

NRPC Audit Services Request for Proposal

Questions from potential respondents and NRPC's responses.

- 1) Please indicate the extent of audit adjustments being proposed by your independent auditor and accepted by management for recognition in the financial statements.
 - The audit adjustments by the independent auditor have typically been related to deferred revenue. While the majority of NRPC's contracts have reimbursement payment terms, some contracts provide cash advances. This unearned revenue "shows" as negative values in our QuickBooks accounts receivable aging summary. These liabilities must be separated from our accounts receivable and an adjusting entry made.
- 2) Have there been any disagreements between management and your independent auditor during the prior three engagements?
 - NPPC has not disagreed with the final audit documents prepared by the independent auditor during the last three years.
- 3) Please provide the fees paid for audit services for each of the past three years, and indicate if there were any billings above contracted amounts for out-of-scope or additional services not contemplated at contract award.
 - FY24 \$13,500, additional \$450 for fixed asset inventory
 - FY23 \$14,500
 - FY22 \$14,805
- 4) Would you be willing to share your indirect cost rate proposal to get an idea of how many hours we would need to anticipate budgeting so that we can provide you with an appropriate quote? Is there a deliverable you've received historically related to this service?
 - The RFP has outdated language regarding "review and testing of the indirect cost proposal each year". NRPC does not require the auditor to review and test its annual indirect cost proposal. NRPC prepares its indirect cost proposal using values from the audited financial statements and supplementary schedules.
 - NRPC does require a *Combining Schedule of Revenue, Expenditures and Changes in Fund Balances* or similar supplemental schedule that shows operating revenues and expenditures by program class and administrative costs.
 - NRPC's FY26 Indirect Cost Proposal and VTrans approval letter are enclosed.

Northwest Regional Planning Commission

INDIRECT COST PROPOSAL

Fiscal Year 2026

Based on Audited FY24 Costs

April 22, 2025

INDIRECT COST PROPOSAL FOR FY 2026

The FY 2026 Indirect Cost Proposal for Northwest Regional Planning Commission (NRPC) is based on fiscal year 2024 audited costs. It stipulates that the audited costs for fiscal year 2024 will serve as the basis for determining the Indirect Rate for FY 2026. These costs form the basis for the schedule that is attached.

NRPC has included their Cost Policy Statement in this proposal.

INDIRECT COST PROPOSAL
Northwest Regional Planning Commission
St. Albans, Vermont 05478

Executive Director – Catherine Dimitruk – Telephone: (802) 524-5958

Introduction

The Northwest Regional Planning Commission (NRPC) is a multi-funded regional planning organization. It operates and administers a variety of programs, as follows:

<u>Program Title</u>	<u>Funded By</u>
Comprehensive Regional Planning	Vermont Agency of Commerce and Community Development and Vermont Agency of Natural Resources
Transportation Planning Initiatives	Vermont Agency of Transportation
Brownfield's	EPA
Local Government Plans and Implementing Bylaws	Local Governments
General Operations	Local Governments

NRPC operates as a Local Government/Political Subdivision organization and administers programs that deal primarily with local and regional planning issues throughout Franklin and Grand Isle Counties.

NRPC's fiscal year is July 1 through June 30. Funding is received for various periods of time not necessarily coinciding with the Commission's fiscal year.

Cost Allocation Methodology

This Indirect Cost Proposal is to be effective for fiscal year 2026 (7/1/25 – 6/30/26) and is based on the Commission's audited expenses for fiscal year 2024 (7/1/23 – 6/30/24).

During fiscal year 2026 the Commission's accounting system will continue to track actual indirect costs.

This indirect cost proposal addresses all elements of cost incurred by the NRPC and identifies common or shared costs that require consistent and sound allocation in order to be equitably shared by all programs and activities.

Two categories of shared or indirect costs are identified by this proposal. They are combined to calculate a single indirect cost rate which can be applied against a common base to distribute indirect costs proportionately. As a result, each project bears a fair share as envisioned by applicable Federal Cost Principles. In addition, a fringe benefit rate has been separately calculated to equitably distribute fringe costs as provided by the adopted NRPC Personnel Policies.

Individual elements of cost have been classified as direct or indirect in accordance with the principles contained in 2CF200- *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. The standards contained in the cost principles budgetary structures, and generally accepted accounting principles were blended in order to delineate the direct and indirect characteristics of each expenditure category.

Exceptions

The Governmental Accounting Standards Board (GASB), which sets rules for Public Accounting, started requiring that institutions like the NRPC who participate in retirement plans like the Vermont Municipal Employee's Retirement System (VMERS) Defined Benefit plan (pension), carry potential liabilities within the retirement system on their books starting in fiscal year 2019. These liabilities are calculated by VMERS based on actuarial assumptions. NRPC has no management control over potential future liabilities or assets resulting from actions by the VMERS Board. The expenses are not based on or influenced by NRPC operations. The resulting additional or reduced expense based on the liability calculations each year is excluded from the indirect cost pool.

NRPC has assumed the responsibilities of shared Municipal and Partner Services (MPS) which are specialized programs outside of normal core operations. This includes an intermunicipal service agreement with North Hero and Sheldon to provide Zoning Administrator services, Working Communities Challenge, Healthy Roots Program and US Fish and Wildlife. Additional services may be added in the future. MPS expenses are not included in the indirect cost pool. MPS expenses and revenues are not part of NRPC's indirect cost pool or indirect rate calculation.

Effective July 1, 2025, the Healthy Roots program will no longer be within MPS. The Healthy Roots program transitioned to an outside organization during FY25.

Effective July 1, 2025, the Working Communities Challenge program will be brought into NRPC's normal core operations, and its expenses and revenues will become part of NRPC's

indirect cost pool and indirect rate calculation for the remainder of the grant period ending 12/31/2025. This change is necessary because program management is transitioning from a stand-alone Working Communities Challenge coordinator to other NRPC employees and the remaining tasks within the work program are within the framework of NRPC core governmental operations.

Direct Costs

These costs can be identified with a particular project and are budgeted and accounted for as direct charges to each grant/project. The budget for direct costs is provided for within each project through the budgetary process. The NRPC records actual direct costs incurred in each project and these remain within each project without further distribution. These costs consist of salaries and other expenditures directly identifiable to project/grant programs.

Indirect Costs

These costs are incurred for a common purpose benefiting or supporting all Commission programs and activities and are not readily directly assignable. Indirect cost pools have been identified in the indirect cost proposal and are related to bases to facilitate an equitable, rational, and consistent system. Indirect cost pools accumulate actual expenditures on an annual basis and are distributed to projects monthly for reporting and invoicing purposes. As indirect costs are spread to grants/projects, the accounting system parallels this proposal, and is an assurance that reimbursement will be for no more than actual costs incurred. Equitable sharing is assured through the principles embodied in this proposal and carried out in the Commission's accounting system.

This category of costs consists of Management and Administrative salaries, fringe benefits related to M & A salaries, and non-salary support costs necessary for carrying out all programs. These categories of cost are developed individually and then are combined to compute a single rate.

Management and Administrative Salaries (M & A): This is actual time spent in Commission-wide management and administrative support necessary to carry out the programs of the RPC, and only represents that time which cannot be charged directly. This is because we are such a small group that most all of our staff is directly engaged in grant/project work and only a portion of their time in administration or management.

Cost Pools and Rates

The Northwest Regional Planning Commission proposes to use two pools for the accumulation of costs that will be allocated.

<u>Cost Category</u>	<u>Base for Distribution</u>	<u>Rate</u>
Fringe Benefits	Salaries	varies by employee

Indirect Costs:	Salary and Fringe	99.33%
M & A Salaries/Fringe		
Non-Salary Support Costs		
Tuition Reimbursement		

Each category of allocated cost is discussed in the sections that follow, the rate is calculated, and the accounting treatment and rationale for distribution are described.

Personal Account Time (PAT)

PAT includes vacation, sick leave, personal leave, and other designated forms of leave with pay. PAT is determined by length of service and employment type. For regular full-time employees 15 days annually (year one), 20 days annually (year two), and progressing at ten additional increments after the second year of employment. For part-time employees, PAT accrues in proportion to time actually worked. No PAT can be accrued once an employee has hit the maximum of 200 hours or 25 days. The maximum accumulation of Personnel Account Time for regular part-time employees shall be less than 200 hours, proportionate to the time they actually work. Upon termination of employment, any PAT accrued and not used is paid out in a lump sum.

Holiday Leave

The Commission observes 13 holidays annually and all regular full-time employees are eligible for the benefit. Regular part-time employees who work 18 or more hours per week are eligible for the benefit on a prorated basis. Holiday leave is considered to be a cost in the period in which the holiday falls.

Other Leave

The Commission pays additional leave for Family, Medical, Bereavement, Military and Jury Duty. These benefits are a cost in the period in which the employee takes the leave.

Fringe Benefits

Fringe benefits are established by the Commission's Board of Commissioners and are documented in the adopted Personnel Policy. The rates are established annually and calculated for each individual. The rates are adjusted as key factors in establishing the rates change (i.e. changes in salaries, benefits, and staff).

Certificate 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 include in this proposal to establish billing or final indirect costs rates are allowable in accordance with the requirements of the Federal award(s) to which they apply to Title 48 CRF Chapter I Part 31. Unallowable costs have been adjusted for allocating costs as indicated in the proposal.

(2) All costs included in the proposal are properly allocable to Federal 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 VTrans will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Name of Regional Planning Commission: Northwest Regional Planning Commission

Signature Catherine Dimitruk

Name of Official: Catherine Dimitruk

Title: Executive Director

Date of Execution 4/22/2025

Exhibit A
Cost Policy Statement (CPS)
For Indirect Cost Rate Proposal

Northwest Regional Planning Commission (NRPC)
75 Fairfield Street
St. Albans, VT 05478
802-524-5958

I. General Accounting Policies

- A. Basis of Accounting – Accrual Basis
- B. Fiscal Period – July 1 through June 30
- C. Allocation Basis for Individual Cost Elements – Direct Allocation Basis
- D. Indirect Cost Rate Allocation Base – Direct Salaries and Wages including applicable Fringe Benefits
- E. Fringe benefit allocation – NRPC calculates individual employee fringe benefit rates by calculating the costs of the employee’s annual fringe benefits and dividing the employee’s total annual fringe benefits by the employee’s annual salary.
- F. Internal Controls - NRPC maintains adequate internal controls to ensure that no cost is charged both directly and indirectly to Federal contracts or grants. NRPC uses the QuickBooks accounting system software and maintains both hardcopy and electronic records.
- G. Indirect Costs - NRPC accumulates all indirect costs and revenues in accounting items labeled as indirect.

II. Description of Cost Allocation Methodology

- A. Salaries and Wages
 - 1. Direct Costs – the majority of NRPC employees directly charge the majority of their salary costs since their work is specifically identifiable to specific grants or contracts. The charges are supported by auditable labor distribution reports which reflect the actual activities of employees.
 - Indirect Costs – the majority of NRPC employees charge a portion of their salary costs for Admin tasks.
 - 2. Mixed Charges – All core program employees may charge their salary costs to both direct and indirect activities:

The distinction between direct and indirect is primarily based on functions performed. When the positions shown are performing functions that are necessary and beneficial to all programs, they are indirect. When functions

are specific to one or more programs, they are direct because they do not benefit all programs.

Auditable labor distribution records which reflect the actual activities of employees are maintained to support the mix of direct/indirect charges. The time records are signed by the employee and are certified by the Executive Director.

B. Fringe benefits

NRPC contributes to the following fringe benefits for its employees:

1. Worker's compensation
2. FICA
3. Health and Dental Insurance
4. Retirement plan contributions
5. Life Insurance
6. Disability Insurance
7. Paid time off
8. Tuition Reimbursement

Treatment of Fringe Benefits: NRPC's accounting system tracks fringe benefit costs (items 1-6 above) by individual employee. NRPC establishes individual employee fringe benefit rates. Fringe benefits are annually totaled and appropriately distributed between direct and indirect costs.

Treatment of Paid Absences: Paid time off includes vacation, holiday, personal and sick time, and paid family and medical leave. Paid time off is considered part of salary costs and are recorded separately on employee timesheets. Paid time off earned during each fiscal period is recorded as a cost in the period used.

Treatment of Tuition Reimbursement: Tuition reimbursement is recorded as an indirect cost in the period the reimbursement is made.

C. Travel

Travel costs may be charged as either direct or indirect costs depending on the purpose of the trip.

D. Office and Utilities

Office and Utility costs are indirect, shared expenses.

E. Professional Liability Insurance

Professional Liability Insurance costs are indirect, shared expenses.

F. Property Insurance

Property Insurance costs are indirect, shared expenses.

G. Legal

Legal costs may be charged as either direct or indirect costs depending on the reason for the legal consultation.

H. Audit Services

Audit Services costs are indirect, shared expenses.

I. Professional Services

Professional Service costs may be charged as either direct or indirect costs depending on the reason for the consultant services.

J. Interns

Intern costs may be charged as either direct or indirect costs depending on the reason for the intern services.

K. Meetings and Conferences

Meeting and Conference costs may be charged as either direct or indirect costs depending on the reason for meeting attendance.

L. Technology & GIS Supplies

Technology & GIS Supplies may be charged as either direct or indirect costs depending on the reason for purchasing the supply.

M. Printing

Printing costs may be charged as either direct or indirect costs depending on the reason for the printing.

N. Advertising

Advertising costs may be charged as either direct or indirect costs depending on the reason for the advertisement.

O. Dues and Publications

Dues and Publications costs are generally indirect, shared expenses. Some of these costs may be direct charged to an individual project.

P. Postage

Postage costs are generally indirect, shared expenses. Some postage charges may be directly attributable to certain projects.

Q. Telephone and Online

Telephone and Online costs are indirect, shared expenses.

R. Bank & Direct Deposit charges

Bank and Direct Deposit charges are indirect, shared expenses.

S. Software

Software costs are generally indirect, shared expenses. Some software may be directly attributable to certain projects.

T. Equipment and Furniture

Office equipment and furniture costs are generally indirect, shared expenses. Some furniture and equipment purchases may be directly attributable to certain projects. The cost of capital equipment expenses greater than \$5,000 and purchased with non-Federal funds prior to October 1, 2025, are recovered through depreciation charges. NRPC's capitalization threshold for assets acquired prior to October 1, 2024 is \$5,000.

In response to changes to 2 CFR Part 200, the cost of capital equipment expenses greater than \$10,000 and purchased with non-Federal funds on or after October 1, 2025, are recovered through depreciation charges. NRPC's capitalization threshold for assets acquired on or after October 1, 2024 is \$10,000.

U. Depreciation

The cost of capital items purchased with non-Federal funds which are used in a manner which benefits Federal programs is recovered through depreciation charged. NRPC recovers the cost of capital items using straight line depreciation methods in accordance with generally accepted accounting principles. Depreciation is charged indirectly.

V. NRPC recognizes that unallowable costs, defined in 2 CFR Part 200, cannot be charged to Federal awards and has internal controls in place to ensure that this is followed. Examples of unallowable costs are:

- a. Advertising and public relations
- b. Entertainment/alcoholic beverages

- c. Capital expenditures
- d. Defense claims by or against the Federal Government
- e. Interest
- f. Lobbying and fund raising

Catherine Dimitruk

4/22/2025

Catherine Dimitruk, Executive Director
Northwest Regional Planning Commission
75 Fairfield Street
St. Albans, VT 05478

Date

FY2026 INDIRECT RATE CALCULATION WORKSHEET

Step 1 - Document Previously Approved Indirect Rates

Approved FY23 Indirect Rate	93.83%
Approved FY24 Indirect Rate	81.92%
Approved FY25 Indirect Rate	81.31%

Yellow highlights on prior tabs correspond to highlights on this tab.

Step 2 - Show Actual, Allowable, Audited Indirect Costs and Base for FY2024

Actual Audited FY24 INDIRECT COSTS	\$	692,670		1
Actual Audited FY24 Direct salaries	\$	705,723	Inc. Fringe	2
Actual Audited FY24 Direct fringe	+			3
Actual Audited DIRECT COSTS	\$	705,723		4
Actual Indirect Rate for FY24	(INDIRECT/DIRECT)	98.15%		

Step 3 - Calculate the Carry Forward Adjustment

	Direct	5	Indirect	6	
Actual recovered Direct & Indirect Costs in FY24	\$	718,101	\$	582,170	(from FY24 rev sheet)
Indirect that should have been recovered		98.15%	\$	704,819	
Difference in indirect costs recovered			\$	(122,650)	

Step 4 - Estimate Indirect Costs and Base for Proposed Indirect Rate Calculation

ESTIMATED FY26 INDIRECT COSTS	\$	664,546	
ESTIMATED FY26 Direct salaries	\$	749,536	
ESTIMATED FY26 Direct fringe	\$	-	
Estimated DIRECT COSTS	\$	749,536	

Step 5 - Calculate the Proposed Rate with Carry Forward Adjustment

	Estimated Costs for FY24			Carry Forward Adjustment		
INDIRECT COSTS	\$	664,546	+/-	\$	80,000	= \$ 744,546
DIRECT COSTS						\$ 749,536
Proposed Indirect Rate for FY26						99.33%

**NORTHWEST REGIONAL PLANNING COMMISSION
INDIRECT COST RATE PROPOSAL FOR FY 2026
USING FY 2024 AUDITED COSTS**

Cost Category	Direct Expenses	Indirect Expenses	Unallowed Indirect Expenses	TOTAL FY2024 Expenses	
Salaries, Wages & Fringe Benefits	705,723.19	520,659.18		1,226,382.37	42%
salaries, wages and fringe benefits	705,723.19	520,659.18		1,226,382.37	
2 & 4					
Travel	9,521.72	1,344.72		10,866.44	12%
Advertising	984.40	753.00		1,737.40	43%
Insurance	-	11,221.83		11,221.83	100%
Library	42.80	-		42.80	0%
Meeting	4,535.53	6,666.72		11,202.25	60%
Membership Dues	12,412.00	1,483.00		13,895.00	11%
Equipment/furniture/software	13,775.32	67,305.41		81,080.73	83%
Postage	-	1,552.30		1,552.30	100%
Consultants/Professional fees	444,815.36	27,317.50		472,132.86	6%
Telephone	-	19,952.00		19,952.00	100%
Building Services	-	34,414.54	(7,950.76)	26,463.78	130%
	486,087.13	172,011.02	(7,950.76)	650,147.39	26%
Total	1,191,810.32	692,670.20		1,876,529.76	
		1			
Overhead (Indirect) Rate					
TOTAL INDIRECT EXPENSES	\$ 692,670				
TOTAL DIRECT LABOR & FRINGE BEN	\$ 705,723	=		98.15%	

Northwest Regional Planning Commission
Indirect charged calculation

		Labor	Indirect
ACCD Contract	487,589.22	268,023.97	219,565.25
BBR Category A	5,877.56	3,230.85	2,646.71
VAOT	219,706.30	120,770.85	98,935.45
EDA	40,094.63	22,039.71	18,054.92
Brownfields & Fish/Wildlife	23,763.89	13,062.83	10,701.06
Public Safety	110,401.12	60,686.64	49,714.48
VT Dept of Health	4,362.36	2,397.95	1,964.41
DBGS	19,074.43	10,485.06	8,589.37
VANR-Water Quality	165,121.18	90,765.83	74,355.35
Grants in Aid	23,722.94	13,040.32	10,682.62
Healthy Roots	21,256.30	11,434.50	9,821.80
Shared Services	0.00		
Misc. Income	84,685.61	50,153.48	34,532.13
NBRC	4,175.28	2,295.12	1,880.16
Municipal Assessments	0.00		-
Municipal Contracts	90,439.96	49,714.12	40,725.84
	1,300,270.78	718,101.23	582,169.55

NORTHWEST REGIONAL PLANNING COMMISSION

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Total
REVENUES		
ACCD Grant	\$ 559,506	\$ 559,506
VAOT Grant	269,061	269,061
Clean Water Service Provider	180,107	180,107
Shared Services and Healthy Roots	393,682	393,682
Municipal Contracts	116,058	116,058
Municipal Assessments	66,397	66,397
Interest and Miscellaneous Income	87,564	87,564
Other Grants	532,174	532,174
TOTAL REVENUES	<u>2,204,549</u>	<u>2,204,549</u>
EXPENDITURES		
Current:		
Salaries	1,137,919	1,137,919
Fringe Benefits	341,139	341,139
Travel	13,709	13,709
Consultants and Professional Fees	472,234	472,234
Shared Services Expenses	58,488	58,488
Office Supplies and Printing	27,252	27,252
Postage	1,552	1,552
Technology and Software	60,140	60,140
Telephone	19,952	19,952
Advertising	4,707	4,707
Building	26,464	26,464
Insurance	11,222	11,222
Dues and Memberships	13,895	13,895
Meetings	12,661	12,661
TOTAL EXPENDITURES	<u>2,201,334</u>	<u>2,201,334</u>
NET CHANGE IN FUND BALANCE	<u>3,215</u>	<u>3,215</u>
FUND BALANCE - JULY 1, AS PREVIOUSLY REPORTED	743,078	743,078
FUND BALANCE CORRECTIONS	<u>34,628</u>	<u>34,628</u>
FUND BALANCE - JULY 1, AS RESTATED	<u>777,706</u>	<u>777,706</u>
FUND BALANCE - JUNE 30	<u>\$ 780,921</u>	<u>\$ 780,921</u>

See accompanying independent auditor's report and notes to financial statements.



**State of Vermont
Agency of Transportation
Finance & Administration Division
Audit Section**

219 North Main Street
Barre, VT 05641

May 5, 2025

Ms. Catherine Dimitruk
Executive Director
Northwest Regional Planning Commission
75 Fairfield Street
St. Albans, VT 05478

Subject: Regarding Indirect Cost Recovery Rate for FY2026

Dear Ms. Dimitruk:

As you know, your regional planning commission (RPC) is a political subdivision of the state, considered a local government whose indirect rate proposal must be prepared in compliance with 2 CFR Part 200. Vermont Agency of Transportation Memorandum of Understanding MU0378 agreement executed July 1, 2023, details the conditions for preparation, submittal, and approval of RPC indirect cost rates.

I have reviewed your proposed indirect cost rate of **99.33%** for July 1, 2025 through June 30, 2026 based on Northwest Regional Planning Commission's audited costs for FY2024. You have certified to us, as required in the MOU, the inputs and calculations used to arrive at this rate are to the best of your knowledge compliant, accurate, and true. Based upon our review and your certification, we accept this rate for conducting business with the Vermont Agency of Transportation. Please note that we may adjust this rate if we obtain additional information that warrants it. We reserve the right to audit this rate or seek further information from the independent auditors pertaining to the procedures they performed.

We look forward to continuing to work with you and your colleagues at Northwest Regional Planning Commission.

Sincerely,
DocuSigned by:

Kara Mayo

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Kara Mayo

AOT Audit Specialist

Karal.j.mayo@vermont.gov

copy: Amy Adams – aadams@nrpcvt.com

