

EDUCATIONAL INSTITUTIONS

COST ACCOUNTING STANDARDS BOARD FORM APPROVED OMB #
DISCLOSURE STATEMENT
REQUIRED BY PUBLIC LAW 100-679
EDUCATIONAL INSTITUTIONS INDEX

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1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).

2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a central or group office and are allocated to one or more segments performing under Federally sponsored agreements.

3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.

4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.

5. The Statement must be signed by an authorized signatory of the reporting unit.

6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.

7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and,

on the last continuation sheet used, the words "End of Part" should be inserted after the last entry.

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement 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 Disclosure Statement being filed.

11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all resubmissions, on each page, insert "Revision Number _____" and "Effective Date _____" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.

ATTACHMENT - Blank Continuation Sheet

EDUCATIONAL INSTITUTIONS

- 0.1 Educational Institution
- (a) Name The University of Alabama in Huntsville
 - (b) Street Address 301 Sparkman Drive
 - (c) City, State and Zip Code Huntsville, Alabama 35899
 - (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. X Other (Specify) Segment of independently administered
public institution
- 0.3 Official to Contact Concerning this Statement:
- (a) Name and Title Ray Pinner
Vice President for Finance and Administration
 - (b) Phone Number (include area code and extension)
256-824-6350
- 0.4 Statement Type and Effective Date:
- A. (Mark type of submission. If a revision, enter number.)
 - (a) X Original Statement
 - (b) ___ Amended Statement; Revision No. _____
 - B. Effective Date of this Statement: (Specify)
June 30, 2004
- 0.5 Statement Submitted To (Provide office name, location and telephone number, include area code and extension):
- A. Cognizant Federal Agency: DHHS
Washington, DC 20201
 - C. Cognizant Federal Auditor:
DHHS - Audit Agency
Washington, DC 20201

EDUCATIONAL INSTITUTIONS

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: _____

(Signature)

Ray Pinner
(Print or Type Name)

Vice President for Finance and
Administration
The University of Alabama in
Huntsville
(Title)

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

Item No.	Item Description
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	<u>Cost Accounting Period:</u> 10/01 - 9/30 (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	<u>State Laws or Regulations.</u> 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.

1/ Describe on a Continuation Sheet.

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1.2.0

Integration of Cost Accounting with Financial Accounting

Financial records and reports of the University are maintained according to the requirements of The University of Alabama System as developed to conform to the generally accepted accounting principles for Colleges and Universities and State of Alabama accounting and reporting requirements. Within the accounting system, separate accounts and object codes have been established to permit the identification of significant expenditure categories as required for federal costing purposes.

The information used to prepare the indirect cost rate proposal and other Federal cost reports is prepared to conform to the provisions of OMB Circular A-21 (A-21), Cost Principles for Educational Institutions. The A-21 definitions of direct and indirect cost pools do not always match the activity definitions that must be used for College and University accounting and reporting. For this reason, a special analysis of financial activity is developed to prepare the indirect cost proposal which permits the determination of expenses according to the definitions of direct and indirect cost pools as required by A-21. This analysis traces the expenditures from the accounting records used by the institute in detail to the accounting records prepared to support the indirect cost rate proposal based on the provisions of A-21.

1.3.0

Unallowable Costs

Unallowable Costs specified by OMB Circular A-21 Section J are identified by both specific identification in the formal accounting records and through the use of less formal accounting techniques that permit audit verification. These costs are excluded from billings to the federal government that support sponsored agreements. The procedures used are as follows:

- Specifically identified in the formal accounting records: Unallowable costs are identified in the accounting system either by charging them to specific object codes designated for that type of cost or by charging costs to an account designated as an unallowable activity.
- Identifiable through use of less formal accounting techniques: For the preparation of the University's indirect cost rate proposal, the formal accounting records are reviewed to identify

Item No.

Item Description

unallowable costs. For example, the President's Office expenses are reviewed with President's

Office employees to identify the unallowable costs for the indirect cost proposal.

1.3.1

Treatment of Unallowable Costs

Unallowable costs are deducted from the indirect cost pools and added to the allocation base.

1.5.0

State Laws or Regulations

- Retirement Systems: Most employees at UAS participate in the Teachers' Retirement System of Alabama (TRS), a multiple-employer public retirement system. Employee and employer are required by law to contribute to the Teachers' Retirement System. The contributions and benefits can vary from one fiscal year to the next depending upon legislative mandates.
- Travel Regulations: The State establishes limitations for mileage reimbursement and intra-state per diems for travel reimbursements. These regulations also apply to grants and contracts unless the award specifically states a different reimbursement rate if that rate is lower.
- State Bid Law: UAS is subject to the requirements of the State Bid Law regarding major purchases.
- Sale of Surplus Equipment: UAS is subject to the requirements of the State Sale of Surplus Property Law regarding disposal of capital equipment.
- Unallowable Expenditures: State law or regulations developed by the State Examiners do not allow certain expenditures to be made by UAS. For example, the purchase of alcoholic beverages.
- Direct and Indirect Costs: The State sometimes places restrictions on the type of costs that are direct or indirect for State of Alabama sponsored agreements.
- Fiscal Year: The State prescribes our fiscal year, currently October 1 through September 30.

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 constitutently 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, 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

Item No. Item Description

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.)

	Direct Personal Services Category			
	Faculty	Staff	Students	Other ^{1/}
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.)	_____	_____	_____	_____
E. Other(s) ^{1/}	_____	_____	_____	_____

^{1/} Describe on a Continuation Sheet

- | Item No. | Item Description | | | | |
|----------|--|---|-----|-------|----|
| 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.)

<table border="0"><tr><td style="text-align: center;">X</td><td style="padding-left: 10px;">Yes</td></tr><tr><td style="text-align: center;">_____</td><td style="padding-left: 10px;">No</td></tr></table> | X | Yes | _____ | No |
| 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 | <u>Description of Direct Fringe Benefits Costs.</u> All fringe benefits 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.) | | | | |
| 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 | <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.) | | | | |

DISCLOSURE STATEMENT

REQUIRED BY PUBLIC LAW 100-679 THE UNIVERSITY OF ALABAMA IN HUNTSVILLE
 EDUCATIONAL INSTITUTIONS

Item No. Item Description

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

Yes
 No

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 change 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 <u>excluding</u> indirect costs attributable 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.	_____	_____	_____
C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____
Y. Other(s) <u>1/</u>	_____	_____	_____
Z. Interorganizational transfers are not applicable	_____	_____	_____

1/ Describe on Continuation Sheet.

Item No.

Item Description

2.1.0

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

The primary direct cost functions of the University are Instruction, Organized Research, Other Sponsored Activities, and Other Institutional Activities. Costs incurred to support these activities, such as salaries and wages, fringe benefits, materials and supplies, travel, subcontracts, equipment, and other operating expenses are treated as direct costs when identified through specific identification of the individual costs to the benefiting projects and/or other appropriate procedures as required under the circumstances.

The procedures used for identification of direct costs by function to benefiting projects and activities apply to sponsored, cost sharing, and institutionally supported projects and activities. Committed cost sharing expenses are separately budgeted and accounted for in the accounting records and included in the appropriate direct cost bases by function.

University accounting procedures are designed to assure that all costs incurred would be considered reasonable, necessary, allowable, and in accordance with the terms and conditions of the sponsored agreements. Costs are recognized as direct charges to a sponsored project using one or more of the following procedures:

1. Specific identification: Costs incurred solely to advance the work under the sponsored agreement.
2. Service/Recharge Center: Costs that benefit two or more projects or activities in proportions that can be determined without undue effort or cost.
3. Proportional Allocation: Costs that benefit two or more projects or activities in proportions that can be determined without undue effort or cost.
4. Mechanical/Accounting System Charges: Costs of minor supplies and services that are identified to the cost objectives by billing systems that are supported by approved requisitions or orders that identify the benefiting sponsored projects or other activities.

Indirect costs are those that are incurred for common or joint activities of the University and therefore cannot be identified readily and specifically with a particular sponsored project, instructional activity, or other University activity. These expenses generally include administrative and clerical salaries with related fringe benefits, office supplies, general postage, University telephone system and local telephone charges, equipment, general building improvements, and other general costs.

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Costs incurred for the same purpose in like circumstances are treated consistently as either direct or indirect costs. Indirect costs may be treated as direct costs if incurred for a different purpose of unlike circumstance. In instances where sponsored agreements require administrative and clerical support, supplies, postage, and other costs generally treated as indirect may be charged to such sponsored projects as direct costs when all of the following conditions are met: (i) the costs are incurred to meet the special purpose of circumstance of the sponsored agreement; (ii) the cost can be readily and specifically identified with the project with a high degree of accuracy; and (iii) the items of cost were justified to, separately budgeted for, and approved by the sponsoring agency if required.

Situations that are different in purpose and circumstances that can be described for direct charging of costs which would otherwise be indirect include:

Expenses Required By Sponsored Agreement

Selected agreement costs, normally charged indirect, are expressly required to be charged direct. When a cost is contractually required to be charged to a project, it is charged direct. Examples include: privately sponsored projects, training grants, State sponsored agreements, Foundations and not-for-profit agencies' sponsored agreements.

Geographically Inaccessible

Projects that are geographically inaccessible to normal departmental administrative services (e.g. field projects).

Travel Arrangements

Projects that contractually require making travel and meeting arrangements (conferences and seminars) for large numbers of participants.

Large Complex Programs

Programs such as center core grants, projects with multiple subawards and other sponsored agreements and contracts that entail assembling and managing teams of investigators from a number of the University departments and/or other institutions.

Extensive Data Accumulation

Projects which contractually require extensive data accumulation, analysis entry, surveying, tabulation, cataloging, searching literature, and reporting.

Production of Manuals

Projects whose principal focus includes the preparation and production of manuals, long reports, books, or monographs (excluding routine progress and technical reports).

Item No.	Item Description
	<p><u>Contractually-Required Administrative Services</u> Individual projects requiring above-normal project-specific database management; individualized graphics or manuscript preparation; human or animal protocols, and/or other project-specific regulatory protocols; and multiple project-related investigator coordination and communications.</p>
2.2.0	<p><u>Direct material costs typically include the following major classifications.</u></p> <ul style="list-style-type: none">▪ Non-capital Equipment < \$2,000 - Technical and Scientific equipment▪ Laboratory Supplies - beakers, protective equipment, metals, coats, etc.▪ Chemical Supplies - solvents, acids, gases▪ Electronic Supplies - ICs, cables, SMA connectors▪ Machine Shop Materials▪ Instructional Materials - workbooks, training videos, trade tools, etc.▪ Conference Materials - pencils, paper, binders, folders, duplication charges issued to conference participants.▪ Other direct materials as required by the terms and conditions of the project.
	<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>
2.4.0	<p><u>Description of Direct Personal Services</u></p> <p>Direct personal services costs consist of salaries and wages plus fringe benefits of regular full-time faculty, professional and administrative staff, part-time faculty, part-time employees, student employees and hourly on-call employees. Salaries and wages are charged directly to benefiting sponsored projects based on the labor distribution system. Direct technical effort identified in sponsored agreements is charged by specific identification to sponsored projects unless the services are provided through a Service/Recharge Center.</p>
2.5.2	<p><u>Salary and Wage Accumulation System</u></p> <p>The specific accounting records and reports are used to record the share of total salary and wage costs attributable to each direct and indirect cost objective.</p> <p>Faculty, Staff, Graduate Research Assistants and Graduate Teaching Assistants</p> <p>For all employees, an after-the-fact activity record (percentage distribution of employed activity) is used.</p>

- | Item No. | Item Description |
|----------|---|
| a. | <p>Personnel Action Form (PAF)
This form identifies the salaries and wages to be paid and the budgets (accounts) to be charged for the employees. It establishes the appointment and rate of pay. In addition, the form reflects the distribution of payroll charges to each budget (account) for a specified time period and once entered into the system, controls the distribution of payroll charges.</p> |
| b. | <p>Bi-weekly Leave and Labor Report (BLLR)
This form identifies the employee's distribution of salary charges for the previous two-week period. The form is generated by the employee and approved by the appropriate supervisor after each pay period. The forms are required to be returned and are accounted for centrally in Research Administration.</p> |
| c. | <p>Reallocation Form
If changes are made to the BLLR it then becomes a Reallocation Form. Any changes from the BLLR require this form to transfer the payroll costs to the appropriate budget (account). The form is certified by the employee and the appropriate supervisor. The forms are forwarded to the Research Administration Office for review. After Research Administration reviews and stamps the Reallocation Forms, the forms are forwarded to the Budget Office for input into the payroll system.</p> |

2.6.0 Description of Direct Fringe Benefit Costs

The principal classes of fringe benefits are as follows:

FICA

The employer's portion on the old age, survivor and disability insurance, and hospital insurance taxes.

Medical Insurance

The employer's portion of health insurance costs for eligible employees and their dependents.

Retirement Programs

Employees that meet specific criteria are eligible to receive contributions to their retirement accounts which include the Teachers Retirement of Alabama, and Teachers Insurance and Annuity Association/College Retirement Equity Fund (TIAA/CREF).

Life and Disability Insurance

- Group Term Life Insurance - Coverage varies with salary levels.
- Accidental Death and Dismemberment Insurance - Prescribed benefit for accidental death.

Item No. Item Description

Instructions for Part III

Instructions 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 of 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

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

PART III – INDIRECT COSTS
NAME OF REPORTING UNIT
THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

Item No. Item Description

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

COST ACCOUNTING STANDARDS BOARD
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 EDUCATIONAL INSTITUTIONS

PART III – INDIRECT COSTS
 NAME OF REPORTING UNIT
 THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

Item No. Item Description

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 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.)

	(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>Z</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 costs. (Specify below; use a Continuation Sheet, if necessary)						
<u>None</u>	<u>Z</u>	---	---	---	---	---
	<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).

Item No. Item Description

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 Program That Pay Less Than Full Indirect Costs. Are appropriate direct costs of all programs and activities included 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.

Item No. Item Description

- Custodial Services
Include those costs for custodial and janitorial services performed in all non-auxiliary University buildings.
- Building maintenance
Includes those costs for general upkeep and repair activities performed in all non-auxiliary University buildings
- Grounds
Includes those costs for the landscaping and maintenance of land on the University's campus.
- Department Paid O&M
Includes all O&M costs paid for by the individual departments. Also, included in this cost pool are the operations and maintenance and utility costs of the auxiliary departments.
- Campus Wide O&M
Include all costs which can not be identified to specific buildings or groups of buildings such as campus security and non-metered departments.

General Administration and Expense (G&A)

Elements of cost are composed of salaries and wages, fringe benefits, materials and supplies, communication, travel, and contractual services. The major organizational units and offices included in the G&A indirect cost pool are as follows:

- President's office
- Vice President for Academic Affairs
- Vice President or Finance and Administration
- Accounting and Financial Reporting
- Personnel
- Purchasing and communications
- Information Services
- Budget Office

Departmental Administration

The Departmental Administration (DA) cost pool consists of two major cost groupings: (1) DA for the academic dean's offices and (2) DA for the academic departments and divisions, and research centers.

(1) DA affiliated with Dean's offices

The administrative expenses of the dean's office of each school are allocated to the academic departments within that school on the modified total cost basis.

Item No. Item Description

- (b) Operation and Maintenance (O & M)
 Allocation Base Code-P More than One Base

See the following for a description of the allocation bases used to allocate costs.

Physical Plant Administration

Costs from this cost pool are allocated to the other O&M cost pools based on the MTDC of the appropriate O&M cost pool.

Utilities

Costs from this cost pool are first identified to buildings based on assignable square footage for each building and then allocated to cost pools based on the functional use of net space for the buildings.

Custodial Services

The allocation basis for this cost pool is all general fund building space

Building Maintenance

The allocation basis for this cost pool is all general fund building space.

Grounds

These costs are spread across all campus space with the exception of the Bevill Center, and auxiliary operating run with the Army Corps of Engineers which does not benefit from these expenditures. Costs from this cost pool are first identified to buildings based on assignable square footage for each building and the allocated to cost pools based on the functional use of net space for the buildings.

Departmental Paid O&M

The departmental costs are allocated to cost pools based on the functional use of space for the given department.

Also included in this cost pool are the operations and maintenance and utility costs of the auxiliary departments. Any costs identified to the auxiliary enterprises are fully allocated back to the auxiliary enterprises cost pool

Campus Wide O&M

Costs from this cost pool are first identified to buildings based on assignable square footage for each building and then allocated to cost pools based on the functional use of net space for the buildings.

- (d) Departmental Administration
 Allocation Base Code-D Modified Total Direct Cost

Item No.	Item Description
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See section 3.4.0 for description of the allocation bases used for departmental administration.

(f) Library
Allocation Base Code-Y Other

Costs incurred for the operation of the library are allocated in two steps as follows:

(1) Costs are allocated first on the basis of primary categories of users (i.e. students and faculty). The student category consists of full-time equivalent (FTE) students enrolled at the University. The faculty category consists of faculty members on a FTE basis. For both students and faculty, FTEs developed to allocate costs are based on a weighted average of FTE counts for fall, spring, and summer terms. FTE counts for each term are multiplied by a weight representing the number of months in each term.

(2) The amount allocated in the first step is assigned further as follows:

(i) The amount in the student category is assigned to the instruction function.

(ii) The amount in the faculty category is assigned to the major functions of the University in proportion to the salaries and wages of each function.

(g) Student Administration and Services
Allocation Base Code-A Direct Charge or Allocation

Costs are specifically identified as Student Administration at the time they are incurred. In addition, costs are reclassified from other cost categories to identify expenses that are to be reported as Student Administration and Services.

Item No. Item Description

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. 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. 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. Excluded from determination of sponsored agreements costs
- B. 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 you 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 \$2,000 .
- B. Minimum Life Years 2 .

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. No

^{1/}Describe on a Continuation Sheet.

Item No. Item Description

5.1.0 Method of Charging Leave Costs. Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))

- A. Cash
- B. Accrual 1/

5.2.0 Applicable Credits. 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.)

- A. The credits/receipts are offset against the specific direct or indirect costs to which they relate.
- B. The credits/receipts are handled as a general adjustment to the indirect pool.
- C. The credits/receipts are treated as income and not offset against costs.
- D. Combination of methods 1/
- Y. Other 1/

1/ Describe on a Continuation Sheet.

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

CONTINUATION SHEET
PART V - OTHER COSTS AND CREDIT
NAME OF REPORTING UNIT
THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

Item No.

Item Description

5.1.0

Method of Charging Leave Costs.

For 95% of sponsored agreements, we charge leave on the cash basis. The other 5% is charged on an accrual basis.

End of Part V

Item No. Item Description

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.)

AA. [X] 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

Item No.

Item Description

- 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

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

CONTINUATION SHEET
PART VII CENTRAL SYSTEM OR GROUP EXPENSES
NAME OF REPORTING UNIT
THE UNIVERSITY OF ALABAMA IN HUNTSVILLE

Item No.

Item Description

7.1.0

Organizational Structure

Refer to the CASB DS-2 Disclosure Statement for The University of Alabama System (enclosed).

7.2.0

Cost Accumulation and Allocation

Refer to the CASB DS-2 Disclosure Statement for the University of Alabama System (enclosed).

Item No.

Item Description

7.1.0 Organizational Structure

The University of Alabama System oversees the operations of three separate campuses: the University of Alabama at Birmingham, The University of Alabama (in Tuscaloosa) and the University of Alabama in Huntsville.

7.2.0 Cost Accumulation and Allocation

- A. The University of Alabama System Office is comprised of four distinct units, as follows.
1. Chancellor's Office: The Chancellor is appointed by the Board and is chief executive officer of the System, and s/he exercises governance responsibilities for the System. The Chancellor's Office directs the planning, development and appraisal of all activities of the System and is responsible for their coordination and implementation, and provides linkage between the System organizations. These activities include academic programs, financial affairs, campus facilities planning, human resource management, comprehensive general liability insurance management, external liaisons, and staffing for Board of Trustees functions.
 2. Office of Counsel: The General Counsel is appointed by the Chancellor with approval of the Board, and s/he represents the System in all legal matters and is responsible for the delivery of all legal services, including the conduct and resolution of litigation, the prosecution and settlement of all claims, and for the legal review of all significant transactions. To fulfill these responsibilities, the General Counsel staffs, organizes, and administers the Office of Counsel, with staff members located on each campus and in the Chancellor's Office.
 3. Office of Internal Audit: The General Auditor is appointed by the Board and reports administratively to the Chancellor and programmatically to the Board. The General Auditor is responsible for the reliability and integrity of administrative information; compliance with policies, procedures, plans and laws; safeguarding of assets; economical and efficient use of resources; and determining whether stated administrative goals are achieved. To fulfill these duties, the General Auditor staffs, organizes, and administers the Internal Audit programs on each campus.

Item No.

Item Description

4. Telecommunication Services: The interactive telecommunications function for The University of Alabama System is centralized in The University of Alabama System

Office, and the staffing and other associated operating costs for this function are included in this segment.

7.2.0

Cost Accumulation and Allocation, cont.

- B. These four services are separately identified as individual entities, with accounts within the entity representing each major function, and when necessary to accomplish reporting requirements, with separate accounts to differentiate by campus or by specific legal case, etc.
- C. The allocation of costs to the three campuses is accomplished as follows.
 1. Chancellor's Office: Distributed based on average of most recent three years' expenditures for E&G and one-third of the expenditures for the Hospital.
 2. Office of Counsel: The cost of the internal legal staff is distributed in the same manner described for the Chancellor's Office, and the cost of each campuses' legal office is charged directly to each campus.
 3. Office of Internal Audit: The cost of the internal audit staff is charged in the same manner described above for the Chancellor's Office. The cost of each campuses' internal audit office is charged directly to each campus.
 4. Telecommunication Services: This budget is distributed equally to the three campuses of the System.
- D. None
- E. None