

**Cost Accounting
Standards Board
Disclosure Statement
(Form DS-2)
For Educational Institutions
(Required by Public Law 100-679)**



**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

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**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

GENERAL INSTRUCTIONS



1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the Educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a Central or Group office and are allocated to one or more segments performing under Federally sponsored agreements.
3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.
4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.
5. The Statement must be signed by an authorized signatory of the reporting unit.
6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.
7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.
8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

**COST ACCOUNTING STANDARDS BOARD
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GENERAL INSTRUCTIONS



9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement to the Government (Also see 48 CFR 9903.202-3).
10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.
11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number ____" and "Effective Date ____" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.

End of General Instructions

FORM CASB DS-2 (REV 10/94)

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

COVER SHEET AND CERTIFICATION



Revision Number: 3
Effective Date: July 01, 2015

Item No.

0.1.0
Revised

Educational Institution

- (a) Name: The University of Arizona
- (b) Street Address: University Services Building
888 North Euclid Avenue, Room 502
Tucson, AZ 85719
- (c) City, State and ZIP Code: _____
- (d) Division or Campus of (if applicable) _____

0.2.0

Reporting Unit is: (Mark one.)

- A. Independently Administered Public Institution
- B. Independently Administered Nonprofit Institution
- C. Administered as Part of a Public System
- D. Administered as Part of a Nonprofit System
- E. Other (Specify) _____

0.3.0
Revised

Officials to Contact Concerning this Statement:

<i>Part II Only</i>	(a) Name and Title:..... <u>Lori Ann M. Schultz</u> <u>Senior Director of Research Partnership Services</u> <u>Research, Discovery and Innovation</u>
	(b) Phone Number:..... <u>(520) 626-9195</u>
<i>All Other Parts</i>	(a) Name and Title:..... <u>Nicole Salazar</u> <u>Comptroller</u> <u>Financial Services</u>
	(b) Phone Number (include area code and extension) <u>(520) 621-7739</u>

0.4.0
Revised

Statement Type and Effective Date:

- A. (Mark type of submission. If a revision, enter number)
 - (a) Original Statement
 - (b) Amended Statement; Revision No. 3
- B. Effective Date of this Statement: (Specify) July 01, 2015

0.5.0
Revised

Statement Submitted To (Provide office name, location and telephone number, include area code and extension):

- A. Cognizant Agency for Indirect Costs:
 - Arif Karim
 - Director, Cost Allocation Services
 - National Headquarters
 - U.S. Department of Health & Human Services
 - 1301 Young Street, Room 732
 - Dallas, TX 75202
 - Phone: (214) 767-3600

**COST ACCOUNTING STANDARDS BOARD
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COVER SHEET AND CERTIFICATION



Item No.	Revision Number: 3 Effective Date: July 01, 2015
B.	<p>Cognizant Agency for Audit:</p> <p>.....Lori Ahlstrand</p> <p>.....Regional Inspector General for Audit Services</p> <p>.....U.S. Department of Health & Human Services</p> <p>.....Office of Inspector General</p> <p>.....Office of Audit Services</p> <p>.....90 7th Street, Suite 3-650</p> <p>.....San Francisco, CA 94103</p> <p>.....Phone: (415) 437-8360</p>

**COST ACCOUNTING STANDARDS BOARD
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EDUCATIONAL INSTITUTIONS**

COVER SHEET AND CERTIFICATION



Revision Number: 3
Effective Date: July 01, 2015

Item
No.

Certif
Revised

Certification

I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.

Date of Certification: March 28, 2017



(Signature)

Kimberly Andrews Espy

(Print or Type Name)

Senior Vice President for Research

(Title)



(Signature)

Gregg Goldman

(Print or Type Name)

Senior Vice President for Business Affairs

(Title)

THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE IS
PRESCRIBED IN 18 U.S.C. § 1001

End of Cover Sheet and Certification

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS**

PART I - GENERAL INFORMATION



Revision Number: 3
Effective Date: July 01, 2015

Item No.	
	Part I
1.1.0	<p>Description of Your Cost Accounting System for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Accrual</p> <p>B. <input checked="" type="checkbox"/> Modified Accrual Basis ^{1/}</p> <p>C. <input type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other ^{1/}</p>
1.2.0	<p>Integration of Cost Accounting with Financial Accounting. The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.) ^{1/}</p> <p>C. <input checked="" type="checkbox"/> Combination of A and B ^{1/}</p>
1.3.0	<p>Unallowable Costs. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. ^{1/}</p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers. ^{1/}</p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. ^{1/}</p> <p>D. <input checked="" type="checkbox"/> Combination of A, B or C. ^{1/}</p> <p>E. <input type="checkbox"/> Determinable by other means. ^{1/}</p>
1.3.1	<p>Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)</p>
1.4.0	<p>Cost Accounting Period: <u>7/1 to 6/30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</p>
1.5.0	<p>State Laws or Regulations. Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.</p>
	<p>^{1/} See (or describe on a) Continuation Sheet.</p>

**COST ACCOUNTING STANDARDS BOARD
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PART I - CONTINUATION SHEET



Revision Number: 3
Effective Date: July 01, 2015

Item No.

1.1.0 Description of Your Cost Accounting System.

Revised

B. Modified Accrual Basis.

Direct costs are charged to sponsored agreements on a modified accrual basis. Direct charges are posted to the agreements on a cash basis. Year-end accruals are made for accounts payable, salaries and related fringe benefits.

Indirect cost and fringe benefit rates are based on the University's Comprehensive Annual Financial Reports which include normal year-end accruals for salaries, accounts payable and other costs.

(Note: As used in this document, the term "salaries" includes both salaries and wages.)

1.2.0 Integration of Cost Accounting with Financial Accounting.

Revised

C. Combination of A and B.

Direct costs charged to sponsored agreements are fully integrated with UAccess Financials and UAccess Employee, the University's official enterprise accounting and human resources (including payroll) systems.

The amounts included in the University's indirect cost pools are based on cost information generated by the financial accounting system. However, adjustments and reclassifications are needed to recast the information in the financial statements into the cost pools required by Title 2, Subtitle A, Chapter II, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (hereafter referred to as "Uniform Guidance"). The specific adjustments and reclassifications are listed and explained in the University's most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012), Section B, Reconciliation Schedules B2, B3, and B4, and subsequent related correspondence between the University and the U.S. Department of Health & Human Services, Cost Allocation Services. Also, as discussed in Item **3.1.0.A**, the interest expense indirect cost pool and some of the costs in the General Administration and Departmental Administration pools are not accumulated entirely by the formal accounting system and must therefore be supplemented with cost analysis techniques or other calculations. The allocation of indirect costs and fringe benefits, and the development of indirect cost and fringe benefit rates, are also accomplished through cost analysis procedures that are not part of the formal accounting system.

As noted in Item **3.5.0(i)**, the Organized Research base includes University-funded expenditures incurred for the following: mandatory and voluntary committed cost sharing on sponsored research agreements; and compensation in excess of the NIH salary cap (plus fringe benefits), when related to HHS-funded sponsored research agreements. Such expenditures are separately budgeted and accounted for in discrete subaccounts within UAccess Financials. Policies and procedures applicable to sponsored agreements are described in pertinent Research Gateway web pages.

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PART I - CONTINUATION SHEET



Revision Number: 3
Effective Date: July 01, 2015

Item No.

1.3.0
Revised

Unallowable Costs.

D. Combination of A, B, or C.

Unallowable costs are charged to specific object codes in UAccess Financials, the University's official enterprise accounting system. The costs recorded in these object codes are excluded from the direct and indirect costs charged to Federally sponsored agreements. Additionally, costs incurred by organizational units whose overall activities are unallowable (e.g., Development Office, Alumni Office) are identified by the accounting system at the department or account level and removed from the indirect cost pools allocated to Federally sponsored agreements. A review (scrub) to identify unallowable costs is made during the development of the University's indirect cost proposals.

1.3.1
Revised

Treatment of Unallowable Costs.

Unallowable costs are excluded from charges to Federally sponsored agreements. Unallowable directly associated costs as defined in CAS 505 are also excluded from charges to Federally sponsored agreements.

As required by CAS 505, where unallowable costs would normally be part of a regular indirect cost allocation base, they remain in that base. This is accomplished by classifying unallowable costs as "Other Institutional Activities" and allocating indirect costs to these activities as part of the normal indirect cost allocation process. The classification of unallowable activities as Other Institutional Activities is required by Section A.1.d of **Appendix III** in the Uniform Guidance. In the interest of consistency, the University has elected to treat all unallowable costs in this manner if the unallowable costs are the types of costs that would be included in the modified total direct cost (MTDC) base specified in Section C.2 of **Appendix III** in the Uniform Guidance.

1.5.0
Revised

State Laws or Regulations.

The following costs are affected by State laws/regulations and statewide administration:

- Defined-benefit pension (retirement) plan and Retiree Accumulated Sick Leave (RASL): See Items **2.6.0 (second bullet)** and **6.1.2**.
- Health, Dental, Vision, Accident, Life, and Disability Insurances: See Items **2.6.0 (first bullet)** and **6.3.0.Y**.
- Employee Liability Insurance: See Items **2.6.0 (fifth bullet)** and **6.4.1.Y**.
- Workers' Compensation Insurance: See Items **2.6.0 (fourth bullet)** and **6.4.1.Y**.
- Property Insurance: See Items **3.4.0(b)** and **6.4.2.Y**.
- General Liability Insurance: See Items **3.4.0(c)** and **6.4.2.Y**.
- Statewide central services. See Items **3.1.0(c)** and **3.4.0(c)**.

End of Part I

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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EDUCATIONAL INSTITUTIONS**

PART II - DIRECT COSTS



Revision Number: 3
Effective Date: July 01, 2015

Item No.	
	Instructions for Part II
	Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.
2.1.0	<u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For all major categories of cost under each major function or activity such, as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)
2.2.0	<u>Description of Direct Materials.</u> All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)
2.3.0	<u>Method of Charging Direct Materials and Supplies.</u> (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)
2.3.1	<u>Direct Purchases for Projects are Charged to Projects at:</u> A. <input type="checkbox"/> Actual Invoiced Costs B. <input checked="" type="checkbox"/> Actual Invoiced Costs Net of Discounts Taken Y. <input type="checkbox"/> Other(s) ^{1/} Z. <input type="checkbox"/> Not Applicable
2.3.2	<u>Inventory Requisitions from Central or Common, Institution-owned Inventory.</u> (Identify the inventory valuation method used to charge projects): A. <input checked="" type="checkbox"/> First In, First Out B. <input type="checkbox"/> Last In, First Out C. <input type="checkbox"/> Average Costs ^{1/} D. <input type="checkbox"/> Predetermined Costs ^{1/} Y. <input checked="" type="checkbox"/> Other(s) ^{1/} Z. <input type="checkbox"/> Not Applicable
2.4.0	<u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefit costs, if any, within each major institutional function or activity that are charged as direct personal services.)
	^{1/} See (or describe on a) Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
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EDUCATIONAL INSTITUTIONS**

PART II - DIRECT COSTS



Revision Number: 3
Effective Date: July 01, 2015

Item No.

2.5.0 **Method of Charging Direct Salaries and Wages.** (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)

Method	--- Direct Personal Services Category ---			
	Faculty (1)	Staff (2)	Students (3)	Other ^{1/} (4)
A. Payroll Distribution Method (Individual time card/actual hours and rates)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. Plan – Confirmation (Budgeted, Planned or assigned work activity, updated to reflect significant changes)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. After-the-fact Activity Records (Percentage Distribution of employee activity)	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
D. Multiple Confirmation Records (Employee Reports prepared each academic term to account for employee’s activities, direct and indirect charges are certified separately.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Y. Other(s) ^{1/}	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

2.5.1 **Salary and Wage Cost Distribution Systems.** Within each major function or activity, are the methods marked in Item **2.5.0** used by all employees compensated by the reporting unit? (If “NO”, describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)

- Yes
- No^{1/}

2.5.2 **Salary and Wage Cost Accumulation System.** (Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee’s direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and the wage cost distributions are reconciled with the payroll data recorded in the institution’s financial accounting records.) **Z**

2.6.0 **Description of Direct Fringe Benefits Costs.** All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet all of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.) **Z**

^{1/} See (or describe on a) Continuation Sheet.

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PART II - DIRECT COSTS



Revision Number: 3
Effective Date: July 01, 2015

Item No.

2.6.1 **Method of Charging Direct Fringe Benefits.** (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0 is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.) **U**

2.7.0 **Description of Other Direct Costs.** All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.) **U**

2.8.0 **Cost Transfers.** When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)
 Yes
 No **U**

2.9.0 **Interorganizational Transfers.** This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)

<u>Basis</u>	<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)
A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
C. At established catalog or market price or prices based on adequate competition.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Y. Other(s) ^{1/}	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Z. Interorganizational transfers are not applicable.	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>

^{1/} See (or describe on a) Continuation Sheet.

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Item No.

2.1.0
Revised

Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.

The University follows the general guidelines in §§ **200.413** and **200.414** of Subpart E in the Uniform Guidance in determining the treatment of costs as direct or indirect. Accordingly, costs that can be identified specifically with a particular sponsored project, instructional activity, or other institutional activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy, are treated as direct costs. Conversely, costs incurred for common or joint objectives which cannot be identified readily and specifically with a particular sponsored project, instructional activity or other institutional activity, are treated as indirect costs. The University's indirect costs are consistent with the definitions of specific indirect cost categories in Section B of **Appendix III** in the Uniform Guidance.

The University also follows the guidelines in Section B.6.(b) of **Appendix III** in the Uniform Guidance which specify the normal treatment of certain costs commonly incurred by academic departments and organized research units.

Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or indirect costs. Applicable policy is described on the following web page in the University's Research Gateway: Policy and Guidance; Research Administration Policies, Procedures, Guidelines and Notices; Financial; Direct and Indirect Costs of Sponsored Agreements.

Within academic departments and organized research units, major cost categories are treated as follows:

- Salaries and fringe benefits of faculty, academic professionals (e.g., research scientists/associates/specialists, post-doctoral fellows), technicians, lab assistants, graduate associates/assistants, and student hourly employees are treated as direct costs when associated with research projects, instructional activities and other direct cost objectives. Salaries and fringe benefits of faculty and professional staff are treated as indirect costs when associated with administrative activities.
- Salaries and fringe benefits of administrative and clerical staff are normally treated as indirect costs, as required by § **200.413**(c) of Subpart E in the Uniform Guidance. However, in accordance with that section, such personnel may be direct charged to Federal awards when all of the following conditions are met: (i) their services are integral to a project or activity; (ii) individuals involved can be specifically identified with the project or activity; (iii) applicable costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and (iv) the costs are not also recovered as indirect costs. These situations are considered "unlike circumstances" under CAS 502.
- Goods and services may be direct charged to Federally sponsored agreements in accordance with the requirements of **Subpart E** in the Uniform Guidance and Financial Services Manual Sections 9.10 ("Requisitions/ Reimbursements") and, where applicable, 18.10 ("Service/Recharge Center Policy").

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	<ul style="list-style-type: none"> • The costs of laboratory supplies (e.g., chemicals, glassware, tissue cultures), animals, animal care/supplies, patient care, subjects/participants, instructional books and reference materials, travel, specialized/technical services, consultants, long distance (toll) telephone, and the other items enumerated in Items 2.2.0 and 2.7.0 identifiable to Organized Research, Instruction, or other direct cost objectives are treated as direct costs. • Rent and other facility costs of off-campus facilities used to conduct research or other direct cost objectives are treated as direct costs. • The costs of office supplies, postage, and memberships are treated as indirect costs, except under the conditions specified in Section 9.10 (Requisitions/Reimbursements) of the Financial Services Manual, which the University considers "unlike circumstances" under CAS 502. • Basic telephone and network (data) communication services provided to personnel actually engaged in F&A functions are treated as indirect costs. Basic services that are provided to personnel in all other functions (including sponsored agreements) are treated as direct costs. Currently, the University does not directly charge sponsored agreements for basic communication services provided by University Information and Technology Services – Telecommunications & Network Solutions, an institutional service center. Instead, related costs are borne by the University as a form of “voluntary uncommitted cost sharing,” hence, as a direct cost. <p>As indicated above, the University’s policies permit direct charges for administrative and clerical salaries, office supplies, postage, and memberships only under exceptional circumstances consistent with Section B.6.(b) of Appendix III in the Uniform Guidance. In implementing these policies, the University relies on the judgment of principal investigators and other responsible officials to determine whether these circumstances exist for a particular project, and requires that proposed direct charges for these costs be fully justified to sponsoring agencies in grant applications and contract proposals. For programs that do not require submission of a project budget to the sponsoring agency (such as NIH modular grants), the costs must be justified and approved by a designated University official. If a need for these costs arises after a project’s budget has been approved, a rebudgeting action to permit direct charging the costs to the project requires a justification and approval of a designated University official.</p> <p>Costs normally treated as indirect, such as administrative and clerical salaries, may be charged directly to non-federal sponsored agreements if permitted by the sponsor. Since these costs would have otherwise been included in the indirect costs allocable to Federally sponsored agreements, this practice reduces the total cost borne by Federal programs.</p> <p>To assure consistent treatment of costs between Federally sponsored agreements and non-sponsored activities, “Direct Charge Equivalents” (DCEs) are used to assign an appropriate amount of departmental general fund expenses (e.g., general support salaries, travel, telephone expenses) directly to Instruction and other non-sponsored direct cost objectives. DCEs are mathematical formulas which estimate the portion of departmental general fund expenses that should be assigned directly to non-sponsored activities, and the portion that should be included in the Departmental Administration (DA) indirect cost pool. (See description of the accumulation of DA expenses in Item 3.1.0.A.(d)). The use of DCEs is a long established accounting convention that is designed to help achieve consistent treatment of costs at academic institutions as required by the Uniform</p>

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2.2.0	<p>Guidance and CAS 502, and at the same time recognize the generally accepted accounting practices of the institutions.</p> <p><u>Description of Direct Materials.</u></p> <p>The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include the following: laboratory supplies (e.g., chemicals, compressed gases, liquids, glassware, tissue cultures); electronic data processing software and supplies; medical/surgical supplies; agricultural/field supplies; animals and animal supplies; radioactive materials; and instructional books and reference materials.</p>
2.3.2 Revised	<p><u>Inventory Requisitions from Central or Common, Institution-owned Inventory.</u></p> <p>Y. <u>Others.</u></p> <p>Resale materials/supplies in central stores, stockrooms and retail operations normally are inventoried on the First In, First Out (FIFO) basis. Exceptions are as follows:</p> <ul style="list-style-type: none"> • Retail Inventory Method: This method is used by the UA BookStores; and • Weighted-Average Method: This method is used by University Information Technology Services – Telecommunications & Network Solutions and the Facilities Management Service Department.
2.4.0	<p><u>Description of Direct Personal Services.</u></p> <p>The principal classes of direct personal service costs are faculty, academic professionals (e.g., research scientists/associates/specialists, post-doctoral fellows), technicians, lab assistants, graduate associates/assistants, and student hourly employees. The direct charges include salaries and fringe benefits. Salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described in Item 2.1.0.</p>
2.5.2 Revised	<p><u>Salary and Wage Cost Accumulation System.</u></p> <p>In accordance with § 200.430(i)(1)(viii) of Subpart E in the Uniform Guidance, responsible officials determine the planned distribution of each employee’s salary based on an estimate of the employee’s effort distribution. That estimate is documented electronically using a Position Distribution Request in UAccess Employee, the University’s official enterprise human resources and payroll system. This process is also followed whenever an employee’s planned distribution needs to be updated to reflect significant changes in effort. Where the actual distribution differs from the planned distribution, the charges to sponsored agreements and other funds sources are appropriately adjusted in UAccess Financials. These adjustments are made by processing corrections (called Salary Expense Transfers) in UAccess Financials. Every 6 (six) months, responsible officials with first-hand knowledge or other means of verification must certify that (a) the work was performed by the employee, and (b) the employee’s payroll distribution is accurate. This is done by using an after-the-fact activity report (called an Effort Certification Document) in UAccess Financials. Policies and procedures applicable to sponsored agreements are described in the Administration (Managing Projects, Effort Reporting) web pages of the University’s Research Gateway.”</p> <p>As noted in Item 3.5.0(i), the Organized Research base includes University-funded expenditures incurred for the following: mandatory and voluntary committed cost sharing on</p>

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<p>2.6.0 Revised</p>	<p>sponsored research agreements; and compensation in excess of the NIH salary cap (plus fringe benefits), when related to HHS-funded sponsored research agreements. Such expenditures are separately budgeted and accounted for in discrete subaccounts within UAccess Financials. Policies and procedures applicable to sponsored agreements are described in pertinent Research Gateway web pages.</p> <p><u>Description of Direct Fringe Benefit Costs.</u></p> <p>The following fringe benefits are associated with (and charged directly to) applicable direct cost objectives (i.e., Organized Research, Instruction, Other Sponsored Activities, and Other Institutional Activities) and indirect cost activities:</p> <ul style="list-style-type: none"> • Health, Dental, Vision, Accident, Life, and Disability Insurances • Retirement, including Arizona State Retirement System, optional retirement plans, and retiree accumulated sick leave (RASL) costs • FICA • Workers' Compensation • Employee Liability Insurance • Qualified Tuition Reductions – Eligible Faculty/Staff • Payments to retiring/terminating employees for earned but unused vacation leave and compensatory time • Unemployment Compensation • Employee Wellness <p>Leave costs (excluding RASL costs and retirement/termination payments, described above) are included in the normal charges for salaries.</p>
<p>2.6.1 Revised</p>	<p><u>Method of Charging Direct Fringe Benefits.</u></p> <p>All fringe benefits (including RASL and retirement/termination payments, described in Item 2.6.0, but excluding normal paid leave costs) are charged to cost objectives based on fringe benefits rates that are applied to salaries & wages (including normal paid leave costs, but excluding RASL and retirement/termination payments). These rates, which the University refers to as "Employee Related Expense Rates," are negotiated with the U.S. Department of Health & Human Services, Cost Allocation Services.</p> <p>Fringe benefit costs are projected annually based on actual prior year costs, adjusted as necessary to reflect significant changes in anticipated costs. Carry-forward adjustments are made in the rate computation to compensate for prior year over- or under-recoveries.</p> <p>The University maintains the following fringe benefit rates:</p> <ul style="list-style-type: none"> • University Employees • Student Employees • Faculty Ancillary • Graduate Associates/Assistants • Classified Temporary
<p>2.7.0 Revised</p>	<p><u>Description of Other Direct Costs.</u></p> <p>Principal categories of other direct costs include: travel; patient care and subjects/participants; specialized/technical services; animal care; consultants; printing, photocopying, lithography, graphics, and publication services; audiovisual/media services; subawards; equipment (e.g., purchases, leases/rentals, repairs/maintenance); off-campus facilities (e.g., lease/rental payments); scholarships and student aid costs (e.g., tuition, tuition remission, registration fees, and student stipends); telephone long distance (toll) charges; and express mail.</p>

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2.8.0

Cost Transfers.

No.

For the vast majority of cost transfers, the amounts credited for direct costs and applicable indirect costs are the same as the amounts originally charged for these costs. However, if a transfer crosses fiscal years, the indirect cost rate of the new year is used to determine the amount credited to the project. These situations are relatively rare and when they occur they often involve follow-on years of the same project. The University does not believe that this practice has a material effect on charges to sponsored agreements. A modification of the University's practices to use the original rates would require costly systems changes and labor-intensive monitoring procedures that would not be cost effective.

End of Part II

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Instructions for Part III

Institution should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.

The following Allocation Base Codes are provided for use in connection with Items **3.1.0** and **3.3.0**.

- A. Direct Charge or Allocation
- B. Total Expenditures
- C. Modified Total Cost Basis
- D. Modified Total Direct Cost Basis
- E. Salaries and Wages
- F. Salaries, Wages and Fringe Benefits
- G. Number of Employees (head count)
- H. Number of Employees (full-time equivalent basis)
- I. Number of Students (head count)
- J. Number of Students (full-time equivalent basis)
- K. Student Hours—classroom and work performed
- L. Square Footage
- M. Usage
- N. Unit of Product
- O. Total Production
- P. More than one base (Separate Cost Groupings) ^{2/}
- Y. Others ^{2/}
- Z. Category or Pool not applicable

^{2/} List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.

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Item No.

3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation. This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")

<u>Indirect Cost Category</u>	<u>A</u> Accumulation Method	<u>B</u> Allocation Base Code	<u>C</u> Allocation Sequence
(a) Depreciation/Interest			<u>1</u>
Depreciation			
Building	<u>Yes</u> ^{<u>L</u>}	<u>L</u>	
Capital Improvements			
Land	<u>Yes</u> ^{<u>L</u>}	<u>P</u> ^{<u>L</u>}	
Campus Utility Systems/Infrastructure	<u>Yes</u> ^{<u>L</u>}	<u>P</u> ^{<u>L</u>}	
Other Institutional Activities	<u>Yes</u> ^{<u>L</u>}	<u>A</u> ^{<u>L</u>}	
Equipment (including Capitalized Software)	<u>Yes</u> ^{<u>L</u>}	<u>L</u>	
Interest	<u>No</u> ^{<u>L</u>}	<u>P</u> ^{<u>L</u>}	
(b) Operation and Maintenance	<u>Yes</u> ^{<u>L</u>}	<u>L</u>	<u>2</u>
(c) General Administration and General Expense	<u>Yes</u> ^{<u>L</u>}	<u>C</u>	<u>3</u>
(d) Departmental Administration	<u>No</u> ^{<u>L</u>}	<u>C</u>	
(e) Sponsored Projects Administration	<u>Yes</u> ^{<u>L</u>}	<u>C</u>	
(f) Library	<u>Yes</u> ^{<u>L</u>}	<u>Y</u> ^{<u>L</u>}	
(g) Student Administration and Services	<u>Yes</u> ^{<u>L</u>}	<u>A</u> ^{<u>L</u>}	
(h) Other ^{<u>L</u>}	<u>N/A</u>	<u>Z</u>	

^L See (or describe on a) Continuation Sheet.

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3.2.0
Revised

Service/Recharge Centers. Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include “recharge centers” and the “specialized service facilities” defined in § 200.468 of Subpart E in the Uniform Guidance. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter “Z” in Column 1, if not applicable.)

	(1)	(2)	(3)	(4)	(5)	(6)
(a) <u>Scientific Computer Operations</u>						
<u>Univ. Info. Tech. Svcs. (UITS): Computing</u> ^Z	— ^Z	—	—	— ^Z	—	—
(b) <u>Business Data Processing</u>						
<u>UITS: Computing</u> ^Z	— ^Z	—	—	— ^Z	—	—
(c) <u>Animal Care Facilities</u>						
<u>University Animal Care</u>	<u>A</u>	<u>B</u>	<u>C</u>	<u>B</u> ^Z	<u>A</u>	<u>B</u>
(d) <u>Other Service/Recharge Centers</u> with annual operating budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)						
<u>Facilities Management: Motor Pool</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>
<u>Optical Sciences: Optics Shop</u>	<u>A</u>	<u>C</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>
<u>Procurement & Contracting Services:</u>						
<u>Print Svc. Program</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>
<u>Document Mgt. Program</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>
<u>UITS: Telecommunications Services</u>	<u>C</u>	<u>B</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>B</u>

^{1/} See (or describe on a) Continuation Sheet.

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Item No.	<u>Column Codes</u>																												
	<p>(1) <u>Category Code</u>: Use code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.</p> <p>(2) <u>Burden Code</u>: Code "A" - center receives an allocation of all applicable indirect costs; Code "B" - partial allocation of indirect costs; Code "C" - no allocation of indirect costs.</p> <p>(3) <u>Billing Rate Code</u>: Code "A" - billing rates are based on historical costs; Code "B" - rates are based on projected costs; Code "C" - rates are based on a combination of historical and projected costs; Code "D" - billings are based on the actual costs of the billing period; Code "Y" - other (explain on a Continuation Sheet).</p> <p>(4) <u>User Charges Code</u>: Code "A" - all users are charged at the same billing rates; Code "B" - some users are charged at different rates than other users (explain on a Continuation Sheet).</p> <p>(5) <u>Actual Costs vs. Revenues Code</u>: Code "A" - billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" - billings are compared to actual costs less frequently than annually.</p> <p>(6) <u>Variance Code</u>: Code "A" - Annual variance between billed and actual cost are prorated to users (as credits or charges); Code "B" - variances are carried forward as adjustments to billing rate of future periods; Code "C" - annual variances are charged or credited to indirect costs; Code "Y" - other (explain on a Continuation Sheet).</p>																												
3.3.0	<p><u>Indirect Cost Pools and Allocation Bases.</u> (Identify all of the indirect costs pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Indirect Cost Pools</u></th> <th style="text-align: right;"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="2">A. Instruction</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td style="text-align: right;"><u>Z</u></td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td style="text-align: right;"><u>Z</u></td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities ^{3/}</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>D</u></td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td style="text-align: right;"><u>Z</u></td> </tr> <tr> <td>D. Other Institutional Activities ^{1/}</td> <td style="text-align: right;"><u>Z</u></td> </tr> </tbody> </table> <p>^{1/} See (or describe on a) Continuation Sheet. ^{3/} Includes Public/Community Service.</p>	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		<input checked="" type="checkbox"/> On-Campus	<u>D</u>	<input checked="" type="checkbox"/> Off-Campus	<u>D</u>	<input type="checkbox"/> Other ^{1/}	<u>Z</u>	B. Organized Research		<input checked="" type="checkbox"/> On-Campus	<u>D</u>	<input checked="" type="checkbox"/> Off-Campus	<u>D</u>	<input type="checkbox"/> Other ^{1/}	<u>Z</u>	C. Other Sponsored Activities ^{3/}		<input checked="" type="checkbox"/> On-Campus	<u>D</u>	<input checked="" type="checkbox"/> Off-Campus	<u>D</u>	<input type="checkbox"/> Other ^{1/}	<u>Z</u>	D. Other Institutional Activities ^{1/}	<u>Z</u>
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<input checked="" type="checkbox"/> Off-Campus	<u>D</u>																												
<input type="checkbox"/> Other ^{1/}	<u>Z</u>																												
D. Other Institutional Activities ^{1/}	<u>Z</u>																												

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- 3.4.0** **Composition of Indirect Cost Pools.** (For each pool identified under Items **3.1.0** and **3.2.0**, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.) ^{1/}
- 3.5.0** **Composition of Allocation Bases.** (For each allocation base code used in Items **3.1.0** and **3.3.0**, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in **Part II**, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subaward costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.) ^{1/}
- 3.6.0** **Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.** Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?
 - A. Yes
 - B. No ^{1/}

^{1/} See (or describe on a) Continuation Sheet.

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Item No.

3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation.

A. Accumulation Method.

(a) Depreciation/Interest.

- ♦ **Depreciation.** The capitalized costs and depreciation of buildings, equipment (including capitalized software), and capital improvements (including infrastructure) are recorded at a summary level in UAccess Financials, the University's official enterprise accounting system. Detailed information regarding capital assets (e.g., IDs, description, classification, location, cost basis, and annual and accumulated depreciation calculations) are maintained in: UAccess Financials, Capital Asset Module (equipment); a subsidiary ledger system, the Real Property Depreciation System (buildings and improvements); and supplemental schedules for componentized buildings.
- ♦ **Interest Expense.** The interest expense in this indirect cost pool is interest on debt associated with buildings, equipment, and capital improvements as defined in § **200.449** of Subpart E in the Uniform Guidance. The University's total interest expense is recorded at a macro level in UAccess Financials. The interest associated with individual construction projects or items of equipment is maintained in separate work papers containing analyses of bond issues and other debt instruments. A particular bond may finance several construction projects or items of capital equipment. The amount of interest allocated to each construction project or item of equipment is based on a project's or equipment item's proportional share of the bond proceeds. The interest expense included in the indirect cost proposal is limited to interest on construction projects completed on or after July 1, 1982 and equipment purchased on or after that date as required by § **200.449** (e) of Subpart E in the Uniform Guidance.

(c) General Administration and General Expenses (G&A).

The G&A expenses incurred by the University are accumulated and identified by UAccess Financials. Costs associated with the non-administrative functions of executive offices, however, are identified and removed by reviewing (scrubbing) expenses incurred against individual accounts of those offices. The G&A cost pool also includes State and Arizona Board of Regents (ABOR) central service costs allocated or assessed to the University. For the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012), the University's allocation of State central service costs was based on the FY 2012 Statewide Cost Allocation Plan Agreement issued by the U.S. Department of Health & Human Services, Cost Allocation Services.

(d) Departmental Administration (DA).

DA expenses are only partially identified by UAccess Financials. This cost pool consists of: administrative costs of deans' offices; costs associated with the administrative work of department heads, faculty, and other professional research and academic staff; and other departmental support services.

The costs of deans' offices are identified by UAccess Financials. Costs associated with the administrative functions of deans offices are identified by reviewing (scrubbing) expenses incurred against individual accounts of those offices.

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	<p>The costs associated with administrative activities of department heads, faculty, and other professional research and academic staff are covered by a standard allowance of 3.6% of modified total direct costs specified in Section B.6.a.(2)(a) of Appendix III in the Uniform Guidance.</p> <p>Departmental support costs include the salaries and fringe benefits of administrative and clerical staff (excluding direct charges for administrative and clerical services under the conditions discussed in Item 2.1.0) and departmental business managers. Also included are office supplies, postage, and travel associated with the administrative activities of the foregoing personnel. This portion of DA expenses is accumulated through an analysis of departmental general fund accounts and the application of "Direct Charge Equivalents" (DCEs). As discussed in Item 2.1.0, DCEs are mathematical formulas which estimate the portion of departmental general fund expenses that should be assigned directly to Instruction and other non-sponsored direct cost objectives, and the portion that should be included in the DA indirect cost pool.</p> <p>The DCE ratio for general support salaries and wages is as follows: general support salaries and wages charged directly to Federally sponsored projects, divided by all other direct salaries and wages of Federally sponsored projects. The DCE ratios are developed and applied on a department-by-department basis. Non-labor costs are distributed between DA and non-sponsored activities (primarily Instruction) based on the distribution of salaries and wages in each department.</p> <p>Further details on the calculation of DA, including DCE methodology, are provided in the Maximus (Higher Education Services) Comprehensive Rate Information System (CRIS) Manual.</p> <p>(b)(e) <u>All Other Indirect Cost Categories.</u></p> <p>(f)(g) The remaining indirect cost categories are identified by UAccess Financials. As noted in Item 1.2.0.C, however, some adjustments and reclassifications are needed to recast the information of the University's Comprehensive Annual Financial Reports into the cost pools required by the Uniform Guidance. The specific adjustments and reclassifications are listed and explained in the University's most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012), Section B, Reconciliation Schedules B2, B3, and B4, and in subsequent related correspondence between the University and the U.S. Department of Health & Human Services, Cost Allocation Services.</p> <p>B. <u>Allocation Base.</u></p> <p>(a) <u>Depreciation/Interest.</u></p> <ul style="list-style-type: none"> ♦ <u>Depreciation – Capital Improvements.</u> Each improvement (including related depreciation) is identified to an asset class/group (e.g., utilities infrastructure, parking lots). The depreciation applicable to each class/group is either (i) identified to a specific benefiting function or cost pool (e.g., O&M – Utilities), or (ii) allocated to benefiting functions based on square footage or full-time-equivalent students and employees and salaries and wages. A description of (and specific allocation methodology for) each class/group is provided in Item 3.5.0(a).

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<p>3.2.0 Revised</p>	<ul style="list-style-type: none"> ♦ <u>Interest</u>. Interest costs are allocated on the same basis as the depreciation on the buildings, capital improvements, and equipment to which the interest relates. <p>(f) <u>Library</u>.</p> <p>As noted in Item 3.5.0(f), library costs are allocated based on a cost analysis study of usage of the University’s libraries by different categories of users and functions. Library Management Consulting conducts the study in accordance with the requirements in Section A.2.d.(3) of Appendix III in the Uniform Guidance. An executive summary report describing the study’s allocation basis and results is submitted with each indirect cost proposal. A copy of the complete, detailed Library Cost Analysis Study Final Report is provided to DHHS – Cost Allocation Services upon request.</p> <p>(g) <u>Student Administration and Services (SA&S)</u>.</p> <p>SA&S costs are allocated entirely to the Instruction function in accordance with the standard allocation base in Section B.9.b. of Appendix III in the Uniform Guidance.</p> <p>3.2.0 Service Centers.</p> <p>(1) <u>Service Center Category</u>.</p> <p>(a)(b) <u>Scientific Computer Operations and Business Data Processing</u>. <u>University Information Technology Services (UITS) – Computing</u>.</p> <p>This central service unit provides administrative and academic/research computing and information technology services. Dense high capacity data storage costs are billed to all intra-University users based on rates designed to recover actual costs on a breakeven basis. All other UITS – Computing services, however, are ordinarily provided to University mission-oriented functions (including Instruction, Organized Research, and Other Sponsored Activities) and F&A functions on an “institutional support” (i.e., indirect cost) basis. Accordingly, applicable costs are included in the University’s General Administration & General Expenses (G&A) indirect cost pool. UITS – Computing services are charged to non-University (external) users and may be charged to Other Institutional Activities, such as major auxiliary enterprises and other revenue-producing endeavors. As required by § 200.406(a) of Subpart E in the Uniform Guidance, (and consistent with Item 5.2.0.D), UITS – Computing costs included in the G&A pool are reduced by receipts/income that qualify as applicable credits.</p> <p>(4) <u>User Charges</u>.</p> <p>(a)(b) <u>All Service Centers</u>. Each service center maintains separate rate schedules for (c)(d) <u>intra-University (internal) users and non-University (external) users</u>. Rates for internal users are based on costs and designed to achieve breakeven. These rates are charged to all internal users, including sponsored programs, on a consistent basis. Rates for external users, however, may be based on either costs (both direct and indirect) or market prices, whichever is higher.</p>

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Composition of Indirect Cost Pools.

(a) Depreciation/Interest.

- Depreciation. These cost pools include depreciation on the University's buildings, equipment (including capitalized software), and improvements computed in accordance with § **200.436** of Subpart E in the Uniform Guidance. See **Part IV** for additional information on the computation of depreciation. The depreciation cost pools exclude depreciation on assets (or portions thereof) acquired with Federal funds. Further, during the period of performance of a non-federal sponsored agreement, the equipment depreciation pool excludes depreciation on equipment purchases (or portions thereof) directly charged to the agreement. For assets that are titled to the University, this exclusion will not apply after termination of the non-federal agreement – subject to limitations of § **200.436** (c)(4).
- Interest Expense. This cost pool includes current year non-capitalized interest on debt associated with buildings, equipment, and capital improvements placed in service on or after July 1, 1982 in accordance with § **200.449**(e) of Subpart E in the Uniform Guidance.

(b) Operations and Maintenance Expenses (O&M).

The O&M cost pool consists of expenses incurred for the administration, supervision, operation, maintenance, preservation, and protection of facilities, as defined in Section B.4.a. of **Appendix III** in the Uniform Guidance.

The O&M cost pool includes a variety of facilities related functions. Examples include (but are not limited to) the following: janitorial/custodial services; utility services (consumption metered to individual buildings); repairs and ordinary or normal alterations of buildings; landscaping/groundskeeping; maintenance and operation of buildings and other plant facilities; security; hazardous/radioactive waste disposal; environmental services; radiation, chemical, and biological safety; property related insurance; rental/lease of space (one month minimum); campus and facility planning/design; and central receiving. The O&M cost pools also include their allocable share of fringe benefit costs, depreciation, and interest costs.

As required by § **200.406**(a) of Subpart E in the Uniform Guidance (and consistent with Item **5.2.0.D**), the O&M cost pool is reduced by receipts/income that qualify as applicable credits.

(c) General Administration and General Expenses (G&A).

The G&A cost pool consists of expenses incurred for the general executive and administrative offices of the University and other expenses of a general character which do not relate solely to any major function of the University, as defined in Section B.5.a. of **Appendix III** in the Uniform Guidance.

The G&A cost pool includes a variety of central administrative and supporting service units or functions. Examples include (but not limited to) the following: president; vice presidents (as appropriate); administrative coordination of health sciences colleges; graduate college administration (excluding student administration/service functions); bursar (e.g., accounts receivable, cashiering); general accounting and financial reporting; payroll

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	<p>services; postal/mail services; procurement & contracting; records management/archiving; internal audit; affirmative action and equal opportunity; human resources management; budgeting & planning; employee position control management; information technology support (administrative, academic, and research computing and data processing); legal counsel; disability resources; international faculty/scholars resources and administration; institutional research; State of Arizona and ABOR central services; and general (non-property, non-employee) insurances. The G&A cost pool also includes an allocable share of fringe benefit costs, depreciation, interest, and O&M.</p> <p>As required by § 200.406(a) of Subpart E in the Uniform Guidance (and consistent with Item 5.2.0.D), the G&A cost pool is reduced by receipts/income that qualify as applicable credits.</p> <p>(d) <u>Departmental Administration (DA).</u></p> <p>The DA cost pool consists of expenses incurred for administrative and supporting services that benefit common or joint departmental activities or objectives in deans' offices, academic departments and organized research units, as defined in Section B.6. of Appendix III in the Uniform Guidance. The department-level component of the DA cost pool also includes faculty sabbatical leaves, as well as an allocable share of fringe benefit costs, depreciation, interest, O&M and G&A. See Item 3.1.0.A.(d) for additional information on the composition and accumulation of the DA cost pool.</p> <p>(e) <u>Sponsored Projects Administration (SPA).</u></p> <p>The SPA cost pool consists of expenses incurred by separate organizations established primarily to administer sponsored projects, as defined in Section B.7.a. of Appendix III in the Uniform Guidance. Examples of SPA functions include (but are not limited to): pre-award administration, such as funding information, proposal processing, and pre-agreement negotiations; post-award administration, such as award modifications/renewals and fiscal compliance (e.g., grant/contract accounting); and research standards and compliance, such as human/animal subjects, animal hazards, research integrity, scientific misconduct, and conflict of interest. The SPA cost pool also includes its allocable share of fringe benefit costs, depreciation, interest, O&M, and G&A.</p> <p>(f) <u>Library.</u></p> <p>The Library cost pool consists of expenses incurred for the operation of the University's centralized libraries, including the cost of books and library materials purchased for the libraries, as defined in Section B.8.a. of Appendix III in the Uniform Guidance. Departmental libraries are excluded from this cost pool. The Library pool also includes its allocable share of fringe benefit costs, depreciation, interest, O&M, and G&A.</p> <p>As required by § 200.406(a) of Subpart E in the Uniform Guidance (and consistent with Item 5.2.0.D), the Library cost pool is reduced by receipts/income that qualify as applicable credits.</p> <p>(g) <u>Student Administration and Services (SA&S).</u></p> <p>The SA&S pool includes expenses associated with student affairs and services to students, as defined in Section B.9.a. of Appendix III in the Uniform Guidance. Examples of</p>

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Composition of Allocation Bases.

SA&S functions include (but are not limited to) the following: admissions; registrar; counseling and placement services; student health services; catalogs; and commencements and convocations. The SA&S cost pool also includes its allocable share of fringe benefit costs, depreciation, interest, O&M, and G&A.

As required by § 200.406(a) of Subpart E in the Uniform Guidance (and consistent with Item 5.2.0.D), the SA&S cost pool is reduced by receipts/income that qualify as applicable credits.

(a) Depreciation/Interest.

- Depreciation – Buildings (including capital improvements to leased space). Most academic/research buildings are componentized. The depreciation on componentized buildings and non-componentized buildings (i.e., buildings with little or no Organized Research) is allocated on a building-by-building (building-level) basis to benefiting functions based on usable net assignable square feet (NASF) utilized by each function. Functional NASF is determined by a space functional use survey that assigns a specific percentage of use to each function (e.g., Organized Research, Instruction) performed in each room in a building.

Summary Depreciation – Buildings information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section C8 of that document.

- Depreciation – Capital Improvements. Each improvement and its related depreciation are identified to an asset class/group. The classes/groups and their depreciation allocation bases are described below:
 - (i) Campus Utilities. This class/group includes utility infrastructure (e.g., tunnels, chillers, steam/ice plants). Depreciation is included in respective campus utility rates that are applied to building meter data for purposes of allocating utility costs. Summary Depreciation – Campus Utilities information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section C10 of that document.
 - (ii) General Land Improvements (e.g., roads/driveways, landscaping, fencing, sidewalks, water control systems). In accordance with Section B.2.b.(4) of Appendix III in the Uniform Guidance, the depreciation for this class/group is allocated between students and employees on a full-time-equivalent basis applicable to the pertinent campus/location, for example, the Main Campus. Depreciation allocated to students is assigned entirely to the Instruction function. Depreciation allocated to employees is subsequently reallocated to benefiting activities based on the salaries & wages of the applicable employee population. Summary Depreciation – General Land Improvements information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section C9 of that document.

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	<p>(iii) <u>Other Institutional Activities</u>. This class/group includes service center infrastructure (e.g., University Information Technology Services telecommunications/network switches and copper/fiber optics cabling), sports facilities (e.g., tennis courts, baseball/football fields, swimming pools), and parking lots. Depreciation is assigned entirely to the Other Institutional Activities function.</p> <p>Summary Depreciation – Other Institutional Activities information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section C11 of that document.</p> <p><u>Depreciation – Equipment and Capitalized Software</u>. Equipment is identified to a specific building and room location or, in the case of off-site or highly mobile equipment (e.g., vehicles, tractors), assigned to an appropriate departmental or building joint-use pool. The equipment is identified to rooms or joint-use pools based on a physical inventory of the equipment. Depreciation of room-specific equipment is allocated based on the functional NASF of the room in which the equipment is located. Depreciation of departmental joint-use equipment is allocated based on functional NASF of each department. Depreciation of building joint-use equipment is allocated based on functional NASF of each building. Functional use is determined by the space survey described under Depreciation – Buildings. Capitalized software items (including related depreciation) are identified individually to a benefiting function or cost pool (e.g., G&A)</p> <p>Summary Depreciation – Equipment information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section D of that document.</p> <ul style="list-style-type: none"> • <u>Interest Expense</u>. Interest costs are allocated on the same basis as the depreciation on the buildings, equipment, and capital improvements to which the interest relates. <p>Summary Interest Expense information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section E of that document.</p> <p>(b) <u>Operations and Maintenance (O&M)</u>.</p> <p>The O&M pool is divided into subpools according to the functions that benefit from the services provided by each subpool. Each subpool is allocated based on functionalized NASF as determined by the space functional use survey described under Depreciation – Buildings. The square footage used to allocate each subpool varies according to the functions that benefit from the subpool. For example, the building maintenance and custodial cost pool excludes the NASF of major auxiliary enterprises that acquire such services directly or perform them using their own in-house staff/resources. Each O&M subpool and the functions it benefits are specified in the indirect cost proposals.</p> <p>In accordance with Section B.4.c. of Appendix III in the Uniform Guidance, the University receives a utility cost adjustment (UCA) that varies from one F&A Proposal to another but cannot exceed 1.3%. The UCA is added to the On-Campus Organized Research indirect cost rate.</p> <p>Summary O&M information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section F of that document.</p>

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	<p>(c) <u>General Administration and General Expenses (G&A).</u></p> <p>The G&A cost pool is allocated to serviced or benefited functions on a modified total cost (MTC) basis. As defined in § 200.68 of Subpart A in the Uniform Guidance, MTC includes the following cost elements: salaries and wages and applicable fringe benefits; materials and supplies; services; travel; and up to the first \$25,000 of each subaward (including subcontracts that appropriately qualify as subawards), regardless of the period of performance of the subawards under the award.</p> <p>Consistent with § 200.68, MTC excludes the following cost elements: equipment and other asset expenditures that are capitalized in accordance with the University’s capitalization policies; charges for patient care; off-campus facility costs (e.g., utilities, building maintenance/repairs, and rental/lease of space for at least a month); tuition remission; scholarships and fellowships; participant support costs; the portion of each subaward in excess of \$25,000; library materials (e.g., purchases of books/periodicals and subscription/access fees for on-line journals); and resale materials not otherwise excluded as an applicable credit (see Item 5.2.0.D).</p> <p>Summary G&A information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section H of that document.</p> <p>(d) <u>Departmental Administration (DA).</u></p> <p>As stipulated in Section B.6.c. of Appendix III in the Uniform Guidance, the administrative expenses of the dean’s office of each college and school are allocated on an MTC basis to the academic departments and other organizational units within that college or school. The administrative expenses of each department (including the department’s share of the dean’s office costs) are allocated on an MTC basis to the benefiting final cost objectives within that department. MTC for this purpose consists of the same cost elements as the MTC allocation base for G&A, described in Item 3.5.0(c).</p> <p>Summary DA information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section I of that document.</p> <p>(e) <u>Sponsored Projects Administration (SPA).</u></p> <p>The SPA cost pool is allocated based on MTC of the sponsored projects and other benefiting activities within each major function of the institution. MTC for this purpose consists of the same cost elements as the allocation bases for G&A and DA.</p> <p>Summary SPA information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section J of that document.</p> <p>(f) <u>Library.</u></p> <p>As noted in Item 3.1.0.B.(f), library costs are allocated based on a cost analysis study of usage of the University’s libraries by different categories of users and functions, conducted in accordance with Section A.2.d.(3) of Appendix III in the Uniform Guidance. An executive summary report describing the study’s allocation basis and results is submitted with each indirect cost proposal. A copy of the complete, detailed Library Cost Analysis Study Final Report can be provided to DHHS – Cost Allocation Services upon request.</p>

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	<p>Summary Library information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section K of that document.</p> <p>(g) <u>Student Administration and Services (SA&S).</u></p> <p>SA&S costs are allocated entirely to the Instruction function in accordance with the standard allocation base in Section B.9.b. of Appendix III in the Uniform Guidance.</p> <p>Summary SAS information and allocation results for the most recent Facilities & Administrative Rate Proposal (FYE 06/30/2012) are contained in Section L of that document.</p> <p>(h) <u>Final Distribution Base.</u></p> <p>The term “final distribution base” refers to the base (or denominator) against which allocated indirect costs (or numerator) are compared in order to calculate an indirect cost rate. For administrative categories (i.e., G&A, DA, SPA, and SA&S), the base includes the MTDC of both on-campus and off-campus activities. For facilities categories (i.e., O&M, Depreciation, Interest, and Library), the base is limited to on-campus MTDC only.</p> <p>(i) <u>Organized Research Base.</u></p> <p>The University’s Organized Research base includes MTDC of the following fund sources and activities:</p> <p><u>Externally-funded research and development.</u></p> <p>R&D activities that are funded by external sources. Externally-funded R&D includes:</p> <ul style="list-style-type: none"> • R&D agreements (i.e., grants/contracts) that are sponsored (and directly funded) by Federal and non-Federal agencies and organizations. This category also includes: <ul style="list-style-type: none"> ♦ In accordance with § 200.306(a) of Subpart D in the Uniform Guidance and OMB Memorandum No. 01-06 (issued January 5, 2001): Mandatory cost sharing and cost sharing that is formally committed in R&D research project budgets (also referred to as “voluntary committed cost sharing”). ♦ In accordance with clarifications by the Council on Financial Assistance Reform (COFAR), an interagency group of Federal Executive Branch officials: Compensation that exceeds the NIH salary cap. This is limited to above-cap salaries (plus fringe benefits, i.e., Employee Related Expense) that are related to HHS-funded sponsored research agreements. <p>See Items 1.2.0.C and 2.5.2.</p> • Endowment/gift-funded R&D projects. • Federal land-grant R&D appropriations, such as Hatch and Regional Research. <p><u>Internally-funded R&D.</u></p> <p>R&D activities that are separately budgeted and accounted for by the University under an internal application of institutional funds. This category includes:</p> <ul style="list-style-type: none"> • University-funded R&D projects, such as faculty small grant research projects awarded by the Office for Research, Discovery & Innovation.

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- General/discretionary (non-sponsored) funds of separately organized institutes, centers, bureaus, and laboratories that (i) focus almost entirely on producing R&D outcomes, and (ii) utilize discretely identifiable/assigned space. Such entities are commonly referred to as Organized Research Units (ORUs).
- Project-oriented R&D activities supported by special appropriations of restricted, State sources, such as Technology & Research Initiative Funding (TRIF).

End of Part III

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PART IV – DEPRECIATION



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Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)

<u>Asset Category</u>	<u>Depreciation Method</u> <u>(1)</u>	<u>Useful Life</u> <u>(2)</u>	<u>Property Unit</u> <u>(3)</u>	<u>Residual Value</u> <u>(4)</u>
(a) Land Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(b) Buildings	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(c) Building Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(d) Leasehold Improvements	<u>A</u>	<u>B</u>	<u>A</u>	<u>B</u>
(e) Equipment (including Capitalized Software)	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(f) Furniture and Fixtures	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(g) Vehicles (e.g., Automobiles, Trucks)	<u>A</u>	<u>C</u>	<u>A</u>	<u>Y</u> ^{1/}
(h) Tools	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(i) Other	<u>Z</u>	—	—	—

Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)

^{1/} See (or describe on) a Continuation Sheet.

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Item No.	<u>Column Codes</u>	
	<u>Column (1) – Depreciation Method Code</u>	<u>Column (2) – Useful Life Code</u>
	A. Straight Line	A. Replacement Experience
	B. Expensed at Acquisition	B. Term of Lease
	Y. Other or more than one method ^{1/}	C. Estimated service life
		Y. Other or more than one method ^{1/}
	<u>Column (3) – Property Unit Code</u>	<u>Column (4) – Residual Value Code</u>
	A. Individual units are accounted for separately	A. Residual value is deducted
	B. Applied to groups of assets with similar service lives	B. Residual value is not deducted
	C. Applied to groups of assets with varying service lives	
	Y. Other or more than one method ^{1/}	Y. Other or more than one method ^{1/}
4.1.1	<u>Asset Valuations and Useful Lives.</u> Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution’s financial statements? (Mark one.)	
	A. <input checked="" type="checkbox"/> Yes	
	B. <input type="checkbox"/> No ^{1/}	
4.2.0	<u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)	
	A. <input type="checkbox"/> Yes	
	B. <input checked="" type="checkbox"/> No	
	^{1/} See (or describe on a) Continuation Sheet.	

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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EDUCATIONAL INSTITUTIONS**

PART IV – DEPRECIATION



Revision Number: 3
Effective Date: July 01, 2015

Item No.	
4.3.0	<p>Treatment of Gains and Losses on Disposition of Depreciable Property. Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Excluded from determination of sponsored agreements costs</p> <p>B. <input checked="" type="checkbox"/> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged</p> <p>C. <input type="checkbox"/> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved</p> <p>D. <input type="checkbox"/> Not accounted for separately, but reflected in the depreciation reserve account</p> <p>Y. <input type="checkbox"/> Others ^{1/}</p> <p>Z. <input type="checkbox"/> Not applicable</p>
4.4.0 <i>Revised</i>	<p>Criteria for Capitalization. (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount:</p> <p style="padding-left: 40px;"><u>Equipment</u> \$5,000</p> <p style="padding-left: 40px;"><u>Buildings/Improvements</u> \$100,000</p> <p>B. Minimum Life Years <u>Over 1</u></p>
4.5.0 <i>Revised</i>	<p>Group or Mass Purchase. Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> Yes ^{1/}</p> <p>B. <input type="checkbox"/> No</p>
	<p>^{1/} See (or describe on a) Continuation Sheet.</p>

**COST ACCOUNTING STANDARDS BOARD
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PART IV - CONTINUATION SHEET



Revision Number: 3
Effective Date: July 01, 2015

Item No.

4.1.0
Revised

Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives.

(4)(g) Automobiles and Trucks.

Column (4). Ordinarily, a residual value is not recognized or deducted for these assets. A 30% residual value, however, is recognized and deducted for vehicles rented/leased to customers by the Motor Pool, an institutional service center.

4.5.0
Revised

Group or Mass Purchases.

A. Yes.

Ordinarily, group/mass purchases of similar items that individually are less than the University's capitalization level are not capitalized. Group/mass purchases of such items, however, are capitalized in the following circumstances:

- Major facility construction/renovation projects. Unusually large group/mass purchases of items that meet both of the following conditions:
 - ♦ Individual units are expected to be regularly attached/affixed to a particular facility; and
 - ♦ Individual units are expected to be used for a number of years within that facility.

Examples include (but are not limited to) modular-style walls/supports, cabinets, desk units, and lab benches/units that reflect a complementary decorative or operational configuration within a new/renovated building.
- All other circumstances. Group/mass purchases of items that meet both of the following conditions:
 - ♦ Individual units will be incorporated into a single functional unit; and,
 - ♦ Individual units are not expected to be removed and converted to some other use, for example, used individually or incorporated into some other functional unit.

End of Part IV

**COST ACCOUNTING STANDARDS BOARD
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PART V - OTHER COSTS AND CREDITS



Revision Number: 3
Effective Date: July 01, 2015

Item No.	
5.1.0	<p style="text-align: center;">Part V</p> <p>Method of Charging Leave Costs. Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <input checked="" type="checkbox"/> Cash ^{1/}</p> <p>B. <input type="checkbox"/> Accrual ^{1/}</p>
5.2.0 Revised	<p>Applicable Credits. This item is directed at the treatment of “applicable credits” as defined in § 200.406 of Subpart E in the Uniform Guidance and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate.</p> <p>B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <input checked="" type="checkbox"/> Combination of methods ^{1/}</p> <p>Y. <input type="checkbox"/> Other ^{1/}</p>
	<p>^{1/} See (or describe on a) Continuation Sheet.</p>

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PART V - CONTINUATION SHEET



Revision Number: 3
Effective Date: July 01, 2015

Item No.

5.1.0
Revised

Method of Charging Leave Costs.

A. Cash.

Vacation, holiday, sick leave pay, and other paid absences are included in salaries and wages and are claimed on grants, contracts, and other agreements as part of the normal cost for salaries and wages. However, Retiree Accumulated Sick Leave (RASL) and payments to retiring or terminating employees for earned and accrued (but unused) vacation and compensatory time are included in the fringe benefit rates described in Item **2.6.1**.

5.2.0
Revised

Applicable Credits.

D. Combination of methods.

Negative expenditures are offset against the specific direct or indirect costs to which they relate. Examples include the following: purchase discounts, educational discounts, rebates or allowances; and adjustments of overpayments or erroneous charges.

Receipts in support of direct cost activities are classified as revenue and are not offset against related costs. As required by § **200.406**(a) of Subpart E in the Uniform Guidance, however, receipts in support of indirect cost activities are offset against related costs. Examples include (but are not limited to): library fees/fines; and charges/fees for services provided to external customers/users by University F&A entities/functions, particularly in cases where those customers/users are not represented in the relevant indirect cost allocation base, as described in Item **3.5.0**.

For service/recharge centers, receipts from charges to intra-University customer/user accounts (e.g., sponsored agreements, non-sponsored funds) essentially represent a distribution (or recovery) of service/recharge center costs. Accordingly, the direct costs of service/recharge center accounts are appropriately reduced by receipts from charges to intra-University customers/users.

End of Part V

**COST ACCOUNTING STANDARDS BOARD
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**PART VI - DEFERRED COMPENSATION
AND INSURANCE COSTS**



Revision Number: 3
Effective Date: July 01, 2015

Item No.

Instructions for Part VI

This part covers the measurement and assignment of costs for employee pensions, post-retirement benefits other than pensions (including post-retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page 1, General Instructions)

6.1.0 Pension Plans.

6.1.1 Revised Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)

<u>Type of Plan</u>	<u>Number of Plans</u>
A. <input checked="" type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)	1 ^U
B. <input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	2
C. <input type="checkbox"/> Institution has its own Defined-Contribution Plan ^{1/}	_

6.1.2 Defined-Benefit Pension Plans. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.) ^U

6.2.0 Post Retirement Benefits Other Than Pensions (including post retirement health care benefits)(PRBs). (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)

Z. Not Applicable

^{1/} See (or describe on a) Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
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**PART VI - DEFERRED COMPENSATION
AND INSURANCE COSTS**



Revision Number: 3
Effective Date: July 01, 2015

Item No.	
6.2.1	Determination of Annual PRB Costs. (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)
6.3.0	Self-Insurance Programs (Employee Group Insurance). Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When accrued (book accrual only) B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund C. <input type="checkbox"/> When contributions are made to a forfeitable fund D. <input type="checkbox"/> When the benefits are paid to employee E. <input type="checkbox"/> When amounts are paid to an employee welfare plan Y. <input checked="" type="checkbox"/> Other or more than one method Z Z. <input type="checkbox"/> Not Applicable
6.4.0	Self-Insurance Programs (Workers' Compensation, Liability and Casualty Insurance.)
6.4.1	Workers' Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves) B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund Y. <input checked="" type="checkbox"/> Other or more than one method Z Z. <input type="checkbox"/> Not Applicable
6.4.2	Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When losses are incurred (no provision for reserves) B. <input type="checkbox"/> When provisions for reserves are recorded based on replacement costs C. <input type="checkbox"/> When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles. D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves) Y. <input checked="" type="checkbox"/> Other or more than one method Z Z. <input type="checkbox"/> Not Applicable
	^{1/} See (or describe on a) Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
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PART VI - CONTINUATION SHEET



Revision Number: 3
Effective Date: July 01, 2015

Item No.

6.1.1

6.1.2

6.3.0,
6.4.1,
6.4.2
Revised

Defined-Contribution Pension Plans.

A. Institution employees participate in State/Local Government Retirement Plan(s).
Many University employees participate in defined-contribution pension plans. The University does not have its own defined-contribution plan. As noted in Items **2.6.0** and **2.6.1**, institutional matching contributions are included in the University's fringe benefit rates.

Defined-Benefit Pension Plans.

Many University employees participate in the defined-benefit pension plan of the State of Arizona. The University does not have its own defined-benefit plan. As noted in Items **2.6.0** and **2.6.1**, institutional matching contributions are included in the University's fringe benefit rates.

Self-Insurance Programs (Employee Group; Workers' Compensation and Liability; and Casualty).


Y. **Other or more than one method.**

As noted in Item **1.5.0**, the University participates in statewide insurance programs administered by the State of Arizona, Department of Administration (ADOA), such as health, dental, vision, accident, life, disability, workers' compensation, liability and casualty. ADOA establishes contribution rates for each State agency (including the University) and manages self-insurance funds. Assessed contribution rates are based on the historical loss and exposure experience of each agency.

The following describes the University's cost accounting practices relative to insurance costs assessed by ADOA:

- **Employee related.** Health, dental, vision, accident, life, disability, workers' compensation and employee liability insurance costs are included in the University's fringe benefit rates. See Items **2.6.0** and **2.6.1**.
- **Property related.** Insurance costs related to vehicles, such as physical damage and liability, are allocated to and paid by the University entities/activities that own the vehicles. Insurance costs related to all other types of property are included in O&M. Costs incurred for environmental damage liability insurance are also included in O&M. See Item **3.4.0(b)**.
- **Other.** General non-property, non-employee insurance costs are included in G&A. See Item **3.4.0(c)**.

End of Part VI

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII - CENTRAL SYSTEM OR GROUP EXPENSES	
		 THE UNIVERSITY OF ARIZONA	
Item No.	Revision Number: 3 Effective Date: July 01, 2015		
	<i>Not Applicable</i>	<i>Disclosure by Central System Office, or Group (Intermediate Administration) Office, As Applicable</i>	<i>Not Applicable</i>
Revised	Instructions for Part VII		
	<p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p> <p>7.1.0 <u>Organizational Structure.</u></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p> <p>7.2.0 <u>Cost Accumulation and Allocation.</u></p> <p>On a continuation sheet, provide a description of:</p> <ol style="list-style-type: none"> A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief. B. How the costs of the services are identified and accumulated. C. The basis used to allocate the accumulated costs to the benefiting segments. D. Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state. E. Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state. 		
	<i>End of Part VII</i>		