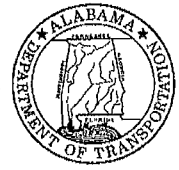




ALABAMA DEPARTMENT OF TRANSPORTATION

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Montgomery, Alabama 36110

Telephone: 334.242.6311



Kay Ivey
Governor

John R. Cooper
Transportation Director

August 31, 2023

Suzanne Holston, CFO
Thompson Engineering, Inc. and Watermark Design Group, LLC
2970 Cottage Hill Road, Suite 200
Mobile, AL 36606

Subject: 2022 CPA's Indirect Cost Rate Audit Workpaper Review
Report Number: A23-CPAWP-41

Dear Ms. Holston:

We have performed a cognizant review of the examination, and supporting workpapers, of the Indirect Cost Rates of Thompson Engineering, Inc. and Watermark Design Group, LLC, for the fiscal year ended December 31, 2022, in accordance with our role as Cognizant Agency as defined in 23 U.S.C. 112(b)(2)(c) and 23 CFR 172.3 and 172.7. The examination was performed by the independent CPA firm of Warren Averett, LLC. The CPA represented that the examination was conducted in accordance with Government Auditing Standards as promulgated by the Comptroller General of the United States of America, and the examination was designed to determine that the indirect cost rates were established in accordance with Cost Principles contained in the Federal Acquisition Regulations, 48 CFR Part 31. Our cognizant review was performed in accordance with the AASHTO Review Program for CPA Audits of Consulting Engineers' Indirect Cost Rates.

In connection with our cognizant review, nothing came to our attention that caused us to believe that the examination, and supporting workpapers for the indirect cost rates, and the related accountant's report we reviewed did not conform in all material respects to the aforementioned regulations and auditing standards.

We recommend acceptance of the following rates for the fiscal year ended December 31, 2022.

<u>Description</u>	<u>Rate</u>
Home Office Indirect Cost Rate	189.89%
Field Office Indirect Cost Rate	139.61%
FCCM Rate	0.42%

According to 23 CFR 172.7(d), pursuant to 23 U.S.C. 112, ALDOT will provide the results of this indirect cost rate approval along with any supporting documentation to any other State Department of Transportation or Federal Highways Administration office.

Sincerely Yours,

Alex Hetzel
Alabama Department of Transportation
External Audit Supervisor