

Attachment E

Instructions for Budget Development and Narrative

Personnel Services

All wages must be supported by daily time distribution records. Direct costs, such as wages and benefits that can be identified specifically with a particular final cost objective or activity or directly assigned to such activities relatively easily with a high degree of accuracy are allowable costs. For government or non-profit recipients the salaries of administrative and clerical staff should normally be treated as indirect costs and supported with a cost allocation plan, indirect rate method or de minimis status that is reviewed and approved by either a federal cognizant agency or MnDOT Audit. Rates will be deemed provisional until further notice.

1010 Admin, Management & Supervisory Salaries

The amount paid to all employees who are classified as managers, supervisors, coordinators, or administrators. The salaries of administrative staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met: Administrative services are integral to a project of activity; Individuals involved can be specifically identified with the project or activity; such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and the costs are not also recovered as indirect costs.

1040 General Office Support Wages

Governing agency staff labor services that is not traceable to a specific activity but which benefits the organization, e.g., clerical, bookkeeping, IT support, human resources, custodial. The salaries of clerical staff should normally be treated as indirect costs. Direct charging of these costs may be appropriate only if all of the following conditions are met: clerical services are integral to a project of activity; Individuals involved can be specifically identified with the project or activity; such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and the costs are not also recovered as indirect costs.

1050 Operations Support Wages

The amount paid to all other employees of the transit system who support the daily operations of the transit system; such as operations assistants, dispatchers, call takers, compliance, safety and security personnel.

1060 Fringe Benefits

The cost of providing fringe benefits for active and retired employees of the organization, including pension benefits, vacation and sick leave benefits, social security taxes, worker's compensation insurance, unemployment insurance, life insurance, and first party medical coverage.

Prior to entering into a contract/agreement with a third party vendor, for any administrative charges identified under Line Items 1110 through 1190, a documented and approved procurement must be completed for each good or service and provided with the management plan.

1110 Management Fees

The amount paid for the professional services provided by a management service company engaged contractually to provide operating management (e.g.: payroll services, HR services) to the transit system.

1120 Drug and Alcohol Testing and Administration Fee Expenses

Include all non-wage expenses associated with Drug and Alcohol Testing and Administration.

1130 Advertising, Public Relations and Promotional Charges

This line includes the necessary cost of advertising and promoting the program.

The only allowable advertising costs are those which are solely for the recruitment of personnel required, the procurement of goods and services, the disposal of scrap or surplus materials acquired, and program outreach and other specific purposes necessary to meet the requirements. Public relations allowable costs include those associated with communicating with the public and press pertaining to specific activities or accomplishments, costs of conducting general liaisons with news media and government public relations officers to the extent to keep the public informed, such as notices of funding, financial matters, etc.

Unallowable costs include; costs of meetings, conventions, convocations, or other events, including costs of displays, demonstrations, and exhibits; costs of meeting rooms, hospitality suites, and other special facilities used in conjunction with shows and other special events, and salaries and wages of employees engaged in these activities; costs of promotional items and memorabilia, including models, gifts, and souvenirs (includes such items as pens/pencils, cups, etc. with logo, Kudos given out at events, etc.); costs of advertising and public relations designed solely to promote the program. Costs of selling and marketing any products or services are unallowable. The costs of contributions and donations, including cash, property, and services, from the applicant to other entities, is unallowable.

1140 Legal, Auditing, and Other Professional Fees

Costs of professional and consultant services rendered by persons who are members of a particular profession or possess a special skill, and who are not officers or employees. The following factors are relevant in applying the costs; the nature and scope of the service are directly related to the services needed, the necessity of contracting for the service, qualifications needed, and reasonable costs. A reasonably proportionate share of the costs of audits required by, and performed in accordance with, the Single Audit Act Amendments of 1996, are allowable. Any costs associated with a Single Audit when the entity is exempt from the requirements of a Single Audit are unallowable.

1150 Staff Development Costs

The cost of training and education provided for employee development is allowable. Travel costs for

transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business are allowable. Costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided it is applied to the entire trip and not to selected days of the trip, as results in charges consistent with those normally allowed. Lodging and subsistence costs incurred by employees must provide documentation with the request to justify that participation of the individual is necessary; and the costs are reasonable and consistent with established travel policy. Airfare costs are allowed at the basic least expensive unrestricted accommodations class offered by commercial airlines. Conferences defined as a meeting, retreat, seminar, symposium, workshop or event whose primary purpose is the dissemination of technical information beyond the entity and is necessary and reasonable for successful performance as an attendee or as a host are allowable. Costs incurred in accordance with the agency documented policies for the improvement of working conditions, employer-employee relations, employee health, and employee performance are allowable. Such costs will be equitably apportioned to all activates of the agency. Costs of entertainment, including office parties, milestone gift cards or gifts, amusement, diversion, and social activities and any associated costs are unallowable.

1160 Office Supplies

Costs incurred for materials, supplies, and fabricated parts which are solely attributable to and necessary to carry out the operations are allowable. Purchased materials and supplies must be charged at their actual prices, net of applicable credits. Withdrawals from general stockrooms or inventories must be charged at their actual net cost under any recognized method of pricing inventory withdrawals, consistently applied.

1170 Leases and Rentals - Administrative Facilities

Lease and rental cost of administrative facilities used for performing the general administrative functions of the Applicant, including leases and rentals of such items as land, buildings, office equipment, and furnishings.

Rental costs are allowable to the extent that the rates are reasonable in light of such factors as: rental costs of comparable property, if any; market conditions in the areas; alternatives available; and type, life expectancy, condition, and value of the property leased. Agreements will be reviewed, by the State and recipient, periodically to determine if circumstances have changed and other options are available. Agreements will have term limits to comply with determinations. Rental costs under leases which are required to be treated as capital leases under GAAP are allowable only up to the amount that would be allowed had the entity purchased the property on the date the lease agreement was executed. The provisions in GAAP must be used to determine whether a lease is a capital lease. Unallowable costs include amounts paid for profit, management fees, and taxes that would not have been incurred had the entity purchased the property.

1180 Utilities

Includes the cost of utilities such as gas/LP fuel, electricity, water, trash collection, communication services (landline, cellular, and internet) performed by an outside organization.

1190 Other Direct Administrative Charges

Include other administrative charges such as mileage reimbursement for staff personal vehicles when in travel status.

Operations Charges

Prior to entering into an agreement with a vendor, for any operations charges identified under Line Items 1310 through 1360, a documented and approved procurement must be completed for each good or service and provided with the management plan.

1310 Purchase of Service

The cost of having a third party to carry out the operations of the program with the cost established through a competitive procurement procedure.

1340 Repair and Maintenance of Other Property

Costs incurred for necessary maintenance, repair, or upkeep of buildings, land, and equipment which neither add to the permanent value of the property nor appreciably prolong its intended life, but keep it in an efficient operating condition.

1350 Leases and Rentals of Facilities or Equipment

Includes leases and rental of property and equipment necessary to carry out the coordinator function. Leases and Rentals are determined reasonable in costs when recognized as ordinary and necessary to the Applicant and the market prices are comparable in the geographic area, and the lease or rental will not give rise to the material equity in the property.

1360 Other Operations Charges

The cost of such things as janitorial services. Depreciation costs allocated for fixed assets during the asset use; provided that they are used, needed for Program activities and properly allocated are allowable. Other associated costs which directly benefit the Applicant and may be allocated as an indirect cost based on an approved allocation method.

Insurance Charges

1420 Public Liability and Property Damage - Other than on Vehicles

Include charges such as excess liability insurance, and fire and theft insurance.

Taxes and Fees

1540 Other Taxes and Fees

Include the Programs share of any applicable real estate and property taxes and sales taxes.