12 to 6/30/13	66.17%	All Programs – Transportation Division

** Base: Total Direct Salaries and Wages plus Fringe Benefits

SECTION II: General Provisions

A. Limitations:
The rate in this Agreement is subject to any statutory or administrative limitations and applies to a given grant, contract, or other agreement only to the extent that funds are available. Approval of the rate is subject to the following conditions: (1) Only costs incurred by the organization were included in its indirect cost pool as finally approved: 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 rate is not later found to be materially incomplete or inaccurate by the Federal Government or the Department. In such situations the rate would be subject to renegotiation at the discretion of the Federal Government or the Department; (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 2 Code of Federal Regulations, Part 225. 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) This rate is based on an estimate of the costs to be incurred during the period.

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 disallowances.

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. *(Note: If a predetermined rate is used, then the carry forward provision does not apply).*

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. Record Retention:
The proposal and all related documentation must be retained for audit in accordance with the record retention requirements of the State or Federal agreements for which the indirect rate will be billed or for three years after the fiscal year for which the rate is calculated, whichever is longer.

F. Use by Other Federal Agencies:
Authority to approve this agreement by the Department 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 the Department in State-only funded projects.

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

H. Rate Calculation

FY 2013 Budgeted Indirect Costs	$6,461,046
Carry Forward from 2011	$ 4,136
Budgeted FY 2013 Indirect Costs	$6,465,182
FY 2013 Budgeted Direct Salaries & Wages (or applicable base)	$9,770,375
FY 2013 Indirect Cost Rate	66.17%

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 the proposal to establish billing or final indirect costs rates for fiscal year 2013 (July 1, 2012 to June 30, 2013) are allowable in accordance with the

requirements of the Federal and State award(s) to which they apply and 2 Code of Federal Regulations, Part 225, "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 the Department will be notified of any accounting changes that would affect the fixed rate.

I declare that the foregoing is true and correct.

Governments Unit: COUNTY OF SANTA BARBARA

Signature:	Signature:
Reviewed, Approved and Submitted by:	Prepared by:
Name of Official: Robert W. Geis	Name of Official: Mark A. Paul
Title: Auditor-Controller	Title: Deputy Director of Public Works
Date of Execution: 8/26/14	Telephone No.: 805-568-3016

INDIRECT COST RATE APPROVAL

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

Signature	Signature
Reviewed and Approved by:	Reviewed and Approved by:
Date:	Date:
Phone Number:	Phone Number:

Department: Public Works Dept 054
Division: Transportation Fund 0015
ICRP Use: 2012-2013 Claims & Billings
Data Date: Adopted Budget FY12-13 SCO Audit

		Total Costs	Excludable Unallowable Costs	Allowable Indirect Costs	Allowable Direct Costs
Personnel Services					
6100	Regular Salaries	8,143,356		1,799,021	6,344,335
6200	Extra Help and/or Labor	231,072		123,793	107,279
6300	Overtime	79,000			79,000
6400	Retirement Contribution	2,493,192		545,728	1,947,464
6450	Supp Retirement Contribution	8,985		2,047	6,938
6475	Retiree Medical OPEB	247,273		54,630	192,643
6500	FICA Contribution	479,102		106,880	372,222
6550	FICA/Medicare	112,511		25,461	87,050
6600	Health Insurance Contrib	761,240		149,017	612,223
6610	Life & Disability Insur	26,510		5,789	20,721
6650	Commuting Benefit Co Contrib	1,400		900	500
6700	Unemployment Ins Contribution	50,552		50,552	-
6900	Workers Compensation	470,995		470,995	-
	SUBTOTAL	13,105,188	-	3,334,813	9,770,375
7030	Clothing and Personal	45,625		125	45,500
7050	Communications	540		540	-
7053	Telephone Service Local	26,500		26,500	-
7070	Household Expense	21,730		80	21,650
7120	Maintenance - Equipment	85,000		-	85,000
7121	Operating Supplies	307,000		-	307,000
7124	IT Software Maintenance	43,125		38,250	4,875
7200	MTC-Struct/Impr & Grounds	170,000		-	170,000
7348	Instruments & Equip. < $5000	21,500		-	21,500
7362	Building Maintenance	45,000		-	45,000
7430	Memberships	6,050		450	5,600
7450	Office Expense	49,900		28,450	21,450
7451	Postage	4,575		4,525	50
7453	Copier Expense	1,900		1,900	-
7454	Books & Subscriptions	300		300	-
7455	Printing Expense	15,500		15,500	-
7456	IT Hardware Purchase < $5K	36,840		36,840	-
7457	IT Software Purchase < $100K	11,000		10,000	1,000
7460	Professional & Special Service	922,000		409,800	512,200
7506	Administration Fees	925,439		925,439	-
7510	Contractual Services	317,500		-	317,500
7530	Publications & Legal Notices	6,750		6,750	-
7540	Rents/Leases-Equipment	51,300		-	51,300
7580	Rents/Leases-Structure	70,365	70,365	-	-
7630	Small Tools & Instruments	28,000		-	28,000
7650	Special Departmental Expense	40,950		2,950	38,000
7653	Training Fees & Supplies	300		-	300
7655	Road Maintenance	1,075,000		-	1,075,000
7668	County Provided Services	85,287		-	85,287
7669	Cost Allocations	822,584	139,491	683,093	-
7730	Transportation and Travel	84,025		11,650	72,375
7731	Gasoline-Oil-Fuel	37,000		-	37,000
7760	Utilities	72,000		-	72,000
7801	Electricity	62,960		62,960	-
7802	Natural Gas	12,556		12,556	-
7803	Water	19,348		19,348	-
7804	Refuse	48,852		48,852	-
7805	Sewer	1,820		1,820	-
7806	Utilities Services	6,485		6,485	-
7862	Contrib To Non-Co Govt	250,324	250,324	-	-
7892	Data Processing Service	110,000		110,000	-
7893	Motor Pool Charges	945,000		-	945,000
7894	MTC/Radio,Communication	63,000		-	63,000
7895	Liability Insurance	618,570		618,570	-
7897	Telephone Services	40,000		40,000	-
7898	Telephone Workorders	1,000		1,000	-
7899	Telephone Toll Charges	1,500		1,500	-
8300	Equipment	469,000	469,000		-
7901	Oper Trf (Out)	658,363	658,363		-
	SUBTOTAL	8,739,363	1,587,543	3,126,233	4,025,587
	DEPARTMENTAL TOTALS	21,844,551	1,587,543	6,461,046	13,795,962
	Departmental Indirect Cost Rate				66 13%
Cost Plan Costs:					
Prior Year Carryover:					
Under (over) absorbed from FY 2011		505,894	501,758	4,136	
	TOTAL COSTS	22,350,445	2,089,301	6,465,182	13,795,962
	Combined Indirect Cost Rate:	Allowable Indirect Costs/Allowable Direct S&B			66.17%
	Proposed Indirect Cost Rate:	To be applied to Direct Salaries & Benefits			66 17%

Prepared By: _____ Dept Approval: _____