

DRAFT



# 2026 Cost Allocation Plan

(Prepared 2/03/2026)

Skagit Council of Governments  
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SKAGIT COUNCIL OF GOVERNMENTS  
COST ALLOCATION PLAN

January 1, 2026 – December 31, 2026

This is to certify that I have reviewed the Cost Allocation Plan submitted herewith and to the best of my knowledge and belief:

(1) All costs included in this proposal dated February 18, 2026, to establish billing or final indirect costs rates for 2026 are allowable in accordance with the requirements of the Federal award(s) to which they apply and 2 CFR Part 200, "States and Local Government and Indian Tribe Indirect Cost Proposals." 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 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 will be notified of any accounting changes that would affect the predetermined rate.

I declare that the foregoing is true and correct.

Approved by SKAGIT COUNCIL OF GOVERNMENTS BOARD OF DIRECTORS this  
18<sup>th</sup> day of February 2026.

\_\_\_\_\_  
Peter Donovan, Mayor of Mount Vernon  
SCOG Chair

\_\_\_\_\_  
Date

\_\_\_\_\_  
Jill Boudreau, Executive Director

\_\_\_\_\_  
Date

## INTRODUCTION

The Skagit Council of Governments (SCOG) activity and staffing levels for 2026 are anticipated to remain the same as 2025.

The proposed 2026 indirect cost rate is increasing from 89% to 110%. Overhead costs exceeded the estimate for 2025 due to the executive director search expense and more administrative time than anticipated. The under recovered amount from 2025 is added to the 2026 rate.

The proposed 2026 fringe benefit rate is decreasing from 84% to 74%. The 2025 rate had included an under recovery from 2024.

The 2026 rates proposed by this plan are:

Indirect Cost Rate	110%
Fringe Benefit Rate	74%

## ALLOCATION METHOD

The Skagit Council of Governments uses the fixed rate with carry forward method to allocate indirect costs and fringe benefits. During the budgeting process rates are established by estimating indirect costs as a percentage of direct labor costs and the fringe benefits as a percentage of direct, excluded and indirect labor costs. The rates are used to allocate indirect and fringe benefit costs each month regardless of actual costs incurred. After the close of each calendar year, the indirect and fringe costs recovered are compared to the actual costs to determine the amount to carry forward as an adjustment to the following year's rates.

**Table 1: 2025 Income and Expenses**

<b>Skagit Council of Governments</b>		
<b>Actual 2025 Income &amp; Expenditures</b>		
<b>INCOME</b>		
Federal Transportation	\$	1,069,291
State Transportation		96,892
Local Agreements & Grants		84,283
Investment Interest		14,612
Member Dues & Other Local		171,136
Non-Governmental & Misc		-
TOTAL INCOME	\$	1,436,214
<b>EXPENSES</b>		
Advertising	\$	1,811
Conference & Training		2,093
Computer & Software		6,048
Dues & Subscriptions		6,513
Fees		1,374
Insurance		9,523
Meeting Expenses		504
Payroll Salaries & Wages		506,205
Payroll Taxes & Benefits		249,208
Printing		625
Professional Services		778,523
Rent		38,400
Supplies		777
Travel		5,588
Utilities		3,364
Other		-
TOTAL EXPENSES	\$	1,610,557

**Table 2: 2025 Indirect Salaries & Benefits**

POSITION	SALARIES	BENEFITS	TOTALS
Executive Director	\$ 42,718	\$ 35,883	\$ 78,601
Executive Assistant	33,525	\$ 28,161	61,686
Staff	16,705	\$ 14,032	30,737
Totals	\$ 92,948	\$ 78,076	\$171,024

**Table 3: Reconciliation of 2025 Indirect Cost Recovery**

2025 Actual Expenses	Total Expenses	Indirect	Excluded	Direct
Wages (excluding paid leave)	\$428,464	\$92,948	\$0	\$335,516
Benefits (including paid leave)	326,949	78,076	-	248,873
Total Wages & Benefits	\$755,413	\$171,024	\$0	\$584,389
<b>Other Expenses</b>				
Advertising	\$1,811	\$0	\$0	\$1,811
Conference & Training	2,093	-	-	2,093
Computer & Software	6,048	2,991	-	3,057
Dues & Subscriptions	6,513	5,668	-	845
Equipment & Furniture	-	-	-	-
Fees	1,374	1,124	-	250
Insurance	9,523	9,523	-	-
Meeting Expenses	504	43	-	461
Printing	625	625	-	-
Professional Services	778,523	157,798	-	620,725
Rent	38,400	38,400	-	-
Repair & Maintenance	-	-	-	-
Supplies	777	777	-	-
Travel	5,588	1,604	-	3,984
Utilities	3,364	3,364	-	-
Other	-	-	-	-
Total Other Expenses	\$855,143	\$221,917	\$0	\$633,226
Totals	\$1,610,556	\$392,941	\$0	\$1,217,615
Actual year 2025 indirect costs		\$392,941		
+/- 2024 indirect cost carry-forward		(6,469)		
Indirect costs eligible for recovery in 2025		\$386,472		
Indirect cost recovered in 2025		287,426		
Under/(over) recovery in 2025 (carried forward into 2026 rate calculation)		\$99,046		

**Table 4: Estimated 2026 Indirect Salaries & Benefits**

POSITION	SALARIES	BENEFITS	TOTALS
Executive Director	\$ 34,000	\$ 25,276	\$ 59,276
Executive Assistant	36,014	\$ 26,775	62,789
Staff	15,530	\$ 11,546	27,076
Totals	\$ 85,544	\$ 63,597	\$ 149,141

**Table 5: 2026 Estimated Indirect, Excluded & Direct Costs**

2026 Proposed Expenses	Total Expenses	Indirect	Excluded	Direct
Wages (excluding paid leave)	\$454,529	\$85,544	\$0	\$368,985
Benefits (including paid leave)	337,912	63,597	-	274,315
Total Wages & Benefits	\$792,441	\$149,141	\$0	\$643,300
<b>Other Expenses</b>				
Advertising	\$2,900	\$1,000	\$0	\$1,900
Conference & Training	15,000	2,000	-	13,000
Computer & Software	8,200	3,100	-	5,100
Dues & Subscriptions	7,920	7,120	-	800
Equipment & Furniture	1,000	1,000		
Fees	1,375	1,375	-	-
Insurance	6,000	6,000	-	-
Meeting Expenses	450	450	-	-
Pass-Through Funding	35,000	-	-	35,000
Phones	-	-	-	-
Postage	-	-	-	-
Printing	8,000	-	-	8,000
Professional Services	225,030	90,030	-	135,000
Rent	38,400	38,400	-	-
Repair & Maintenance	500	500	-	-
Supplies	2,400	2,400	-	-
Travel	10,000	2,000	-	8,000
Utilities & Janitorial	3,600	3,600		
Total Other Expenses	\$365,775	\$158,975	\$0	\$206,800
Totals	\$1,158,216	\$308,116	\$0	\$850,100

**Table 6: 2026 INDIRECT COST RATE CALCULATIONS**

2026 Budgeted Indirect Cost	\$ 308,116		
2025 Indirect carry-forward	99,046		
	<u>\$ 407,162</u>		
2026 Budgeted Direct Salaries	\$ 368,985		
Total Indirect Cost	407,162		
	-----	=	<b>110%</b>
Total Direct Salaries	368,985		

**Table 7: RECONCILIATION OF 2025 FRINGE BENEFIT RECOVERY**

2025 Actual Benefit Expenses	Total	
Holiday Leave	\$ 21,339	
Personal Day Leave	4,840	
Sick Leave	12,926	
Vacation Leave	38,636	
Other Paid Leave	-	
Total Paid Leave	<u>\$ 77,741</u>	
Medical/Dental/Vision/Life/LTD	\$ 170,167	
Retirement	37,075	
Social Security/Medicare	38,724	
Workers Compensation Insurance	2,321	
Unemployment Insurance	920	
Other Allowance	-	
Total Other Benefits	<u>\$ 249,207</u>	
<b>Totals</b>	<b>\$ 326,948</b>	
Actual 2025 Benefit expense incurred	\$ 326,948	
+/- 2024 benefit carry-forward	31,650	
Benefit expense eligible for recovery in 2025	<u>\$ 358,598</u>	
Benefits recovered in 2025	359,910	
Under/(over) recovered for 2025 (carried forward into 2026 rate calculation)	<u>\$ (1,312)</u>	

**Table 8: ESTIMATED 2026 FRINGE BENEFIT COSTS**

Benefit	Budget Amount
Total Paid Leave	\$ 78,446
Medical/Vision/Life/LTD	\$178,023
Dental	8,197
Retirement	29,182
Social Security/Medicare	40,772
Workers Compensation (Industrial Ins.)	2,330
Unemployment Insurance	962
Total Other Benefits	\$259,466
Total Estimated Fringe Benefits	\$337,912

**Table 9: 2026 FRINGE BENEFIT RATE CALCULATIONS**

2026 Budgeted Fringe Benefits	\$ 337,912		
2025 Fringe Benefit carry-forward	(1,312)		
2026 Recoverable Fringe Benefits estimate	\$ 336,600		
2026 Budgeted Direct Salaries	\$ 368,985		
2026 Budgeted Indirect Salaries	85,544		
2026 Budgeted Excluded Salaries	-		
Total Salaries & Wages (excluding paid leave)	\$ 454,529		
Total Fringe Benefits	336,600		
	-----	=	<b>74%</b>
Total Salaries (excluding paid leave)	454,529		