

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

COVER SHEET AND CERTIFICATION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

0.1 Educational Institution

(a) Name: University of Connecticut Storrs and Regional Campuses
(excludes University of Connecticut Health Center)

(b) Street Address: 343 Mansfield Road

(c) City, State and ZIP Code: Storrs, CT 06269-2074

(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: Charles Eaton II, University Controller

(b) Phone Number: 860-486-2937
(include area code and extension)

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. 04

B. Effective Date of this Statement: (Specify) December 26, 2014

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

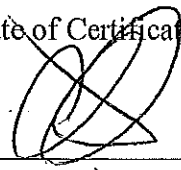
A. Cognizant Federal Agency: Department of Health and Human Services
Cost Allocation Services
Cohen Building-Room 1067
330 Independence Avenue, S.W.
Washington DC 20201
(202) 401-2808

B. Cognizant Federal Auditor: Regional Inspector General for Audit Services
U.S. Department of Health & Human Services
Office of Audit – Region I
John F. Kennedy Federal Building
Boston, MA 02203
(617) 565-2689

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: 12/23/14



(Signature)

Charles H. Eaton

(Print or Type Name)

Controller

(Title)

**COST ACCOUNTING STANDARDS BOARD
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**PART I – GENERAL INFORMATION
NAME OF REPORTING UNIT
UNIVERSITY OF CONNECTICUT**

ITEM NO.

ITEM DESCRIPTION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

Part I

- 1.1.0 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.)
- A. Accrual
B. X Modified Accrual Basis 1/
C. X Cash Basis
Y. Other 1/
- 1.2.0 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.)
- A. Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)
B. Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)
C. X Combination of A and B
- 1.3.0 Unallowable Costs. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)
- A. X Specifically identified and recorded separately in the formal financial accounting records. 1/
B. Identified in separately maintained accounting records or workpapers. 1/
C. Identifiable through use of less formal accounting techniques that permit audit verification. 1/
D. Combination of A, B or C 1/
E. Determinable by other means. 1/

1/ Describe on a Continuation Sheet.

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- 1.3.1 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.)
- 1.4.0 Cost Accounting Period: 7/1 to 6/30 (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.)
- 1.5.0 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.

**COST ACCOUNTING STANDARDS BOARD
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ITEM DESCRIPTION

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1.1.0 Description of Cost Accounting System

The University of Connecticut has a financial accounting system based on fund accounting. Expenses charge to Federally sponsored agreements are charged in the following ways:

Direct Costs

Direct costs are charged on a cash basis, however in determining the final costs for sponsored agreement reporting purposes, all costs that were incurred during the sponsored agreement period but not paid are included for the final costs.

Indirect Cost and Fringe Benefit Rates

Indirect cost rates are based on the University's annual financial statements, which include normal accruals for salaries, fringe benefits, and accounts payable. Indirect costs are accumulated and allocated as described in Part III of this document and are negotiated and approved by the Department of Health and Human Services, the University's cognizant agency.

Fringe benefits are charged to sponsored agreements based on rates negotiated by the University of Connecticut with DHHS. The rates are a percentage of salaries paid. Fringe Benefits are recorded in the accounting system when the salary charge is made.

1.2.0 Integration of Cost Accounting with Financial Accounting

Direct costs charged to sponsored agreements are fully integrated with the University's financial accounting system.

The amounts included in the University's indirect cost pools are based on cost information generated by the financial accounting system. The data obtained from the financial accounting system and financial statements is adjusted and reclassified into the cost pools and bases required by the Code of Federal Regulations (CFR). The specific adjustments and reclassifications are listed and described in schedules included in the University's indirect cost proposal.

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1.2.0 Integration of Cost Accounting with Financial Accounting (Continued)

As discussed in 3.1.0, state central service costs, interest related to individual construction projects, and some of the costs in the departmental administration pool, are not accumulated by the formal accounting system and must therefore be accumulated through cost finding techniques or other calculations. The allocation of indirect costs and development of indirect cost rates are also accomplished through cost finding procedures which are not part of the formal accounting system.

1.3.0 Unallowable Costs

Unallowable costs, as defined in the CFR, must be charged to specific accounts or object codes in the financial accounting system. The costs recorded in these accounts or object codes are excluded from the direct and indirect costs charged to sponsored agreements. Additionally, costs incurred by organizational units whose overall activities are unallowable (e.g., University Development, Alumni Relations, etc.) are identified within the financial accounting system at the department or account level and removed from the indirect cost pools allocated to sponsored agreements. Reviews to assure compliance with these policies are made initially at the department level, then by the offices for Sponsored Programs Services, Cost Analysis, and the Office of Audit, Compliance and Ethics.

1.3.1 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 the CFR Appendix III A.1.d.. 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 the CFR Appendix III C.2. An exception to this treatment is made for cost overruns and other unallowable direct costs of sponsored agreements. These costs remain in the same direct cost base as the sponsored agreement if they are the types of costs that would be included in the MTDC base required by the CFR.

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1.5.0 State Laws and Regulations

Financial records and reports are maintained in accordance with the constitution of the State of Connecticut, Section 24, as implemented in the State Accounting Manual.

State laws and regulations affect the state central service costs allocated to the University, fringe benefit costs, pension plans, self insurance costs, and capitalization criteria. These areas are covered in Parts II, III, IV and VI.

**COST ACCOUNTING STANDARDS BOARD
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**PART II – DIRECT COSTS
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ITEM NO.

ITEM DESCRIPTION

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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 Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.** (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 Description of Direct Materials.** 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 Method of Charging Direct Materials and Supplies.** (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. ☒ 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. ☐ Other(s) 1/
 - Z. ☐ Not Applicable
- 1/ Describe on a Continuation Sheet

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2.4.0 Description of Direct Personal Services. 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 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.)

	<u>Direct Personal Services Category</u>			
	<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Others 1/</u>
	(1)	(2)	(3)	(4)
A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_____	_____	_____
B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	_____
C. After-the-fact Activity Records (Percentage Distribution of employee activity)	<u> X </u>	<u> X </u>	<u> X </u>	_____
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/	_____	_____	_____	_____

1/ Describe on a Continuation Sheet.

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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.)

 X Yes
 No

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 wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)

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.)

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.)

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.)

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- 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
 X No

- 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>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)
A. At full cost excluding indirect costs attributable to group or central office expenses.	<u> </u>	<u> </u>	<u> </u>
B. At full cost including indirect costs attributable to group or central office expenses.	<u> </u>	<u> </u>	<u> </u>
C. At established catalog or market price or prices based on adequate competition.	<u> </u>	<u> </u>	<u> </u>
Y. Other(s) <u>1/</u>	<u> </u>	<u> </u>	<u> X </u>
Z. Interorganizational transfers are not applicable	<u> X </u>	<u> X </u>	<u> </u>
<u>1/</u> Describe on a Continuation Sheet.			

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

The University follows the general guidelines in sections 200.413 and 200.414 of the CFR 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 the CFR Appendix III.B.

The University also follows the guidelines in the CFR Appendix III B.6.b. that 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. As cited later in this section, specific policies have been established by the University to help accomplish this objective. All sponsored agreement proposals are reviewed by Sponsored Programs Services for consistent treatment of costs in budgets.

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

- Salaries and fringe benefits of faculty, research associates, technicians, graduate students and the other types of personnel listed in 2.4.0. associated with effort on research projects, instructional activities and other direct cost objectives, are treated as direct costs. Salaries and fringe benefits of faculty and professional staff associated with administrative activities are treated as indirect costs.
- Salaries and fringe benefits of administrative and clerical staff are normally treated as indirect costs, as required by the CFR Appendix III B.6.b.. However, in accordance with Appendix III B.6.b. of the CFR, these costs are treated as direct costs when the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support and the costs meet general criteria for direct charging in the CFR (i.e., can be identified specifically with the project). These situations are considered "unlike circumstances" under CAS 502. The University has established specific policies on this subject in Policy Statement No. CADS-1, "Direct and Indirect Costs of Federal Grants and Contracts", which parallel the provisions of the CFR. Policy Statement No. CADS-1 was issued on June 19, 1998 and was effective on July 1, 1998.

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- The cost of laboratory supplies, (e.g., chemicals, glassware, etc.), instructional supplies, animals, animal care and other specialized services, travel, consulting services, long distance telephone toll charges and the other items enumerated in 2.2.0 and 2.7.0 identifiable to 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 also treated as direct costs.
- The costs of office supplies, postage, local (basic) telephone costs, and memberships in business, professional, and technical organizations are treated as indirect costs, except under the conditions specified in Policy Statement CADS-1, which the University considers “unlike circumstances” under CAS 502.

As indicated above, the University’s policies permit direct charges for administrative and clerical salaries, office supplies, postage, local telephone expenses, and memberships only under exceptional circumstances consistent with the CFR Appendix III B.6.b. 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.

Cost normally treated as indirect, such as administrative and clerical salaries, are 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 costs of Federal programs.

To assure consistent treatment of costs between sponsored agreements and non-sponsored activities, “Direct Charge Equivalents” (DCEs) are used to assign an appropriate amount of departmental operating 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 operating fund expenses that should be assigned directly to non-sponsored activities, and the portion that should be included in the Department Administration indirect cost pool. (See description of the accumulation of Department Administration expenses in 3.1.0.) The use of DCEs is a long established accounting convention at academic institutions that is designed to help achieve consistent treatment of costs as required by the CFR and CAS 502, and at the same time recognize the generally accepted accounting practices of the institutions.

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2.2.0 Description of Direct Materials

The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include chemicals, glassware, drugs, books and periodicals, minor equipment items (i.e., those below the University's capitalization threshold of \$5,000), uniforms, computer software and supplies, photographic supplies, and tools.

2.4.0 Description of Direct Personal Services

The principal classes of direct personal service costs are faculty, technicians, lab assistants research assistants, research associates, post-doctoral fellows, program assistant, university educational assistant, graduate students and other students. The direct charges include salaries and fringe benefits.

The salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described under 2.1.0.

2.5.0 & 2.5.2 Salary and Wages Accumulation System

Responsible officials determine and record the planned (budgeted) distribution of each employee's salary on a payroll distribution form based on an estimate of the employee's effort distribution. The completed payroll distribution forms are used to determine the initial charges for salary costs to sponsored agreements. After-the-fact activity reports, as described in section 200.430 of the CFR, are used to determine the actual distribution of employee salaries. Where the actual distribution differs from the budgeted distribution, the charges to sponsored agreements are appropriately adjusted in the accounting system.

The salary distribution system identifies the salaries directly charged to sponsored agreements as well as the salaries the University of Connecticut contributes to sponsored agreements as cost sharing. The University of Connecticut's cost sharing Policy Statement No. CADS-2, "Cost Sharing" was issued on June 19, 1998 and became effective on July 1, 1998.

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Revised

2.6.0 Description of Direct Fringe Benefit Costs

The following fringe benefits attributable to organized research, instruction and other direct cost objectives are treated as direct costs:

- State Employee Retirement System (SERS) Contributions
- Alternate Retirement Plan
- Teacher's Retirement Plan
- SERS Hybrid Retirement Plan (R)
- Unemployment Compensation
- Group Life Insurance
- Social Security and Medicare
- Medical Insurance
- Worker Compensation

Leave costs (e.g., vacation, holiday, sick leave) are included in the normal charges for salaries.

2.6.1 Method of Charging Direct Fringe Benefits

All fringe benefits, except leave costs, are charged to cost objectives based on fringe benefit rates negotiated with the Department of Health and Human Services, Cost Allocation Services. 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. Effective July 1, 2011, the University has established separate fringe benefit rates for the following classes of employees:

- Faculty
- Temporary with retirement
- Temporary without retirement
- Student Labor
- Graduate Assistants
- Other Professional

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2.7.0 Description of Other Direct Costs

Principal categories of other direct costs include: travel; consulting services; participant and subject costs; animals; animal care and other specialized and technical services; publication costs; subawards; equipment; alterations and renovations needed to meet specific project requirements; long distance telephone expenses; repair and maintenance of equipment; rent and other facility costs of off-campus facilities.

2.8.0 Cost Transfers

For the vast majority of cost transfers, the amount credited for direct costs and applicable indirect costs is the same as the amount originally charged for these costs. However, if a transfer crosses fiscal years, the indirect cost rate of the new year is used in determining 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 for indirect costs would require costly systems changes and labor-intensive monitoring procedures that would not be cost effective.

2.9.0 Interorganizational Transfers

UConn Health provides services to UConn Storrs as a sub-recipient under some sponsored agreements awarded to UConn Storrs. In these situations, the direct costs incurred by UConn Health are charged to the sub-award, plus applicable indirect costs. The appropriate on-campus or off-campus rate of UConn Health is applied.

COST ACCOUNTING STANDARDS BOARD

DISCLOSURE STATEMENT

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EDUCATIONAL INSTITUTIONS

ITEM NO.

PART III – INDIRECT COSTS

NAME OF REPORTING UNIT

UNIVERSITY OF CONNECTICUT

ITEM DESCRIPTION

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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. 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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ITEM NO.

PART III - INDIRECT COSTS

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ITEM DESCRIPTION

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- 3.1.0 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>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	<u>Yes</u>	<u>P</u>	
Interest <u>1/</u>	<u>No</u>	<u>L</u>	
(b) Operation and Maintenance	<u>Yes</u>	<u>L</u>	<u>2</u>
(c) General Administration and General Expense	<u>Yes</u>	<u>C</u>	<u>3</u>
(d) Departmental Administration	<u>No</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>A</u>	
(h) Other <u>1/</u> State central Service Costs	<u>No</u>	<u>C</u>	

1/ Describe on Continuation Sheet

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- 3.2.0 Service 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 Section 200.468 of the Federal Code of Regulations. (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) Scientific Computer Operations	<u>Z</u>	—	—	—	—	—
(b) Business Data Processing	<u>Z</u>	—	—	—	—	—
(c) Animal Care Facilities	<u>A</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
(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)	<u>Z</u>	—	—	—	—	—

- (1) Category Code: 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.
- (2) Burden Code: 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.
- (3) Billing Rate Code: 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).
- (4) User Charges Code: 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).
- (5) Actual Costs vs. Revenues Code: 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.
- (6) Variance Code: 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).

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3.3.0 Indirect Cost Pools and Allocation Bases

(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.)

Indirect Cost Pools	Allocation Base Code
A. Instruction	
<input checked="" type="checkbox"/> On-Campus	<u> D </u>
<input checked="" type="checkbox"/> Off-Campus	<u> D </u>
<u> </u> Other <u>1/</u>	<u> </u>
B. Organized Research	
<input checked="" type="checkbox"/> On-Campus	<u> D </u>
<input checked="" type="checkbox"/> Off-Campus	<u> D </u>
<u> </u> Other <u>1/</u>	<u> </u>
C. Other Sponsored Activities	
<input checked="" type="checkbox"/> On-Campus	<u> D </u>
<input checked="" type="checkbox"/> Off-Campus	<u> D </u>
<u> </u> Other <u>1/</u>	<u> </u>
D. Other Institutional Activities <u>1/</u>	<u> </u>

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/ Describe on a Continuation Sheet

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- 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., subcontract 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.
- 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. X Yes
- B. No^{1/}

^{1/} Describe on a Continuation Sheet.

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3.1.0 Indirect Cost Categories

I. Accumulation Method

Interest

The interest expense in this indirect cost pool is interest on debt associated with buildings, and capital improvements as defined in Section 200.449 of the CFR. The University's total interest expense is recorded in the accounting system. The interest associated with the individual construction projects are calculated based on an analysis of bond issues. A particular bond may finance several construction projects. The amount of interest allocated to each construction project is based on that project'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 as required by Section 200.449 of the CFR.

Departmental Administration

Departmental administration expenses are only partially identified by the accounting system. This cost pool consists of the administrative costs of the 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 the deans' offices are identified by the accounting system. 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 paragraph B.6.a.(2) of the CFR.

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 2.1.0), professional departmental administrators, office supplies, postage, travel associated with administrative activities, etc. This portion of departmental administration expenses is accumulated through an analysis of departmental operating fund accounts and the application of "Direct Charge Equivalents" (DCEs). As discussed in 2.1.0, DCEs are mathematical formulas that estimate the portion of departmental operating fund expenses that should be assigned directly to instruction and other non-sponsored direct cost objectives (collectively referred to as "instruction"), and the portion that should be included in the departmental administration indirect cost pool. The DCE ratio used for general support salaries and wages is general support salaries and wages attributable directly to sponsored projects, divided by faculty and professional salaries attributable directly to sponsored projects. This ratio is applied to unrestricted faculty and professional salaries, excluding the standard 3.6% faculty administrative allowance. The DCE ratios are developed and applied on a department-by-

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3.1.0 Indirect Cost Categories (Continued)

I. Accumulation Method

department basis. Non-labor costs are distributed on a department-by-department basis between departmental administration and instruction based on the distribution of salaries and wages.

State Central Services

State Central Service costs are the University of Connecticut's allocated share of the costs of central support services provided by the State of Connecticut. The allocations are made in a State-wide Cost Allocation Plan developed by the state and approved by the Federal Department of Health and Human Services, Cost Allocation Services.

All Other Indirect Cost Categories

The remaining indirect cost categories are identified by the University's accounting system. As noted in 1.2.0, adjustments and reclassifications are needed to recast the information in the University's financial statements into the pool costs required by the CFR. These adjustments and reclassifications are listed and explained in schedules included in the University's indirect cost proposal.

II. Allocation Base Code

Depreciation on Capital Improvements to Land

Depreciation on capital improvements to land is allocated based on the standard method in the CFR Appendix III B.2.b.(4), which uses a combination of full-time-equivalent student and employee data and salary data in a multi-step allocation process.

Library

Library costs are allocated based on a cost analysis study of the usage of the University's library by different categories of users and functions. The study is conducted in accordance with the requirements described in the CFR Appendix III B.2.d.(3).

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3.1.0 Indirect Cost Categories (Continued)

Student Administration and Services

The Student Administration and Services indirect cost pool is allocated entirely to the instruction function in accordance with the standard allocation base in the CFR Appendix III B.9.b.

3.2.0 (a) Scientific Computer Operations

The University does not have a service center that provides scientific computer services.

(b) Business Data Processing

The University Computer Center (UCC) operations support both academic and administrative functions. The Computer Center is considered a general support operation. This center does not charge users for its services. The cost of the Center is in the General Administration and General Expense pool. Major parts of the operation support the University's internal network, links to external websites, e-mail and accounting systems.

(c) Animal Care Facilities

Animal care services are charged to users for services provided based on a schedule of rates. The fee for animal services consists of the aggregate costs and allocable share of F&A costs.

Space usage for procedure rooms, operating and recovery rooms for animal care facilities have been prorated between animal care and direct uses. The prorating is accomplished by means of interviews with animal care facility managers.

Column (2) – Burden Code

Space costs are allocated to the service centers listed in this section. Administrative costs are not allocated to these service centers, since the charges for the services are included in the user bases for the allocation of G&A costs.

3.4.0 Composition of Indirect Cost Pools

1. Depreciation

These cost pools include depreciation on the University's buildings, equipment, and capital improvements computed in accordance with section 200.436 of the CFR. See Part IV for additional information on the computation of depreciation. The depreciation cost pools exclude depreciation on assets paid for with Federal funds. The equipment depreciation pool also excludes depreciation on equipment charged to non-federal sponsored agreements in accordance with guidance issued by OMB. If the University has title to this equipment, depreciation on the remaining undepreciated cost of the equipment will be included in the equipment depreciation pool after the non-federal agreements expire.

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Composition of Indirect Cost Pools (Continued)

2. Interest

This cost pool is interest on debt associated with buildings, equipment and capital improvements as defined in section 200.449 of the CFR.

3. Operations and Maintenance Expenses (O&M)

This cost pool consist of expenses incurred for the administration, supervision, operation, maintenance, preservation and protection of the institution's physical plant, as defined in the CFR Appendix III B.4. It includes expenses incurred for such items as janitorial and utility services; repairs and ordinary or normal alternations of buildings, furniture and equipment; care of grounds; maintenance and operation of buildings and other plant facilities; security; disaster preparedness; environmental safety; hazardous waste disposal; property, liability, and all other insurance relating to property; space and capital leasing; facility planning and management; and central receiving. The O&M expense category includes its allocable share of fringe benefits, depreciation and interest.

4. General Administration and General Expenses (GA)

This cost pool consists of costs that have been incurred for the general executive and administrative offices and other expenses of a general nature which do not relate solely to any major function of the University, as defined in the CFR Appendix III B.5. These expenses include the expenses of the central offices of the institution such as the offices for institution wide financial management, financial planning and budget, human resources; the office of the general counsel; purchasing, safety and risk management, mail services, and the operations of the central administrative management information systems.

The GA cost pool includes its allocable share of fringe benefits, depreciation, interest, and O&M expenses. The GA cost pool also includes costs allocated from the Board of Trustees and President's office as described in Part VII.

5. Departmental Administration (DA)

This cost pool is comprised of expenses incurred for administrative and supporting services that benefit common or joint objectives in academic deans' offices, academic departments and divisions, and organized research units, as defined in the CFR Appendix III B.6. See 3.1.0 for additional information on composition and accumulation of departmental administration.

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3.4.0 Composition of Indirect Cost Pools (Continued)

The DA cost pool also includes its allocable share of fringe benefits, depreciation, interest, O&M and GA expenses.

6. Sponsored Projects Administration (SPA)

The SPA cost pool consist of expenses for Sponsored Programs Services, which is responsible for pre and post administration of all sponsored projects, and a portion of the Vice President for Research office. The SPA cost pool also includes its allocable share of fringe benefits, depreciation, interest, O&M, and GA expenses.

7. Library

Library expenses include the operational costs of the main and regional campus libraries and materials and books purchased for the libraries, as defined in the CFR Appendix III B.8. The costs of rare books are excluded. Library fines are used to offset expenses. The Library cost pool includes its allocable share of fringe benefits, depreciation, interest, O&M and GA expenses.

8. Student Administration and Services (SAS)

This pool consists of expenses associated with the administration of student affairs, including such activities as: dean of students, admissions, registrar, counseling, placement services, student advisors, student health and infirmary services. The SAS cost pool includes its allocable share of fringe benefits, depreciation, interest, O&M, and GA expenses.

9. State Central Service Costs

As indicated in 3.1.0, state central service costs are the University of Connecticut's allocated share of costs of central support services provided by the State of Connecticut.

3.5.0 Composition of Allocation Bases

1. Depreciation on Buildings, Equipment and Capital Improvements

Building depreciation is allocated on a building-by-building basis among the functions performed in each building (e.g., organized research, instruction, etc.) based on the amount of net assignable square feet occupied by each function. Functional usage is determined on a room-by-room basis through a space inventory and functional use survey, which assigns a specific percentage of use to each function performed in each room. For rooms used by more than one function, the percentage applicable to each function is based on a review of the activities performed in the

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3.5.0 Composition of Allocation Bases (Continued)

room, the accounts that support those activities, and the occupants of the room. When evaluating the functional use of a room, care is taken to ensure that the space classification is consistent with the functional classification of the expenditure accounts that funded the activities in the room.

Equipment depreciation is separated into two subpools – equipment that can be identified to specific rooms and equipment that cannot be identified to specific rooms. Depreciation on equipment identified to specific rooms is allocated based on the functional use of the room in which the equipment is located. Depreciation on equipment not identified to rooms is allocated based on the functional use of space of the department that owns the equipment.

As noted in 3.1.0, depreciation on capital improvements to land is allocated based on the standard method in the CFR Appendix III B.2.b.(4).

2. Interest

Interest costs are allocated on the same basis as depreciation on the buildings and equipment to which the interest relates.

3. Operation and Maintenance (O&M)

Environmental health and safety costs, which include radiation, chemical, and biological safety expenses are allocated based on the square footage of laboratory space. Remaining O&M expenses are allocated to benefiting functions based on the net assignable square feet occupied by each function on a University-wide basis. Functional usage is determined by the space survey described under depreciation on buildings, equipment and capital improvements.

4. General Administration and General Expenses (GA)

GA expenses are allocated to benefiting functions based on modified total costs. Modified total costs consists of all salaries and wages, fringe benefits, materials, supplies, services, travel and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Modified total costs exclude equipment, capital expenditures, charges for patient care, tuition remission, rental costs of off-site facilities, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000.

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3.5.0 Composition of Allocation Bases (Continued)

5. Departmental Administration (DA)

DA expenses are allocated to benefiting functions based on modified total direct costs (MTDC). MTDC consists of the same cost elements as the modified total cost base used to allocate GA. As stipulated in the CFR Appendix III B.6., the administrative expenses of the dean's office of each college and school are allocated to the academic departments and other organizational units within that college or school. The administrative expenses of each department, plus the department's share of the dean's office costs, are allocated to the direct functions within that department.

6. Sponsored Project Administration (SPA)

SPA expenses are allocated based on the MTDC of the sponsored projects within each major function of the institution. MTDC for this purpose consists of the same cost elements as the allocation base for GA and DA expenses.

7. Library

Library costs are allocated to the major functions of the University based on a library cost analysis study as described in CFR Appendix III B.8.

8. Student Administration and Services

The Student Administration and Services cost pool is allocated entirely to the instruction function in accordance with the standard base in CFR Appendix III B.9.

9. State Central Services

State Central Services costs are allocated on the same basis as GA expenses.

10. Final Distribution Base

The final distribution base (i.e., the base used to allocate the accumulated indirect costs of each major function to sponsored agreements within that function) is also MTDC and consist of the same cost elements as the base for allocating the administrative cost pools noted above.

11. Cost Sharing

Cost sharing of direct costs on sponsored agreements is included in the same indirect cost allocation base (e.g., organized research) as the costs charged to the agreements. The University's policy on cost sharing is cited in 2.5.0. and 2.5.2. The procedures for identifying cost shared salaries are also described in 2.5.0. and 2.5.2. The organized research base also includes amounts in excess of the NIH salary cap.

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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.)

Asset Category		Depreciation <u>Method</u>	Useful <u>Life</u>	Property <u>Unit</u>	Residual <u>Value</u>
		(1)	(2)	(3)	(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>B</u>
(h)	Tools	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(i)	Enter Code Y on this line	<u> </u>	<u> </u>	<u> </u>	<u> </u>
if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)					

Column (1)--Depreciation Method Code

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

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 (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/

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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- 4.1.1 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.)
A. X Yes
B. No 1/
- 4.2.0 Fully Depreciated Assets. 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. Yes
B. X No
- 4.3.0 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.)
A. X Excluded from determination of sponsored agreement costs
B. X Credited or charged currently to the same pools to which the depreciation of the assets was originally charged
C. Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved
D. Not accounted for separately, but reflected in the depreciation reserve account
Y. Other(s) 1/
Z. Not applicable
- 4.4.0 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.)

A. Minimum Dollar Amount 5,000
B. Minimum Life Years 1
- 4.5.0 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.)
A. Yes 1/
B. X No 1/
Describe on a Continuation Sheet.

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4.1.1 Asset Valuations and Useful Lives

In accordance with section 200.436 of the CFR, the period of useful service (useful life) established in each case for usable capital assets must take into consideration such factors as type of construction, nature of the equipment, technological developments in the particular area, and the renewal and replacement policies followed for the individual items or classes of assets involved.

4.3.0 Treatment of Gains and Losses on the Disposition of Depreciable Property

For assets with a material value, gains and losses on disposals of the assets are credited or charged to the same cost pools as the depreciation of the assets was charged.

4.4.0 Criteria for Capitalization

The dollar amount and minimum useful life shown in this section of the DS-2 form apply to equipment. Capitalization of additions, renovations and improvements to real property is governed by State of Connecticut policy issued by the Office of the State Comptroller. Under this policy, all additions, renovations, and improvements to real property that clearly and significantly enhance the value of the property must be capitalized.

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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**CONTINUATION SHEET
PART V – OTHER COSTS AND CREDITS
NAME OF REPORTING UNIT
UNIVERSITY OF CONNECTICUT**

ITEM NO.

ITEM DESCRIPTION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

Revised

5.2.0 Applicable Credits

Applicable credits, such as purchase discounts, refunds, overpayments and erroneous charges, but excluding credit card purchase rebates, are offset against the specific costs to which they relate. Library fees and fines, parking fees, and other incidental receipts are offset against the cost of the activity to which they relate.

Credit card purchase rebates are allocated to the University by the State base on the University's proportional share of the State's credit card purchases. The credit card purchase rebate allocated to the University is offset in the O&M cost pool.

**COST ACCOUNTING STANDARDS BOARD
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**PART VI – DEFERRED COMPENSATION AND
INSURANCE COSTS
NAME OF REPORTING UNIT
UNIVERSITY OF CONNECTICUT**

ITEM NO.

ITEM DESCRIPTION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

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 (i), General Instructions)

6.1.0 Pension Plans.

6.1.1 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.	_____ 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	<u> 1 </u>
C.	_____ Institution has its own Defined Contribution Plan(s) <u> 1/ </u>	_____

6.1.2 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.)

 1/ Describe on a Continuation Sheet

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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

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. ☐ When accrued (book accrual only)
- B. ☐ When contributions are made to a nonforfeitable fund
- C. ☐ When contributions are made to a forfeitable fund
- D. ☐ When the benefits are paid to an employee
- E. ☐ When amounts are paid to an employee welfare plan
- Y. ☐ Other or more than one method 1/
- Z. ☒ Not Applicable

6.4.0 Self-Insurance Programs (Worker's Compensation, Liability and Casualty Insurance.)

6.4.1 Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

- A. ☐ When claims are paid or losses are incurred (no provision for reserves)
- B. ☐ When provisions for reserves are recorded based on the present value of the liability
- C. ☐ When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability
- D. ☐ When funds are set aside or contributions are made to a fund
- Y. ☒ Other or more than one method 1/
- Z. ☐ Not Applicable

1/ Describe on a Continuation Sheet.

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6.4.2 Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

- A. ☐ When losses are incurred (no provision for reserves)
- B. ☐ When provisions for reserves are recorded based on replacement costs
- 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.
- D. ☐ Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)
- Y. ☒ Other or more than one method 1/
- Z. ☐ Not Applicable

1/ Describe on a Continuation Sheet.

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**PART VII – CENTRAL SYSTEM OR GROUP
EXPENSES
NAME OF REPORTING UNIT
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ITEM NO.

ITEM DESCRIPTION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

**DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE
ADMINISTRATION) OFFICE, AS APPLICABLE.**

Instructions for Part VII

This part should be completed only 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.

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.

7.1.0 Organizational Structure.

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.

7.2.0 Cost Accumulation and Allocation.

On a continuation sheet, provide a description of:

- 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 to 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.

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**CONTINUATION SHEET
PART VII – CENTRAL SYSTEM OR GROUP
EXPENSES**

**NAME OF REPORTING UNIT
UNIVERSITY OF CONNECTICUT**

ITEM NO.

ITEM DESCRIPTION

REVISION NUMBER 4, EFFECTIVE DATE 12/26/14

7.1.0

Organizational Structure

Board of Trustees and President

University of Connecticut – Storrs and Regional Campus

University of Connecticut Health Center

7.2.0

Cost Accumulation and Allocation

A. Board of Trustees and the President oversee the University of Connecticut, Storrs and Regional Campus, and the University of Connecticut Health Center's operations.

B. The costs of the Board of Trustees and the President's Office are identified and accumulated in the University of Connecticut's financial accounting system.

C. After analysis and adjustment for "unallowable costs" the cost of these activities are allocated to the University of Connecticut, Storrs and Regional Campus and the University of Connecticut Health Center based on salaries and wages.

D. None.

E. None.