

**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 (the "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 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 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 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 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.

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GENERAL INSTRUCTIONS

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 Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of 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 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 Statements must be accompanied by similar notations identifying the items which have been changed.

**COST ACCOUNTING STANDARDS BOARD
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EDUCATIONAL INSTITUTIONS**

COVER SHEET AND CERTIFICATION

0.1

Educational Institution

- (a) **Name** University of Michigan
- (b) **Street Address** 503 Thompson Street
- (c) **City, State and ZIP Code** Ann Arbor, MI 48109-1340
- (d) **Division or Campus of
(if applicable)**

0.2

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

Official to Contact Concerning this Statement:

- (a) **Name and Title** Ms. Cheryl L. Soper
Controller and Director of Financial Operations
- (b) **Phone Number (include area code and extension)** (734) 764-7214

0.4

Statement Type and Effective Date:

- A. **(Mark type of submission. If a revision, enter number)**
- (a) **Original Statement**
- (b) **Amended Statement; Revision No. 2**
- B. **Effective Date of this Statement: (Specify) July 1, 2014**

0.5

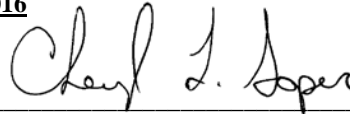
Statement Submitted To (Provide office name, location and telephone number, include area code and extension):

- A. **Cognizant Federal Agency:** Department of Health and Human Services
Cost Allocation Services, Central States Office
1301 Young Street, Room 732
Dallas, Texas 75202 (214) 767-3261
- B. **Cognizant Federal Auditor:** Department of Health and Human Services, Office of Inspector
General
330 Independence Ave, S.W.; Washington, DC 20201
(202) 619-3148

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: June 30, 2016



(Signature)

Cheryl L. Soper

(Print or Type Name)

Controller and Director of Financial Operations

(Title)

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

<p align="center">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>		<p align="center">PART I - GENERAL INFORMATION</p>
		<p align="center">NAME OF REPORTING UNIT University of Michigan</p>
<p>Item No.</p>	<p align="center">Item description</p>	
	<p align="center">Part I</p>	
<p>1.1.0</p>	<p><u>Description of Your Cost Accounting System</u> 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. ___ Accrual</p>	
	<p>B. ___ Modified Accrual Basis ^{1/} -</p>	
	<p>C. ___ Cash Basis</p>	
	<p>Y. <u>X</u> Other ^{1/} -</p>	
<p>1.2.0</p>	<p><u>Integration of Cost Accounting with Financial Accounting</u> . 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. ___ Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p>	
	<p>B. ___ Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p>	
	<p>C. <u>X</u> Combination of A and B</p>	
<p>1.3.0</p>	<p><u>Unallowable Costs</u>. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p>	
	<p>A. ___ Specifically identified and recorded separately in the formal financial accounting records. ^{1/} -</p>	
	<p>B. ___ Identified in separately maintained accounting records or workpapers. ^{1/} -</p>	
	<p>C. ___ Identifiable through use of less formal accounting techniques that permit audit verification. ^{1/} -</p>	
	<p>D. <u>X</u> Combination of A, B or C ^{1/} -</p>	
	<p>E. ___ Determinable by other means. ^{1/} -</p>	
	<p><u>1/ Describe on a Continuation Sheet.</u></p>	

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

CONTINUATION SHEET

NAME OF REPORTING UNIT
University of Michigan

Item No.	Item description
1.1.0	The University charges items to grants and contracts on the cash basis as expenditures are made. At the end of each fiscal year, adjustments are made to the accounting records to record certain accruals (i.e. vacation liability, accounts payable, etc.), but these adjustments are not charged directly to sponsored agreements. These accrual adjustments are excluded from direct and indirect costs.
1.2.0	Costs are charged to sponsored projects and other cost objectives as expenditures are made. The University follows the guidance included within the NACUBO Financial Accounting and Reporting Manual for classifying expenditures in its financial statements. Classification of accounts as appropriate direct bases or indirect cost pools is done by the Cost Reimbursement Office using information obtained from the University's general ledger. Capital expenditures are made out of operating accounts and also the Plant Fund. Depreciation is recorded in the general ledger, reflected in the financial statements and utilized in preparing the indirect cost proposal. Included in the Facilities and Administrative ("F&A") Proposal are interest costs on State of Michigan Building Authority bonds used for capital projects at our University. These costs are not incorporated with our financial accounting records.
1.3.0	<p>Unallowable costs as defined by A-21 are identified in one of three ways and are included in the Other Institutional Activities cost pool or are eliminated from the indirect cost calculations in some instances.</p> <ol style="list-style-type: none"> 1. Where all costs are unallowable for a specific unit (for example, the Development Office), that unit's costs are identified as unallowable through the unit's department identification code in the financial accounting records. 2. In units where less than all costs are unallowable, the unallowable costs are identified by a unique class code in the financial accounting records. 3. Some unallowable costs (for example, bad debts) are identified by a unique expense code in the financial accounting records.
1.3.1	Unallowable costs are included in the Other Institutional Activities base or treated as an exclusion for F&A purposes in some instances.
1.5.0	The University operates as a separate entity governed by an elected Board of Regents. Even though the University receives an appropriation of funds from the State of Michigan, there are no State laws or regulations restricting the use of these funds once the appropriation has been made.
	END OF PART I

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS
		NAME OF REPORTING UNIT University of Michigan
Item No.	Item description	
	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	Direct Purchases for Projects are Charged to Projects at:	
	A. _____	Actual Invoiced Costs
	B. <u> x </u>	Actual Invoiced Costs Net of Discounts Taken
	Y. _____	Other(s) ^{1/}
	Z. _____	Not Applicable
2.3.2	Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):	
	A. _____	First In, First Out
	B. _____	Last In, First Out
	C. _____	Average Costs ^{1/}
	D. _____	Predetermined Costs ^{1/}
	Y. <u> x </u>	Other(s) ^{1/}
	Z. _____	Not Applicable
	<u>^{1/} Describe on a Continuation Sheet.</u>	

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PART II - DIRECT COSTS

NAME OF REPORTING UNIT
University of Michigan

Item No.	Item description																																																																																								
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 benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)																																																																																								
2.5.0	<p><u>Method of Charging Direct Salaries and Wages.</u> (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.)</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="5"></th> <th colspan="4" style="text-align: center;"><u>Direct Personal Services Category</u></th> </tr> <tr> <th colspan="5"></th> <th style="text-align: center;"><u>Faculty</u></th> <th style="text-align: center;"><u>Staff</u></th> <th style="text-align: center;"><u>Students</u></th> <th style="text-align: center;"><u>Other</u></th> <th style="text-align: center;"><u>1/</u></th> </tr> <tr> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> <th style="text-align: center;">(4)</th> <th></th> <th></th> <th></th> <th></th> <th style="text-align: center;">-</th> </tr> </thead> <tbody> <tr> <td></td> <td>A. Payroll Distribution Method (Individual time card/actual hours and rates)</td> <td style="text-align: center;">_</td> <td style="text-align: center;">x</td> <td></td> <td style="text-align: center;">_</td> <td style="text-align: center;">x</td> <td style="text-align: center;">_</td> <td style="text-align: center;">x</td> <td style="text-align: center;">_</td> </tr> <tr> <td></td> <td>B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)</td> <td style="text-align: center;">_</td> <td style="text-align: center;">x</td> <td></td> <td style="text-align: center;">_</td> <td style="text-align: center;">x</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> </tr> <tr> <td></td> <td>C. After-the-fact Activity Records (Percentage Distribution of employee activity)</td> <td style="text-align: center;">_</td> <td></td> <td></td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> </tr> <tr> <td></td> <td>D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)</td> <td style="text-align: center;">_</td> <td></td> <td></td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> </tr> <tr> <td></td> <td>Y. Other(s) ^{1/}</td> <td style="text-align: center;">_</td> <td></td> <td></td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> <td style="text-align: center;">_</td> </tr> <tr> <td></td> <td style="text-align: center;">-</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>						<u>Direct Personal Services Category</u>									<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other</u>	<u>1/</u>	(1)	(2)	(3)	(4)					-		A. Payroll Distribution Method (Individual time card/actual hours and rates)	_	x		_	x	_	x	_		B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_	x		_	x	_	_	_		C. After-the-fact Activity Records (Percentage Distribution of employee activity)	_			_	_	_	_	_		D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_			_	_	_	_	_		Y. Other(s) ^{1/}	_			_	_	_	_	_		-								
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		NAME OF REPORTING UNIT University of Michigan
Item No.	Item description	
2.5.1	<p><u>Salary and Wage Cost Distribution Systems.</u> 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.)</p> <p style="margin-left: 40px;"> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No </p>	
2.5.2	<p><u>Salary and Wage Cost Accumulation System.</u> (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 wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>	
2.6.0	<p><u>Description of Direct Fringe Benefits Costs.</u> 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 <u>all</u> 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.)</p>	
2.6.1	<p><u>Method of Charging Direct Fringe Benefits.</u> (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.)</p>	
2.7.0	<p><u>Description of Other Direct Costs.</u> 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.)</p>	

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PART II - DIRECT COSTS

NAME OF REPORTING UNIT
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Item No.	Item description																												
2.8.0	<p><u>Cost Transfers</u>. 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.)</p> <p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>																												
2.9.0	<p><u>Interorganizational Transfers</u>. 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.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u></th> </tr> <tr> <th></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;"><u> x </u></td> <td style="text-align: center;"><u> x </u></td> <td style="text-align: center;"><u> x </u></td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses. University Hospitals</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;"><u> x </u></td> </tr> <tr> <td>C. At established catalog or market competition. Printing Services Costs, University Hospitals</td> <td style="text-align: center;"><u> x </u></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s) ^{1/}</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table> <p><u>1/ Describe on a Continuation Sheet.</u></p>		<u>Materials</u>	<u>Supplies</u>	<u>Services</u>		(1)	(2)	(3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<u> x </u>	<u> x </u>	<u> x </u>	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses. University Hospitals	_____	_____	<u> x </u>	C. At established catalog or market competition. Printing Services Costs, University Hospitals	<u> x </u>	_____	_____	Y. Other(s) ^{1/}	_____	_____	_____	Z. Interorganizational transfers are not applicable	_____	_____	_____
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		<p>NAME OF REPORTING UNIT University of Michigan</p>	
<p>Item No.</p>		<p align="center">Item description</p>	
<p>2.1.0</p>	<p>The University of Michigan records costs in a series of chartfields. Each chartfield represents one specific activity or function of the University. The cost for any particular transaction is recorded in a chartfield using a specific expense account which identifies the type of cost incurred. The determination of the classification of a cost is not based on the expense account, but the purpose and circumstance for the expense and assigned a class code which identifies the proper category for F&A purposes. Federal projects of "like circumstances" are directly charged when the cost provides a direct benefit to the project at the time the cost is incurred. For example, PI salary, equipment and travel. Normally clerical salaries, postage, and office supplies are charged as indirect costs unless an unlike circumstance is justified at the time of proposal and again at the time the cost is incurred, at which time the cost would be allowed as a direct cost. An example of an unlike circumstance would be a survey project with mass mailing of survey documents, where the postage would be allowable as a direct cost to the federal project. If a cost benefits two or more activities in proportions that can be determined without undue effort or cost, the cost is allocated to projects based on proportional benefit as determined by investigators with firsthand knowledge of direct cost activities for the project. Examples of criteria used to allocate costs are usage and location. Costs which benefit multiple activities and cannot be easily and accurately prorated between the activities are classified as indirect costs. Cost sharing commitments are recorded in companion accounts established to record and track the portion of the project funded from University resources. There is one cost sharing chartfield for each sponsored agreement where cost sharing is identified. The policy of the University is to cost share amounts quantified in the budget. The companion chartfield rolls into the same cost base as the sponsored agreement. All cost sharing commitments must be shown on the Proposal Approval Form (PAF) and approved by the appropriate parties.</p>		
<p>2.2.0</p>	<p>Direct material costs typically include the following major classifications: Laboratory supplies (beakers, protective equipment) Chemical supplies (solvents, acids) Biological supplies (tissues, DNA samples) Electronic supplies (ICs, cables, SMA connectors) Field supplies Laboratory animals Medical supplies (drugs, pharmaceuticals, clinical supplies) Other direct materials as required by the terms and conditions of the project.</p> <p>Certain materials normally treated as indirect costs may be charged directly when specifically required for performance of the project or activity and allowable under the terms of the agreement. Under these circumstances, these specific costs are not considered general purpose materials or costs.</p>		
<p>2.3.2</p>	<p>Y. Other- Certain departments have inventories of commonly used supplies to meet staff demands when the delivery time from Procurement Services is not sufficient to meet their needs. Materials requisitioned from departmental inventories are charged to cost objectives at standard charges which sometimes include the cost of handling. These standards are reviewed and adjusted annually to reflect any changed conditions.</p>		

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2.4.0	<p>Personal services are the services of employees of the institution which are normally required to fulfill their obligation to the University. Classifications of employees include:</p> <table border="0"> <thead> <tr> <th></th> <th align="center"><u>Exempt</u></th> <th align="center"><u>Non-Exempt</u></th> </tr> </thead> <tbody> <tr> <td>A. Faculty and professorial staff</td> <td align="center">X</td> <td></td> </tr> <tr> <td>B. Supplemental academic staff</td> <td align="center">X</td> <td></td> </tr> <tr> <td>C. Primary staff (includes research scientists, curators, librarians)</td> <td align="center">X</td> <td></td> </tr> <tr> <td>D. House officers</td> <td align="center">X</td> <td></td> </tr> <tr> <td>E. Professional specialists</td> <td align="center">X</td> <td></td> </tr> <tr> <td>F. Nurses</td> <td align="center">X</td> <td align="center">X</td> </tr> <tr> <td>G. Technical staff</td> <td></td> <td align="center">X</td> </tr> <tr> <td>H. Graduate student assistants</td> <td align="center">X</td> <td></td> </tr> <tr> <td>I. Temporary staff (includes students other than graduate student assistants)</td> <td></td> <td align="center">X</td> </tr> </tbody> </table> <p>Direct personal services costs exclude fringe benefits (Section 2.6.0 below) and consist of salary and wage compensation paid to the listed labor categories for work performed, including intra-university consulting when allowable by University policy and the terms and conditions of the agreement. For projects where the amount of salary is limited or capped, the amount of salary over the cap is treated as an unallowable cost to the project, but is included in the appropriate base.</p> <p>Faculty salaries are apportioned equally over the academic year of the University's school or college of appointment, usually nine or twelve months. All other exempt employees have annual salaries.</p> <p>Non-exempt labor categories are compensated for regular and overtime hours respectively at straight-time and time-and-one-half of the hourly wage rate developed on an annual basis. Overtime constitutes hours worked in excess of forty-hours in a calendar week.</p>		<u>Exempt</u>	<u>Non-Exempt</u>	A. Faculty and professorial staff	X		B. Supplemental academic staff	X		C. Primary staff (includes research scientists, curators, librarians)	X		D. House officers	X		E. Professional specialists	X		F. Nurses	X	X	G. Technical staff		X	H. Graduate student assistants	X		I. Temporary staff (includes students other than graduate student assistants)		X
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2.5.0	See section 2.5.2 for description of employees using various University charging systems.																														

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2.5.2	<p>The university's payroll system accumulates actual gross pay and fringe benefits for the pay period for each employee and distributes these charges to the general ledger. Gross pay data is reconciled for each payroll by a designated team within our Shared Services Center, and also by specific representatives within units across the university.</p> <p><u>Exempt Employees (paid monthly):</u> The New Hire Appointment form, Personnel Action Request (PAR) Rehire/New Employment Record workflow transaction, or the ERecruit online applicant page is used to input data to reflect compensation and effort allocation into the personnel system. If there are significant deviations in an individual's activity from the initial allocation of effort, a PAR Department Budget Earnings (DBE) Changes workflow transaction is submitted to reflect the updated effort allocation. Annually, the individual or someone with firsthand knowledge of the individual's activity must certify to the reasonableness of the effort distribution.</p> <p>Certain exempt employees who are not able to predict with any reasonable accuracy their activity for the upcoming pay periods, such as research scientists, certify to effort distribution on their monthly timesheet, detailing the projects on which they worked, and the system distributes effort based on their monthly timesheet versus distribution information on DBE.</p> <p><u>Non-Exempt Employees (paid biweekly):</u> For non-temporary staff, the ERecruit online applicant page is used to input data to reflect compensation and effort allocation into the personnel system. If there are significant deviations in an individual's activity from the original allocation of effort, a PAR DBE Changes workflow transaction is submitted to reflect the updated effort allocation. Annually, the individual or someone with firsthand knowledge of the individual's activity must certify to the reasonableness of the effort distribution.</p> <p>Certain non-temporary, non-exempt employees who are not able to predict with any reasonable accuracy their activity for the upcoming pay periods, such as research assistants, certify to effort distribution on their biweekly timesheet, detailing the projects on which they worked, and the system distributes effort based on their biweekly timesheets versus distribution information on DBE.</p> <p>For temporary staff, the ERecruit online applicant page or the Student Temporary Processing online page is used to input data to reflect compensation in the personnel system. All temporary employees certify to effort distribution on their biweekly timesheets and the system distributes effort accordingly.</p>

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2.6.0	<p>Fringe benefits identifiable with an individual employee include:</p> <table border="0"> <thead> <tr> <th align="left"><u>Item</u></th> <th align="center"><u>Expense Account</u></th> <th align="center"><u>Eligibility</u></th> </tr> </thead> <tbody> <tr> <td>Long-term disability</td> <td align="center">590750,591250</td> <td align="center">A, C, D, E, G</td> </tr> <tr> <td>Group life insurance</td> <td align="center">591500</td> <td align="center">A -- H</td> </tr> <tr> <td>Federal Insurance Contribution</td> <td align="center">592500</td> <td align="center">A -- H</td> </tr> <tr> <td>Retirement Plan-U Contribution</td> <td align="center">592750</td> <td align="center">A -- H</td> </tr> <tr> <td>Gradcare</td> <td align="center">593250</td> <td align="center">D</td> </tr> <tr> <td>Health Insurance Subsidy</td> <td align="center">593500</td> <td align="center">A -- H</td> </tr> <tr> <td>GEO Tuition Grant/GSA Tuition Waiver</td> <td align="center">595250</td> <td align="center">D</td> </tr> <tr> <td>Dental Insurance</td> <td align="center">596250</td> <td align="center">A -- H</td> </tr> <tr> <td>Prescription Drugs</td> <td align="center">596500</td> <td align="center">A -- H</td> </tr> <tr> <td>Parking</td> <td align="center">596750</td> <td align="center">A -- H</td> </tr> <tr> <td>RA Tuition Grant/GSA Tuition Waiver Adjustment</td> <td align="center">597000</td> <td align="center">D</td> </tr> <tr> <td>Pro Rata Share of Staff Benefits Operation</td> <td align="center">597750</td> <td align="center">A -- I</td> </tr> <tr> <td>MHealthy Wellness Program</td> <td align="center">599750</td> <td align="center">A -- I</td> </tr> </tbody> </table> <p>Prorata share of staff benefits operation is analyzed and adjusted annually to ensure that we adequately meet expense obligations for the programs funded by the benefits recharge pool, such as retiree benefit programs including medical, prescription drugs, life insurance, dental and Medicare Part B premium reimbursements.</p>	<u>Item</u>	<u>Expense Account</u>	<u>Eligibility</u>	Long-term disability	590750,591250	A, C, D, E, G	Group life insurance	591500	A -- H	Federal Insurance Contribution	592500	A -- H	Retirement Plan-U Contribution	592750	A -- H	Gradcare	593250	D	Health Insurance Subsidy	593500	A -- H	GEO Tuition Grant/GSA Tuition Waiver	595250	D	Dental Insurance	596250	A -- H	Prescription Drugs	596500	A -- H	Parking	596750	A -- H	RA Tuition Grant/GSA Tuition Waiver Adjustment	597000	D	Pro Rata Share of Staff Benefits Operation	597750	A -- I	MHealthy Wellness Program	599750	A -- I
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2.6.1	<p>Actual fringe benefits for each employee plus the percentage of salaries and wages to cover miscellaneous fringe benefits are charged to accounts based on the individual's salary distribution. The fringe benefits identifiable with an individual employee are determined by:</p> <table border="0"> <thead> <tr> <th align="left"><u>Benefit Cost</u></th> <th align="left"><u>Determination Method</u></th> </tr> </thead> <tbody> <tr> <td>Long-term disability</td> <td>Historical experience</td> </tr> <tr> <td>Group Life Insurance</td> <td>Historical experience and actuarial assumption</td> </tr> <tr> <td>Federal Insurance Contributions</td> <td>Actual</td> </tr> <tr> <td>Retirement Plan-U Contribution</td> <td>Actual cost</td> </tr> <tr> <td>Gradcare</td> <td>Actual cost</td> </tr> <tr> <td>Health Insurance Subsidy</td> <td>Actual cost</td> </tr> <tr> <td>GEO Tuition Grant/GSA Tuition Waiver</td> <td>Actual cost</td> </tr> <tr> <td>Dental Insurance</td> <td>Actual cost</td> </tr> <tr> <td>Prescription Drugs</td> <td>Actual cost</td> </tr> <tr> <td>Parking</td> <td>Actual cost</td> </tr> <tr> <td>RA Tuition Grant/GSA Tuition Waiver</td> <td>Actual cost</td> </tr> <tr> <td>MHealthy Wellness Program</td> <td>Actual cost</td> </tr> </tbody> </table>	<u>Benefit Cost</u>	<u>Determination Method</u>	Long-term disability	Historical experience	Group Life Insurance	Historical experience and actuarial assumption	Federal Insurance Contributions	Actual	Retirement Plan-U Contribution	Actual cost	Gradcare	Actual cost	Health Insurance Subsidy	Actual cost	GEO Tuition Grant/GSA Tuition Waiver	Actual cost	Dental Insurance	Actual cost	Prescription Drugs	Actual cost	Parking	Actual cost	RA Tuition Grant/GSA Tuition Waiver	Actual cost	MHealthy Wellness Program	Actual cost																
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2.7.0	<p>The principal categories for other direct costs are:</p> <ul style="list-style-type: none"> Alterations, renovations, and maintenance when specifically required for the contract Animal care Computer software, supplies, and services Consultants Duplication/Reproduction Equipment Equipment maintenance contracts Human subjects costs Laboratory tests Patient care costs Photography and technical illustration Publication and reprint costs Purchased services Shipping costs Space Rental costs when offsite and specifically required for the contract Special purpose computing services Subgrants or subcontracts Telephone toll charges Trainee/Participant costs- stipends, tuition & fees, travel, etc. Travel
2.8.0	<p>Direct costs are transferred at actual amounts incurred. Indirect costs are charged at the negotiated rates in effect at the time of the initial award.</p> <p align="center">END OF PART II</p>

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Instructions for Part III

Institutions 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
- 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) 1/ -
- Y. Other(s) 1/ -
- Z. Category or Pool not applicable

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

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3.1.0	<p><u>Indirect Cost Categories - Accumulation and Allocation.</u> 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.")</p> <table border="0"> <thead> <tr> <th align="left"><u>Indirect Cost Category</u></th> <th align="center"><u>Accumulation Method</u></th> <th align="center"><u>Allocation Base Code</u></th> <th align="center"><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Use Allowances/Interest</td> <td></td> <td></td> <td align="center"><u>1</u></td> </tr> <tr> <td> Building</td> <td align="center"><u>YES</u></td> <td align="center"><u>L</u></td> <td></td> </tr> <tr> <td> Equipment</td> <td align="center"><u>YES</u></td> <td align="center"><u>L</u></td> <td></td> </tr> <tr> <td> Capital Improvements to Land ^{1/}</td> <td align="center"><u>YES</u></td> <td align="center"><u>L</u></td> <td></td> </tr> <tr> <td> Interest ^{1/}</td> <td align="center"><u>YES</u></td> <td align="center"><u>L</u></td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td align="center"><u>YES</u></td> <td align="center"><u>P</u></td> <td align="center"><u>2</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td align="center"><u>YES</u></td> <td align="center"><u>P</u></td> <td align="center"><u>CA</u></td> </tr> <tr> <td>(d) Departmental Administration</td> <td align="center"><u>YES</u></td> <td align="center"><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td align="center"><u>YES</u></td> <td align="center"><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td align="center"><u>YES</u></td> <td align="center"><u>P</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td align="center"><u>YES</u></td> <td align="center"><u>Y</u></td> <td></td> </tr> <tr> <td>(h) Other ^{1/}</td> <td align="center">---</td> <td align="center">---</td> <td></td> </tr> </tbody> </table> <p align="center">-</p> <p><u>1/ Describe on a Continuation Sheet.</u></p>	<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>	(a) Depreciation/Use Allowances/Interest			<u>1</u>	Building	<u>YES</u>	<u>L</u>		Equipment	<u>YES</u>	<u>L</u>		Capital Improvements to Land ^{1/}	<u>YES</u>	<u>L</u>		Interest ^{1/}	<u>YES</u>	<u>L</u>		(b) Operation and Maintenance	<u>YES</u>	<u>P</u>	<u>2</u>	(c) General Administration and General Expense	<u>YES</u>	<u>P</u>	<u>CA</u>	(d) Departmental Administration	<u>YES</u>	<u>D</u>		(e) Sponsored Projects Administration	<u>YES</u>	<u>D</u>		(f) Library	<u>YES</u>	<u>P</u>		(g) Student Administration and Services	<u>YES</u>	<u>Y</u>		(h) Other ^{1/}	---	---	
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3.2.0	<p><u>Service Centers.</u> 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 Section J of Circular A-21. (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.)</p> <table border="0"> <thead> <tr> <th></th> <th align="center">(1)</th> <th align="center">(2)</th> <th align="center">(3)</th> <th align="center">(4)</th> <th align="center">(5)</th> <th align="center">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td align="center"><u>C</u></td> <td align="center"><u>B</u></td> <td align="center"><u>B</u></td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>B</u></td> </tr> <tr> <td>(b) Business Data Processing</td> <td align="center"><u>C</u></td> <td align="center"><u>B</u></td> <td align="center"><u>B</u></td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>B</u></td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>B</u></td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>B</u></td> </tr> </tbody> </table> <p>(d) Other Service Centers 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)</p> <p>See Continuation Sheet.</p> <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 variances between billed and actual costs 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>		(1)	(2)	(3)	(4)	(5)	(6)	(a) Scientific Computer Operations	<u>C</u>	<u>B</u>	<u>B</u>	<u>A</u>	<u>A</u>	<u>B</u>	(b) Business Data Processing	<u>C</u>	<u>B</u>	<u>B</u>	<u>A</u>	<u>A</u>	<u>B</u>	(c) Animal Care Facilities	<u>A</u>	<u>A</u>	<u>B</u>	<u>A</u>	<u>A</u>	<u>B</u>
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**COST ACCOUNTING STANDARDS BOARD
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PART III - INDIRECT COSTS

NAME OF REPORTING UNIT
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Item No.	Item description																														
3.3.0	<p><u>Indirect Cost Pools and Allocation Bases</u></p> <p>(Identify all of the indirect cost 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 border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: center;"><u>Indirect Cost Pools</u></th> <th style="text-align: center;"><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><u>D</u> _____</td> </tr> <tr> <td><input type="checkbox"/> Off-Campus</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td>_____</td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td><u>D</u> _____</td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td><u>D</u> _____</td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td>_____</td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td><u>D</u> _____</td> </tr> <tr> <td><input type="checkbox"/> Off-Campus</td> <td>_____</td> </tr> <tr> <td><input type="checkbox"/> Other ^{1/}</td> <td>_____</td> </tr> <tr> <td colspan="2">D. Other Institutional Activities ^{1/}</td> </tr> <tr> <td></td> <td><u>D</u> _____</td> </tr> </tbody> </table>	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		<input checked="" type="checkbox"/> On-Campus	<u>D</u> _____	<input type="checkbox"/> Off-Campus	_____	<input type="checkbox"/> Other ^{1/}	_____	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/}	_____	C. Other Sponsored Activities		<input checked="" type="checkbox"/> On-Campus	<u>D</u> _____	<input type="checkbox"/> Off-Campus	_____	<input type="checkbox"/> Other ^{1/}	_____	D. Other Institutional Activities ^{1/}			<u>D</u> _____
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3.4.0	<p><u>Composition of Indirect Cost Pools.</u> (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.)</p> <p><u>1/ Describe on a Continuation Sheet.</u></p>																														

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PART III - INDIRECT COSTS

NAME OF REPORTING UNIT
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Item No.	Item description
3.5.0	<p><u>Composition of Allocation Bases.</u> (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., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefitting 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.</p>
3.6.0	<p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs</u> . 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?</p> <p>A. <u> X </u> Yes</p> <p>B. <u> </u> No ^{1/}</p> <p><u>1/ Describe on a Continuation Sheet.</u></p>

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Item No.	Item description								
3.1.0	<p>Capital Improvements to Land: Projects with a cost of \$50,000 or greater which have a useful life of 2 years or more are capitalized as Land Improvements. These costs are amortized over 10 years.</p> <p>Interest: Interest is capitalized when it is incurred for a specific project during that project's construction period. Other interest is allocated to the building it is identified to if possible. If it is not possible to identify the interest to a building with a high degree of accuracy then it is allocated by campus area.</p> <p>Operation and Maintenance: Operation and Maintenance is comprised of two major pools, Heating Plant & Utilities, and Plant Operation & Maintenance.</p> <p>Utilities are identified with a specific building and allocated to functions based on assignable square feet of each building. The assigned function is made based on the activity that is performed in the space, estimated to the nearest 5%. A utility cost adjustment (UCA) of 1.3 percentage points is added to the F&A rate proposal, as provided under OMB Circular A-21, Section F.4.C.</p> <p>Plant Operation and Maintenance costs are divided into the following subgroups:</p> <table border="0"> <thead> <tr> <th align="left">Subgroup</th> <th align="left">Allocation Method</th> </tr> </thead> <tbody> <tr> <td>Identified with a building- Custodial, Central Repairs & Maintenance, Building Admin, Interest, Rent</td> <td>Based on square feet for each building</td> </tr> <tr> <td>General Campus Services /Department Paid O&M (Specialized Plant O&M beyond centrally provided services)</td> <td>Based on campus space</td> </tr> <tr> <td>Occupational Safety and Environmental Health</td> <td>Based on square feet of the benefiting room types</td> </tr> </tbody> </table>	Subgroup	Allocation Method	Identified with a building- Custodial, Central Repairs & Maintenance, Building Admin, Interest, Rent	Based on square feet for each building	General Campus Services /Department Paid O&M (Specialized Plant O&M beyond centrally provided services)	Based on campus space	Occupational Safety and Environmental Health	Based on square feet of the benefiting room types
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3.1.0	<p>General and Administrative Expenses: General and Administrative Costs are divided into four subgroups, with the first four subgroups made up of separate departments:</p> <table border="0"> <tr> <td style="padding-left: 20px;">Subgroup</td> <td style="padding-left: 20px;">Allocation Method</td> </tr> <tr> <td style="padding-left: 20px;">Procurement</td> <td style="padding-left: 20px;">Total Costs are assigned to fund areas based on number of purchase orders by fund for the year. Costs for each fund are allocated to functions based on MTDC activity for each fund.</td> </tr> <tr> <td style="padding-left: 20px;">Human Resources</td> <td style="padding-left: 20px;">Salaries and wages</td> </tr> <tr> <td style="padding-left: 20px;">Payroll</td> <td style="padding-left: 20px;">Salaries and wages</td> </tr> <tr> <td style="padding-left: 20px;">All Other General and Administrative Costs</td> <td style="padding-left: 20px;">MTDC</td> </tr> </table> <p>Sponsored Projects Administration: Sponsored Projects Administration costs are allocated based on MTDC of proposed sponsored projects.</p> <p>Library: The University of Michigan has several independent libraries. The largest is the Ann Arbor campus University Library, which includes the Undergraduate Library, Graduate Library, and all of the departmental libraries reporting to the Dean of the University Library. There are also the following specialized libraries: Business Administration Library, Law Library, Clements Library, and Bentley Library. The operating costs for these library units are accumulated based on charges to their accounts. Operating costs include books. Costs for each library are allocated to benefitting functions using the A-21 default methodology.</p>	Subgroup	Allocation Method	Procurement	Total Costs are assigned to fund areas based on number of purchase orders by fund for the year. Costs for each fund are allocated to functions based on MTDC activity for each fund.	Human Resources	Salaries and wages	Payroll	Salaries and wages	All Other General and Administrative Costs	MTDC
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3.3.0	Major units included in cost pool: University Health System Student Residences Intercollegiate Athletics Development Office (Fund Raising)																																		
3.4.0	<p><u>Building Depreciation</u>-- No organizational components. Capitalized cost of buildings are broken down into various components and depreciated over their useful lives. Building components include:</p> <table border="0"> <thead> <tr> <th align="left"><u>Component</u></th> <th align="right"><u>Life for Depreciation</u></th> </tr> </thead> <tbody> <tr><td>Site preparation</td><td align="right">100</td></tr> <tr><td>Foundation</td><td align="right">100</td></tr> <tr><td>Frame</td><td align="right">60</td></tr> <tr><td>Floor structure</td><td align="right">40</td></tr> <tr><td>Floor cover</td><td align="right">15</td></tr> <tr><td>Exterior walls</td><td align="right">30</td></tr> <tr><td>Roof structure</td><td align="right">60</td></tr> <tr><td>Roof cover</td><td align="right">20</td></tr> <tr><td>Elevators</td><td align="right">40</td></tr> <tr><td>Fire protection</td><td align="right">23</td></tr> <tr><td>Lighting & Electrical</td><td align="right">23</td></tr> <tr><td>Piping & Plumbing</td><td align="right">23</td></tr> <tr><td>Heating/Ventilation/Air Conditioning</td><td align="right">23</td></tr> <tr><td>Construction - Exterior</td><td align="right">40</td></tr> <tr><td>Construction - Interior</td><td align="right">20</td></tr> <tr><td>Fixed Equipment</td><td align="right">15</td></tr> </tbody> </table> <p><u>Equipment Depreciation and Use Allowance</u> -- No organizational components. Capitalized costs for moveable equipment are depreciated over their useful lives. Fixed equipment capitalized as part of a building project is depreciated over 15 years.</p> <p><u>Capitalized Improvements to Land</u> -- No organizational component. Capitalized costs for land improvements are amortized over 10 years. All costs identifiable with the project are capitalized, including architects' fees, labor and benefits, subcontract costs and materials.</p> <p><u>Heating Plant & Utilities</u> -- The University Utilities Department, which operates the central power plant and utility distribution system, is the organizational component included in this cost pool. Purchased utility costs are also included.</p>	<u>Component</u>	<u>Life for Depreciation</u>	Site preparation	100	Foundation	100	Frame	60	Floor structure	40	Floor cover	15	Exterior walls	30	Roof structure	60	Roof cover	20	Elevators	40	Fire protection	23	Lighting & Electrical	23	Piping & Plumbing	23	Heating/Ventilation/Air Conditioning	23	Construction - Exterior	40	Construction - Interior	20	Fixed Equipment	15
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3.4.0	<p><u>Plant Operation & Maintenance</u> -- the major organizational components in this cost pool are:</p> <ul style="list-style-type: none"> Office of the Plant Director Various Departmental Units Occupational Safety and Environmental Health Dearborn Physical Plant Flint Facilities & Operations <p>Costs included are the salaries, wages, and other costs incurred to operate the above departments. In addition to the departmental operating costs, the following costs are included:</p> <ul style="list-style-type: none"> Repairs, renovations, and maintenance Property insurance Cost of maintaining fiber optics backbone and related infrastructure costs for telephone and network operations. <p><u>General Administration and General Expenses</u> -- the major organizational components in this cost pool are:</p> <ul style="list-style-type: none"> Office of the President Office of the Provost and Executive Vice President of Academic Affairs Office of Executive Vice President for Medical Affairs Office of Vice President for Research Office of Vice President for Student Affairs Office of Executive Vice President and Chief Financial Officer Information and Technology Services Vice President for Communications Office of Vice President and Secretary of University Office of Associate Vice President for Finance Office of the General Counsel Investment Office University Audits Office Office of Financial Analysis Financial Operations Controller's Office Risk Management Office Treasurer's Office Shared Services Center <p>Costs included are the salaries, wages, and other costs incurred to administer these units</p>

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3.4.0	<p>Departmental Administration - major organizational components are:</p> <ul style="list-style-type: none"> College of Literature, Science and the Arts College of Engineering Medical School Stamps School of Art and Design College of Architecture and Urban Planning School of Dentistry Ross School of Business School of Education School of Information Law School Life Sciences Institute Museum of Art Botanical Gardens and Arboretum School of Music, Theater and Dance School of Nursing School of Natural Resources and Environment College of Pharmacy G. Ford School of Public Policy School of Kinesiology School of Public Health School of Social Work University of Michigan- Dearborn Graduate School University of Michigan-Flint Institute for Social Research Transportation Research Institute Center for Human Growth and Development Center for the Education of Women Center for Research on Learning and Teaching <p>Costs included are the salaries wages, and other costs to administer these units. The salaries and wages of faculty and research scientists included in the departmental administration cost pool are removed from the pool prior to allocation of costs where 3.6% of the MTDC base is added for administrative work of these individuals. For the College of Literature, Science and the Arts, the College of Engineering and the Medical School, administrative costs of the deans' offices are allocated to departments based on MTDC activity prior to allocating departmental administration costs for each department.</p> <p>Sponsored Projects Administration- major organizational components are:</p> <ul style="list-style-type: none"> Office of Research and Sponsored Projects Office of Technology Transfer (Cost for protection of intellectual property) Office of Vice President for Research Unit for Laboratory Animal Medicine (Animal care oversight function only) Financial Operations Controller's Office Office of the General Counsel <p>Costs incurred are salaries, wages, fringe benefits, supplies, maintenance contracts, plant operation & maintenance, depreciation, and other operating expenses specifically identifiable to these units and accumulated in unique accounts within the financial accounting records. These costs are segregated and excluded from the General Administrative and General Expense cost pool to eliminate any possibility of duplicate charges.</p>

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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CONTINUATION SHEET

NAME OF REPORTING UNIT
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Item No.	Item description
3.4.0	<p><u>Library</u> -- major organizational components are: University Library System Law Library Ross School Kresge Library University of Michigan Dearborn Library University of Michigan Flint Library Clements Library Bentley Historical Library Costs included are the salaries, wages, and other costs to operate these units, including book acquisitions.</p> <p><u>Student Administration and Services</u> -- major organizational components are: University Health System Office of Vice President for Student Affairs Ross School of Business College of Engineering Undergraduate Education Office of Financial Aid Law School Registrar's Office Admissions Office Michigan Union Recreational Sports Department Office of Academic Multicultural Initiative Financial Operations Controller's Office Medical School Administration School of Social Work Graduate School Administration School of Public Health School of Information G. Ford School of Public Policy Costs included are the salaries, wages, and other costs to operate these units. The costs for admissions, registration, financial aid, and student records in the various units are also included where they are significant enough to identify.</p>
3.5.0	<p>The following activities are considered to be final direct cost activities to which indirect costs are allocated: Instruction/Departmental Research On Campus Organized Research Off Campus Organized Research Other Sponsored Activities Other Institutional Activities</p> <p>All direct costs of the above activities are included in the base for allocation of indirect costs and determination of the indirect cost rate except: Amount of subcontracts in excess of \$25,000 per award Patient Care Costs -- those are rates established by University Hospital and reviewed by Blue Cross auditors, who represent the Department of Health and Human Services Equipment (Excluding all books) --University threshold is \$5,000 Student Aid Costs -- Scholarships, Fellowships, & Tuition Incentive and other payments for which there is no effort identified, such as extra payments for patient care services and bonuses.</p> <p>Cost Allocation Studies:</p> <p>The University identifies the functions performed in each room using an annual space survey completed by the appropriate University administrators. The assigned function is made based on the activity that is performed in the space, estimated to the nearest 5%. This space survey is the basis for allocating Building Depreciation, Equipment Depreciation and Use Allowance, Land Improvements Amortization, Heating Plant & Utilities, and Plant Operation and Maintenance Expenses. Additionally, the departmental Salaries & Wages methodology is used to allocate space for certain room types.</p>

END OF PART III

**COST ACCOUNTING STANDARDS BOARD
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PART IV - DEPRECIATION AND USE ALLOWANCES

NAME OF REPORTING UNIT
University of Michigan

Item No.

Item description

Part IV

4.1.0

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 or use allowances 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> (1)	<u>Useful Life</u> (2)	<u>Property Unit</u> (3)	<u>Residual Value</u> (4)
(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>C</u>	<u>A</u>	<u>B</u>
(e) Equipment	<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) Automobiles and Trucks	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>
(h) Tools	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(i) 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.)	<u>Y</u>	<u>Y</u>	<u>Y</u>	<u>Y</u>

Column (1)--Depreciation Method Code

- A. Straight Line
- B. Expensed at Acquisition
- C. Use Allowance
- Y. Other or more than one method ^{1/}

Column (3)--Property Unit Code

- A. Individual units are accounted for separately
- B. Applied to groups of assets with similar service lives
- C. Applied to groups of assets with varying service lives
- Y. Other or more than one method ^{1/}

^{1/} Describe on a Continuation Sheet. _

Column (2)--Useful Life Code

- A. Replacement Experience
- B. Term of Lease
- C. Estimated service life
- D. As prescribed for use allowance by Office of Management and Budget Circular No. A-21
- Y. Other or more than one method ^{1/}

Column (4)--Residual Value Code

- A. Residual value is deducted
- B. Residual value is not deducted
- Y. Other or more than one method ^{1/}

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PART IV - DEPRECIATION AND USE ALLOWANCES

NAME OF REPORTING UNIT
University of Michigan

Item No.	Item description												
4.1.1	<p>Asset Valuations and Useful Lives. 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.)</p> <p>A. <input checked="" type="checkbox"/> Yes <input type="checkbox"/></p> <p>B. <input type="checkbox"/> No ^{1/}</p>												
4.2.0	<p><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.)</p> <p>A. <input checked="" type="checkbox"/> Yes</p> <p>B. <input type="checkbox"/> No</p>												
4.3.0	<p><u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> 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 agreement costs</p> <p>B. <input 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 checked="" type="checkbox"/> Other(s) ^{1/}</p> <p>Z. <input type="checkbox"/> Not applicable</p>												
4.4.0	<p><u>Criteria for Capitalization.</u> (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> <table border="0"> <thead> <tr> <th></th> <th></th> <th align="center"><u>Moveable equipment</u></th> <th align="center"><u>Other Capitalized Fixed Assets</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td>Minimum Dollar Amount</td> <td align="center">\$<u>5,000</u></td> <td align="center">\$<u>50,000</u></td> </tr> <tr> <td>B.</td> <td>Minimum Life Years</td> <td align="center"><u>2</u></td> <td align="center"><u>2</u></td> </tr> </tbody> </table>			<u>Moveable equipment</u>	<u>Other Capitalized Fixed Assets</u>	A.	Minimum Dollar Amount	\$ <u>5,000</u>	\$ <u>50,000</u>	B.	Minimum Life Years	<u>2</u>	<u>2</u>
		<u>Moveable equipment</u>	<u>Other Capitalized Fixed Assets</u>										
A.	Minimum Dollar Amount	\$ <u>5,000</u>	\$ <u>50,000</u>										
B.	Minimum Life Years	<u>2</u>	<u>2</u>										
4.5.0	<p><u>Group or Mass Purchase.</u> 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 type="checkbox"/> Yes ^{1/}</p> <p>B. <input checked="" type="checkbox"/> No</p>												
<p><u>1/ Describe on a Continuation Sheet.</u></p>													

**COST ACCOUNTING STANDARDS BOARD
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CONTINUATION SHEET

NAME OF REPORTING UNIT
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Item No.	Item description				
	<u>Asset Category</u>	<u>Depreciation Method</u>	<u>Useful Life</u>	<u>Property Unit</u>	<u>Residual Value</u>
4.1.0	Fixed equipment	A	C	A	B
4.3.0	Gains and losses are recognized in the year of disposal and allocated to benefitting functions based on space.				
END OF PART IV					

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

NAME OF REPORTING UNIT
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Item No.	Item description
	Part V
5.1.0	<p><u>Method of Charging Leave Costs.</u> 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. <u> X </u> Cash</p> <p>B. <u> X </u> Accrual ^{1/} -</p>
5.2.0	<p><u>Applicable Credits.</u> This item is directed at the treatment of "applicable credits" as defined in Section C of OMB Circular A-21 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. <u> X </u> The credits/receipts are offset against the specific direct or indirect costs to which they relate.</p> <p>B. <u> </u> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <u> </u> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <u> </u> Combination of methods ^{1/} -</p> <p>Y. <u> </u> Other ^{1/} -</p>
	<u>1/ Describe on a Continuation Sheet.</u>

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**Item
No.**

Item description

5.1.0

Certain employees who work on several activities and are not able to reasonably predict their activity are appointed to pool accounts. Their labor costs are charged to sponsored agreements and other activity based on monthly activity reports detailing their activity for the previous month. The labor amounts charged include actual salaries and wages, direct fringe benefits, and a provision for vacation, sick, and holiday pay. Compensated personal absences are not charged to projects, but to the pool established through the provision for vacation, sick and holiday pay.

END OF PART V

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

NAME OF REPORTING UNIT
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Item No.	Item description												
	<p>Instructions for Part VI</p> <p>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.</p> <p>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 (i), General Instructions)</p>												
6.1.0	<u>Pension Plans.</u>												
6.1.1	<p>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.)</p> <table border="0" style="width: 100%;"> <thead> <tr> <th align="center" colspan="2"><u>Type of Plan</u></th> <th align="center"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A. _____</td> <td>Institution employees participate in State/Local Government Retirement Plan(s)</td> <td align="center">_____</td> </tr> <tr> <td>B. <u> X </u></td> <td>Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td> <td align="center">_____</td> </tr> <tr> <td>C. _____</td> <td>Institution has its own Defined-Contribution Plan(s) ^{1/}</td> <td align="center">_____</td> </tr> </tbody> </table>	<u>Type of Plan</u>		<u>Number of Plans</u>	A. _____	Institution employees participate in State/Local Government Retirement Plan(s)	_____	B. <u> X </u>	Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	_____	C. _____	Institution has its own Defined-Contribution Plan(s) ^{1/}	_____
<u>Type of Plan</u>		<u>Number of Plans</u>											
A. _____	Institution employees participate in State/Local Government Retirement Plan(s)	_____											
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C. _____	Institution has its own Defined-Contribution Plan(s) ^{1/}	_____											
6.1.2	<p>Defined-Benefit Pension Plan. (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.)</p>												
	<u>1/ Describe on a Continuation Sheet.</u>												

<p style="text-align: center;">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>		<p style="text-align: center;">PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS</p>
		<p style="text-align: center;">NAME OF REPORTING UNIT University of Michigan</p>
<p>Item No.</p>	<p style="text-align: center;">Item description</p>	
<p>6.2.0</p>	<p><u>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</u> (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.)</p> <p>Z. <input checked="" type="checkbox"/> Not Applicable – See Section 2.6.0 for treatment of these costs</p>	
<p>6.2.1</p>	<p>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.)</p>	
<p>6.3.0</p>	<p><u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When accrued (book accrual only)</p> <p>B. <input checked="" type="checkbox"/> When contributions are made to a nonforfeitable fund</p> <p>C. <input type="checkbox"/> When contributions are made to a forfeitable fund</p> <p>D. <input type="checkbox"/> When the benefits are paid to an employee</p> <p>E. <input type="checkbox"/> When amounts are paid to an employee welfare plan</p> <p>Y. <input type="checkbox"/> Other or more than one method ^{1/} -</p> <p>Z. <input type="checkbox"/> Not Applicable</p>	
<p>6.4.0</p>	<p><u>Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)</u></p>	
<p>6.4.1</p>	<p>Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability</p> <p>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</p> <p>D. <input checked="" type="checkbox"/> When funds are set aside or contributions are made to a fund</p> <p>Y. <input type="checkbox"/> Other or more than one method ^{1/} -</p> <p>Z. <input type="checkbox"/> Not Applicable</p>	
<p><u>1/ Describe on a Continuation Sheet.</u></p>		

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

NAME OF REPORTING UNIT
University of Michigan

Item No.	Item description
6.4.2	<p>Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. ___ When losses are incurred (no provision for reserves)</p> <p>B. <u> X </u> When provisions for reserves are recorded based on replacement costs</p> <p>C. ___ When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles.</p> <p>D. ___ Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)</p> <p>Y. ___ Other or more than one method ^{1/} -</p> <p>Z. ___ Not Applicable</p> <p><u>1/</u> Describe on a Continuation Sheet.</p>