



The University of Montana

Cost Accounting Standards Board
Disclosure Statement (DS-2)

Revision #1

Effective November 24, 2009

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

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

GENERAL INSTRUCTIONS

1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration) offices). Parts II through VI pertain to the types of costs generally incurred by the segment or business unit directly performing under Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). Part VII pertains to the types of costs that are generally incurred by a Central or Group office and are allocated to one or more segments performing under Federally sponsored agreements.
3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.
4. Each central or group office required to disclose its cost accounting practices for measuring, assigning and allocating its costs to segments performing under Federally sponsored agreements should complete the Cover Sheet, the Certification, Part I and Part VII of the Disclosure Statement. Where a central or group office incurs the types of cost covered by Parts IV, V and VI, and the cost amounts allocated to segments performing under Federally sponsored agreements are material, such office(s) should complete Parts IV, V, or VI for such material elements of cost. While a central or group office may have more than one reporting unit submitting Disclosure Statements, only one Statement needs to be submitted to cover the central or group office operations.
5. The Statement must be signed by an authorized signatory of the reporting unit.
6. The Disclosure Statement should be answered by marking the appropriate line or inserting the applicable letter code which describes the segment's (reporting unit's) cost accounting practices.
7. A number of questions in this Statement may need narrative answers requiring more space than is provided. In such instances, the reporting unit should use the attached continuation sheet provided. The continuation sheet may be reproduced locally as needed. The number of the questions 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.

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GENERAL INSTRUCTIONS

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 to the pertinent Disclosure Statement Part. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. 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 to the Government (Also see 48 CFR 9903.202-3).

10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed

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

**COST ACCOUNTING STANDARDS BOARD
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COVER SHEET AND CERTIFICATION

0.1

Educational Institution

- (a) Name: The University of Montana
- (b) Street Address: University Hall 202
- (c) City, State and ZIP Code: Missoula, MT 59812-4104
- (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. X 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:

Revise

- (a) Name and Title: Judy Fredenberg, Director, Office of Research and Sponsored Programs
- (b) Phone Number (include area code and extension) : (406) 243-4768

0.4

Statement Type and Effective Date:

Revise

- A. (Mark type of submission. If a revision, enter number)
- (a) _____ Original Statement
- (b) X Amended Statement; Revision No. 1
- B. Effective Date of this Statement: (Specify) 11/24/09

0.5

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

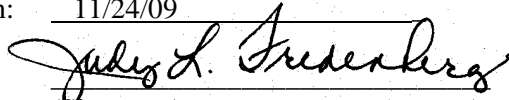
Revise

- A. Cognizant Federal Agency: Division of Cost Allocation
Department of Health and Human Services
Region IX
90 7th Street, Suite 4-600
San Francisco, CA 94103
(415) 437-7820
- B. Cognizant Federal Auditor: Office of the Inspector General
Office of Audit
Department of Health and Human Services
Region IX
90 7th Street, Suite 4-650
San Francisco, CA 94103
(415) 437-8360

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: 11/24/09


(Signature)

Judy Fredenberg
(Print or Type Name)

Director, Office of Research and Sponsored Programs
(Title)

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

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

PART I - GENERAL INFORMATION

The University of Montana

Item No.	
	Part I
1.1.0	<p><u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input checked="" type="checkbox"/> Accrual B. <input type="checkbox"/> Modified Accrual Basis¹ C. <input type="checkbox"/> Cash Basis Y. <input type="checkbox"/> Other¹</p>
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.) B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.) C. <input checked="" type="checkbox"/> Combination of A and B</p>
1.3.0	<p><u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records.¹ B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers.¹ C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit an audit verification.¹ D. <input checked="" type="checkbox"/> Combination of A, B or C¹ E. <input type="checkbox"/> Determinable by other means.¹</p>
1.3.1	<p><u>Treatment of Unallowable Costs.</u> (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)</p>
1.4.0	<p><u>Cost Accounting Period:</u> <u>July 1 – June 30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the Institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</p>
1.5.0	<p><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.</p>

¹ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART 1 GENERAL INFORMATION -- CONTINUATION SHEET
		The University of Montana
Item No.		
1.2.0	Integration of Cost Accounting with Financial Accounting	
	<p>The financial accounting system is primarily designed to meet fund accounting rather than cost accounting requirements. The financial accounting system accumulates expenditures according to funding sources, origination codes, and expense category. Direct costs charged to sponsored agreements are fully integrated with the University's financial accounting system. However, adjustments and reclassifications are needed to recast the information in the University's financial statements into the cost pools required by OMB Circular A-21.</p> <p>Depreciation costs are recorded in the financial accounting system. The related building and equipment costs are accumulated on memorandum records. Departmental Administration costs are recorded in the financial accounting system, but not separately identified from Instruction and Departmental Research costs. The University's indirect cost proposal calculation creates records separating Departmental Administration costs from Instruction and Departmental Research costs.</p>	
1.3.0	Unallowable Costs	
	<p>Unallowable costs are identified using three methods: specific account codes, costs associated with unallowable activities, and through an analysis of sensitive account code categories of expense (see below).</p> <ul style="list-style-type: none"> • Specific account codes are used to identify unallowable costs as defined by OMB Circular A-21 Section J. These account codes are excluded from both direct and indirect functions in the Facilities and Administrative rate proposal. • Unallowable activities as defined by A-21 are classified as OIA. These costs are typically identified by account. <p>For activities that have allowable and unallowable activity within the same account an analysis is performed to separate the allowable from the unallowable activity. The analysis is completed during the preparation of the facilities and administrative cost proposal. Individual transactions are reviewed to determine their allowability under A-21.</p>	
1.3.1	Treatment of Unallowable Costs	
	<p>Consistent with Federal Regulations, it is the University's policy not to charge unallowable costs directly or indirectly to Federal awards.</p> <p>Unallowable costs are specifically identified and excluded from charges to Federally sponsored agreements.</p> <p>As required by CAS 505, where unallowable costs would normally be part of a regular indirect cost allocation base, they remain in the MTDC (Modified Total Direct Cost) base.</p> <p>This is accomplished by classifying unallowable activities as OIA and allocating indirect costs to these activities as part of the normal indirect cost allocation process. The classification of unallowable activities for OIA is required by section B.1.d. of Circular A-21.</p>	

**COST ACCOUNTING STANDARDS BOARD
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**PART 1 GENERAL INFORMATION --
CONTINUATION SHEET**

The University of Montana

Item
No.

1.5.0 State Laws or Regulations

State regulations place restrictions on the use of State funds, and also establish financial reporting requirements for various funds. However, the University is not aware of any State laws, regulations or special agreements limiting the allowance of costs or materially influencing its cost accounting practices.

End of Part 1

**COST ACCOUNTING STANDARDS BOARD
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PART II - DIRECT COSTS

The University of Montana

Item
No.

Instructions for Part II

Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.

2.1.0 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. X Actual Invoiced Costs Net of Discounts Taken
- Y. _____ Other(s)²
- Z. _____ Not Applicable

² Describe on a Continuation Sheet.

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PART II - DIRECT COSTS

The University of Montana

Item No.					
2.3.2	Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):				
	A. <u> X </u> First In, First Out B. _____ Last In, First Out C. <u> X </u> Average Costs ¹ D. _____ Predetermined Costs ¹ Y. <u> X </u> Other(s) ¹ Z. _____ Not Applicable				
2.4.0	<u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services costs within each major institutional function or activity that are charged as direct personal services.)				
2.5.0	<u>Method of Charging Direct Salaries and Wages.</u> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)				
		<u>Direct Personal Services Category</u>			
		<u>Faculty</u>	<u>Staff</u>	<u>Students</u>	<u>Other³</u>
		(1)	(2)	(3)	(4)
	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_____	<u> X </u>	_____
	B. Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	<u> X </u>	<u> X </u>	_____	<u> X </u>
	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) ⁴	_____	_____	_____	_____

³ Describe on a Continuation Sheet.

⁴ Describe on a Continuation Sheet.

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PART II - DIRECT COSTS

The University of Montana

Item No.	
2.5.1	<p><u>Salary and Wage Cost Distribution Systems.</u> Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>
2.5.2	<p><u>Salary and Wage Cost Accumulation System.</u> (Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and the wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>
2.6.0	<p><u>Description of Direct Fringe Benefits Costs.</u> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet <u>all</u> of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>
2.6.1	<p><u>Method of Charging Direct Fringe Benefits.</u> (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0. is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction, research); and, then to individual projects or direct cost objectives within each function.)</p>

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PART II - DIRECT COSTS

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Item No.																													
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.)																												
2.8.0	<p><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><u> X </u> Yes <u> </u> No</p>																												
2.9.0	<p><u>Interorganizational Transfers.</u> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table border="0"> <thead> <tr> <th></th> <th align="center"><u>Materials</u></th> <th align="center"><u>Supplies</u></th> <th align="center"><u>Services</u></th> </tr> <tr> <th></th> <th align="center">(1)</th> <th align="center">(2)</th> <th align="center">(3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td align="center"><u> X </u></td> <td align="center"><u> X </u></td> <td align="center"><u> X </u></td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> </tr> <tr> <td>Y. Other(s)⁵</td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> <td align="center"><u> </u></td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable.</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>		<u>Materials</u>	<u>Supplies</u>	<u>Services</u>		(1)	(2)	(3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<u> X </u>	<u> X </u>	<u> X </u>	B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.	<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) ⁵	<u> </u>	<u> </u>	<u> </u>	Z. Interorganizational transfers are not applicable.			
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⁵ Describe on a Continuation Sheet.

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2.1.0 Revise	<p>Criteria for Determining How Costs Are Charged to Federally Sponsored Agreements or Similar Cost Objectives</p> <p>For all categories of cost, including materials and supplies, salaries and wages, fringe benefits, travel, consultants, services, subgrants and subcontracts, and miscellaneous expenses, the University's policy is to comply with Office of Management and Budget guidance in treating costs as either direct or indirect, according to the purpose and circumstances under which the cost was incurred.</p> <p>Direct costs are those costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Identification with the major activity rather than the nature of the goods and services involved is the determining factor in distinguishing direct from indirect costs. For instance salaries and wages may be treated as direct costs or indirect costs depending on whether the employee is performing a direct institutional activity (such as research) or an indirect institutional activity (such as general university administration).</p> <p>Indirect costs (also called Facilities and Administration or F&A in A-21) are those that are incurred for common or joint objectives and therefore cannot be identified readily and specifically with a particular sponsored project, an instructional activity, or any other institutional activity, subject to the limitations and exclusions mandated by OMB Circular A-21.</p> <p>Cost charged to federally sponsored agreements, in like circumstances, must be treated consistently as either direct or F&A costs. Items such as general purpose office supplies, postage, local telephone lines, memberships, subscriptions, and administrative and clerical support staff shall <i>normally</i> be treated as F&A costs. However, the direct charging of these costs may be justified in situations where unlike circumstances exist.</p> <p>Examples of unlike circumstances where direct charging of these costs may be justified and appropriate include:</p> <ul style="list-style-type: none"> A. Large, complex programs such as general clinical research centers, primate centers, program projects, environmental research centers, engineering research centers, and other grants and contracts that entail assembling and managing teams of investigators from a number of institutions. B. Projects which involve extensive data accumulation, analysis and entry, surveying, tabulation, cataloging, searching literature, and reporting (such as epidemiological studies, clinical trials, and retrospective clinical records studies). C. Projects that require making travel and meeting arrangements for large numbers of participants, such as conferences and seminars. D. Projects whose principal focus is the preparation and production of manuals and large reports, books and monographs (excluding routine progress and technical reports). E. Projects that are geographically inaccessible to normal departmental administrative services, such as research vessels, radio astronomy projects, and other research field sites that are remote from campus. F. Individual projects requiring project-specific database management; individualized graphics or manuscript preparation; human or animal protocols; and multiple project-related investigator coordination and communications. 	

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Item No.		
2.1.0 Revise (cont.)	<p>G. Privately sponsored projects that are proposed and awarded for a different purpose than federal awards – the work performed is in part for the benefit of the industrial/commercial sponsor and the University. The sponsor’s concern is with total costs and not whether the costs are direct or F&A costs. Private sponsors include private industry, commercial sponsors, foundations, and non-profits.</p> <p>H. Training, instructional, and/or outreach projects that may require office type supplies for educational purposes.</p> <p>The following are examples of unique circumstances justifying direct charges:</p> <ul style="list-style-type: none"> • Office supplies/postage: Envelopes used to mail an unusually large number of research questionnaires. • Basic local telephone service on campus: A hotline or crisis line that is specifically required by a grant or contract. • Memberships: A membership in a professional or scientific organization if joining is the only means of obtaining a specific service or good that is directly related to a grant or contract. <p>These examples are not exhaustive nor are they intended to imply that direct charging of administrative or clerical salaries would always be appropriate for the situations illustrated in the examples.</p>	
2.2.0	<p>Description of Direct Materials</p> <p>Direct materials and supplies are those materials and supplies that can be identified specifically with a particular sponsored project, and instructional activity, or any other institutional activity; or can be directly assigned to such activities relatively easily with a high degree of accuracy. Categories of such materials and supplies include but are not limited to office supplies, laboratory supplies (including small laboratory instruments/appliances and reagents), instructional material (books, educational tools such as blackboards, maps, atlas, dictionaries, etc.), training materials and supplies, project supplies, and research materials</p>	
2.3.2	<p>Inventory Requisitions from Central or Common, Institution-owned Inventory</p> <p>The university uses various inventory valuation methods for its various campus central stores operations. Inventories are comprised of consumable supplies, food items, and items held for resale or recharge within the University. The larger inventories are valued using the moving average method. Other inventories are valued using a First-In, First-Out (FIFO) or specific identification methods.</p>	
2.4.0	<p>Description of Direct Personal Services</p> <p>Direct personal services are those that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or that can be directly assigned to such activities relatively easily with a high degree of accuracy. Direct personal services costs consist of individual employee salary and wages and associated fringe benefits in proportion to the employee’s effort on each direct activity.</p>	

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<p>2.4.0 (cont)</p> <p>2.5.0 Revise</p> <p>2.5.2</p>	<p>Cost charged to federally sponsored agreements, in like circumstances, must be treated consistently as either direct or F&A costs. Administrative and clerical support staff shall <i>normally</i> be treated as F&A costs, However, the direct charging of these costs may be justified in situations where unlike circumstances exist. Examples of unlike circumstances where direct charging of these costs may be justified and appropriate are included in section 2.1.0 above.</p> <p>Method of Charging Direct Salaries and Wages</p> <p>The campus consists of Faculty, Staff, Students and Administrative employees. Faculty and Administrative employees are paid monthly. Non-hourly Faculty, Staff and Administrative employee salaries and wages are direct charged on a Plan-Confirmation basis. Employee Time Rosters are submitted each pay period to adjust for exception hours (i.e. sick and vacation leave taken). After-the-fact Activity Records are used on a monthly basis for applicable employees to make adjustments if significant differences are indicated as required by OMB Circular A-21, Section J.8.c (2)(b). Committed cost share is tracked in separate accounts by the University's accounting system.</p> <p>Salary and Wage Cost Accumulation System</p> <p>The share of total salary and wage costs attributable for each grant activity as well as other funding sources is established and recorded on appointment/personnel forms, separate time rosters, and separate effort reports. Individual personnel forms support the amount of salary and wage cost charged to specific sponsored and non-sponsored activities.</p> <p>If the effort of the Principal Investigator or other employee(s) whose expertise is identified as available is less than 10% effort, and cost sharing is not required, this effort will not be proposed as cost sharing in the proposal budget or on the UM Checklist. This effort will not be considered a significant contribution of effort, and will not be considered as voluntary committed cost sharing, nor will it be recorded or documented as cost sharing.</p> <p>Salary and wages paid by the University to its employees are processed through the University's payroll system. A specific fund source(s), org code(s), account code(s) and amount(s) of pay must be identified for each individual payment of salaries and wages prior to processing. The information accumulated in the payroll system is posted to the fully integrated general ledger of the University's financial accounting system. Payroll data including payroll adjustments are updated with the general ledger on a weekly basis. Payroll adjustments include any reported fund, org code, or pay amount errors. Payroll costs posted to sponsored projects are recovered through the sponsors as direct costs. The amounts posted to individual federally sponsored projects may be adjusted at a later time based on the information provided in the after-the-fact activity report</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS -- CONTINUATION SHEET
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2.6.0 Revise	Description of Direct Fringe Benefits Costs Fringe benefits at the university include retirement, accrued annual and sick leave, health insurance, Social Security (FICA), Medicare, unemployment insurance, workers compensation, and accident insurance. The costing treatment of a given employee's fringe benefits is consistent with and in proportion to, the costing treatment of that employee's salary and wages.	
2.6.1	Method of Charging Direct Fringe Benefits Social security (FICA), Medicare, health insurance, worker's compensation insurance, unemployment insurance, retirement plans, and accrued annual and sick leave benefits are measured based on actual cost, assigned as benefits of eligible employees in the University Fiscal Year in which they are accrued, and allocated to direct and/or indirect objectives on a prorated basis consistent with the allocation of the benefiting employee's salary and wages.	
2.7.0	Description of Other Direct Costs Subgrants and subcontracts are identifiable specifically with a particular sponsored project or other activity and are for that reason treated as direct costs. Travel, consultants, services, rental charges, and other miscellaneous expenses are treated as direct costs when they can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity; or can be directly assigned to such activities relatively easily with a high degree of accuracy.	
End of Part II		

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Instructions for Part III

Institution should disclose how the segment's total direct 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)⁶
- Y. Others¹
- Z. Category or Pool not applicable

⁶ List on a continuation sheet, the category and subgrouping(s) of expense involved and the allocation base(s) used.

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3.1.0 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 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 Allowance/Interest Building	<u>No</u>	<u>L</u>	<u>1</u>
Equipment	<u>No</u>	<u>L, E</u>	
Capital Improvements to Land ⁷	<u>No</u>	<u>H, J</u>	
Interest ¹	<u>No</u>	<u>L, H, J</u>	
(b) Operation and Maintenance	<u>Yes*</u>	<u>L, H, J</u>	<u>2-CA</u>
(c) General Administration and General expense	<u>Yes*</u>	<u>C</u>	<u>3-CA</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>H, J</u>	
(g) Student Administration and Services	<u>Yes</u>	<u>Y</u>	
(h) Other ¹	<u>Z</u>	<u>Z</u>	

* In part, as described on continuation sheet

⁷ Describe on a Continuation Sheet.

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3.2.0	<p><u>Service Centers.</u> Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include “recharge centers” and the “specialized service facilities” defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter “Z” in Column 1, if not applicable.)</p> <table border="0"> <thead> <tr> <th></th> <th align="center">(1)</th> <th align="center">(2)</th> <th align="center">(3)</th> <th align="center">(4)</th> <th align="center">(5)</th> <th align="center">(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td align="center"><u>Z</u></td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> </tr> <tr> <td>(b) Business Data Processing</td> <td align="center"><u>Z</u></td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>A</u></td> <td align="center"><u>B</u></td> <td align="center"><u>B</u></td> <td align="center"><u>Y</u></td> </tr> <tr> <td>(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)</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Division Stockrooms_____</td> <td align="center"><u>Z</u></td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> </tr> <tr> <td>Graphic Arts_____</td> <td align="center"><u>Z</u></td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> <td align="center">—</td> </tr> </tbody> </table> <p>(1) <u>Category Code:</u> Use code “A” if the service center costs are billed only as direct costs of final cost objectives; code “B” if billed only to indirect cost categories or indirect cost pools; code “C” if billed to both direct and indirect cost objectives.</p> <p>(2) <u>Burden Code:</u> Code “A” - center receives an allocation of all applicable indirect costs; Code “B” - partial allocation of indirect costs; Code “C” - no allocation of indirect costs.</p>							(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>A</u>	<u>A</u>	<u>B</u>	<u>B</u>	<u>Y</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)							Division Stockrooms_____	<u>Z</u>	—	—	—	—	—	Graphic Arts_____	<u>Z</u>	—	—	—	—	—
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3.2.0 (cont.)	<p>(3) <u>Billing Rate Code</u>: Code "A" - billing rates are based on historical costs; Code "B" - rates are based on projected costs; Code "C" - rates are based on a combination of historical and projected costs; Code "D" - billings are based on the actual costs of the billing period; Code "Y" - other (explain on a Continuation Sheet).</p> <p>(4) <u>User Charges Code</u>: Code "A" - all users are charged at the same billing rates; Code "B" - some users are charged at different rates than other users (explain on a Continuation Sheet).</p> <p>(5) <u>Actual Costs vs. Revenues Code</u>: Code "A" - billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" - billings are compared to actual costs less frequently than annually.</p> <p>(6) <u>Variance Code</u>: Code "A" - Annual variance between billed and actual cost are prorated to users (as credits or charges); Code "B" - variances are carried forward as adjustments to billing rate of future periods; Code "C" - annual variances are charged or credited to indirect costs; Code "Y" - other (explain on a Continuation Sheet).</p>										
3.3.0	<p><u>Indirect Cost Pools and Allocation Bases</u>. (Identify all of the indirect costs pools established for the accumulation of indirect costs, excluding service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)</p> <table border="0" style="width: 100%; margin-top: 20px;"> <thead> <tr> <th align="left" style="text-decoration: underline;">Indirect Cost Pools</th> <th align="right" style="text-decoration: underline;">Allocation Base Code</th> </tr> </thead> <tbody> <tr> <td>A. Instruction</td> <td></td> </tr> <tr> <td> <u> X </u> On-Campus</td> <td align="right"><u> D </u></td> </tr> <tr> <td> <u> X </u> Off-Campus</td> <td align="right"><u> D </u></td> </tr> <tr> <td> <u> </u> Other⁸</td> <td align="right"><u> Z </u></td> </tr> </tbody> </table>	Indirect Cost Pools	Allocation Base Code	A. Instruction		<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> </u> Other ⁸	<u> Z </u>
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⁸ Describe on a Continuation Sheet.

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3.3.0 (cont.)	<p>B. Organized Research</p> <table border="0"> <tr> <td><u> X </u> On-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> X </u> Off-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> </u> Other¹</td> <td align="center"><u> Z </u></td> </tr> </table> <p>C. Other Sponsored Activities</p> <table border="0"> <tr> <td><u> X </u> On-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> X </u> Off-Campus</td> <td align="center"><u> D </u></td> </tr> <tr> <td><u> </u> Other¹</td> <td align="center"><u> Z </u></td> </tr> </table> <p>D. Other Institutional Activities¹</p> <p align="center"><u> Z </u></p>	<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> </u> Other ¹	<u> Z </u>	<u> X </u> On-Campus	<u> D </u>	<u> X </u> Off-Campus	<u> D </u>	<u> </u> Other ¹	<u> Z </u>
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<u> X </u> Off-Campus	<u> D </u>												
<u> </u> Other ¹	<u> Z </u>												
3.4.0	<u>Composition of Indirect Cost Pools.</u> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, sub-groupings of expenses, and elements of cost included.)												
3.5.0	<u>Composition of Allocation Bases.</u> (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the 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	<p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.</u> Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?</p> <p>A. <u> X </u> Yes</p> <p>B. <u> </u> No(9)</p>												

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3.1.0 Revise	<p><u>Indirect Cost Categories--Accumulation and Allocation</u></p> <p><i>(a) Depreciation/Use Allowance and Interest</i></p> <p>The total costs including depreciation and interest related to buildings, equipment and capital improvements to land are recorded in the Plant Funds of the University's accounting records. Depreciation costs are recorded within the financial accounting system. Detailed support information of the recorded costs is maintained in the subsidiary systems and records. Only interest expense in compliance with Section J22 of OMB Circular A-21 will be included in the University's F&A Rate Proposal.</p> <p>The University calculates depreciation for building, equipment and capital improvements to land costs on a monthly basis using a straight line, fully depreciated method. Both building and equipment depreciation are allocated by the functional use of net assignable square footage. Land improvements are allocated using university Full-Time Equivalent (FTE) statistics which include statistics for employees and students. Interest costs are also allocated based on functional use of net assignable square footage for cost associated with buildings and equipment. Interest on general campus and land improvements are allocated on an FTE basis. The University's equipment capitalization threshold is \$5,000. The University's building renovation capitalization threshold is \$25,000.</p> <p><i>(b) Operation and Maintenance</i></p> <p>Operations and Maintenance (O&M) expenses are recorded in the University's financial records. These cost are allocated to benefiting functions by functional space usage, excluding certain auxiliary and service departments, which are directly charged for operations support.</p> <p>Non-capitalized facilities project expenses are recorded in the Plant Funds of the University's accounting records and are included as O&M costs. These costs are allocated based on functional use of net assignable square footage, with the exceptions of cost associated with general campus improvements which are allocated on a FTE basis. Detailed support information for the recorded costs is maintained in the subsidiary systems and records.</p> <p><i>(c) General Administration</i></p> <p>General Administration expenses are accumulated by the University's formal accounting system. This cost pool also includes costs allocated from the State of Montana, Department of Administration. These costs are not included in the University's financial accounting system records but are included in the University's indirect costs as a memorandum entry. General Administration expenses are allocated on a Modified Total Cost bases.</p>
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**3.1.0
(cont.)**

(d) Departmental Administration

Departmental Administration expenses are only partially identified by the accounting system. This cost pool consists of the administrative costs of deans' office; costs associated with the administrative work of department heads, faculty and other professional research and academic staff; and other departmental support services. The costs of deans' offices are identified by the accounting system. The costs associated with administrative activities of department heads, faculty and other professional academic staff are covered by a standard faculty use allowance of 3.6% of modified total direct costs specified in the paragraph F.6a (2) of Circular A-21.

The remaining departmental support costs includes the salaries and fringe benefits of administrative and clerical staff, departmental business managers, office supplies, postage, travel associated with administrative activities, etc. This portion of departmental administration expenses is accumulated through an analysis of departmental general fund accounts and the application of "Direct Charge Equivalents" (DCE). The DCE is a mathematical formula that allocates the portion of departmental general fund expenses that should be assigned directly to instruction and other non-sponsored direct cost objectives and the portion that should be included in the departmental administration indirect cost pool. Departmental Administration costs are allocated on a Modified Total Direct Cost Base. The DCE methodology is utilized as follows:

A) General Support Salaries and Wages: General Support salaries and wages charged to sponsored projects, divided by sponsored salaries and wages less general support salaries and wages.

Application of DCE Ratio: The ratio is applied to the unrestricted salaries of department heads, faculty, and other professional academic staff less the 3.6% modified total direct cost standard allowance for the administrative activities of these individuals. The amount represents general support salaries and wages included in departmental administration is the total general support salaries and wages in the unrestricted accounts less the amount directly attributable to non-sponsored activities.

B) Non-Labor Costs: Non labor cost are distributed between departmental administration and non-sponsored activities based on the percentage of salaries and wages assigned to departmental administration compared to the percentage of salaries and wages assigned to non-sponsored activities.

The DCE is developed and applied on a department-by-department basis

(e) Sponsored Administration

Sponsored Project Administration costs are identified in the formal accounting system. Adjustments and reclassifications are necessary to recast the information in the University's financial statements into the cost pools required by OMB Circular A-21.

(f) Library

Library costs are allocated based on the standard method prescribed in OMB Circular A-21, section F.8, which uses a combination of full time equivalent student and employee data and salary data in a multi step allocation process.

(g) Student Administration and Services

Student Administration and Services costs are identified in the formal accounting system. Adjustments and reclassifications are necessary to recast the information in the university financial statements into the cost pools required by OMB Circular A-21.

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3.2.0	<u>Service Centers</u>	
	<p>(c) Rates vary based on government (i.e. university faculty) or non-government (i.e. off-campus private) users and the type of animal serviced. Billing is based on a per animal, per-diem charge. In some limited instances, it is only feasible to base billings on a flat per-diem charge. Any variance resulting from excess revenue over costs are held to offset future costs. Rates charged to government users are either the same or lower than rates charged to non-government users.</p>	
3.4.0	<u>Composition of Indirect Cost Pools</u>	
Revise	<p><i>(a) Depreciation/Use Allowance and Interest</i></p> <p>The expenses under this heading are the portion of the costs of the institution’s buildings, capital improvements to land and buildings, equipment and interest on purchases of capital assets which are computed in accordance with OMB Circular A-21 Sections J.12. and J.22.e.</p> <p>1. Building Depreciation</p> <p>The University’s subsidiary financial accounting system records by building number, the capitalized value of buildings and the Federal contribution to each building. Depreciation expenses are calculated net of Federal borne costs and is in accordance with Section J.12. of OMB Circular A-21.</p> <p>2. Equipment Depreciation</p> <p>The University’s equipment management system records the category, funding source and capitalized value of items of equipment. Equipment costs net of Federal funds is depreciated on a straight-line basis according to useful life tables developed by the University.</p> <p>The University’s Business Services’ Capital Asset Policy states: The University of Montana will group assets into types, using a defined “useful life” for all assets in that asset type. This life may be overridden on any specific asset purchase by any of the UM campuses, if based on history and experience, a useful life which is more reflective than the “default life” can be determined and supported. The “default” useful lives of types of assets are in the following item (#3). Our useful life choices are based on the State of Montana Department of Administration policy and on American Hospital Association tables.</p> <p>3. Capital Improvements to Land</p> <p>The University’s subsidiary financial accounting system records the capitalized value and funding source of land improvements. Depreciation of the non-Federal cost of capital improvements is taken in accordance with Section J.12. of OMB Circular A-21 .</p> <p>4. Interest</p> <p>The University’s subsidiary financial accounting system records the category, funding source, and cost associated with interest. Only interest allowable under the provisions of OMB Circular A-21 Section J.22.e. is included as indirect cost.</p>	

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3.4.0 (cont.)	<p><i>(b) Operations & Maintenance</i></p> <p>The Operations and Maintenance (O&M) cost pool includes expenditures for administration, supervision, utilities, building maintenance, plant operations, facilities planning, security and environmental safety. They include expenses incurred for janitorial and utility service; repairs and ordinary and normal alterations of buildings, furniture and equipment, tools; care of the grounds; maintenance and operation of buildings and other plant facilities; protection of the institution; environmental safety; hazardous waste disposal; property, liability and all other insurance relating to property; space and capital leasing; and facility planning and management. It also includes its allocable share of depreciation and interest costs, and general administration costs.</p> <p><i>(c) General Administration</i></p> <p>The General Administration (GA) cost pool includes expenditures incurred for the University General Executive and Administrative offices as well as expenses incurred for a general nature which do not solely relate to any major function of the institution such as instruction, organized research, and other sponsored activities. Examples of these administrative offices that serve the entire university are: Presidents Office, VP of Administration and Finance; University Relations; Internal Audit, Legal Counsel, Business Services, Planning Budget and Analysis, Computing & Information Technology, and Personnel/Human Resources Management. These expenses also include its allocable shares of operation and maintenance expense, depreciation and interest costs.</p> <p>This cost pool also includes costs allocated through the governing State of Montana, Department of Administration.</p> <p><i>(d) Departmental Administration</i></p> <p>The Department Administration cost pool consists of expenses incurred for administration and support services that benefit academic departments. Department Administration (DA) was calculated for each academic Org unit (department) by combining three components of administrative costs:</p> <ul style="list-style-type: none"> • Each Org units applicable share of costs from accounts specifically identified as Department Administration (DA). • The department administration portion of each Org units accounts identified as Unrestricted (UN) from the DCE calculation. • The 3.6% faculty administrative allowance (FAA) of MTDC, as allowed by OMB Circular A-21. <p>The Departmental Administration cost pool also includes its allocable share of operations and maintenance expense, depreciation and interest costs, and general administration costs.</p>
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3.4.0 (cont.)	<p><i>(e) Sponsored Projects Administration</i></p> <p>The expenses contained in this cost pool are directly related to pre-award and post-award sponsored project administrative functions such as grant and contract administration, personnel administration, and editing and publishing of research and other records. Expenses include salaries and fringe benefits and non-salary costs from the Office of Research and Sponsored programs. The pool also includes allocable share of operations and maintenance expense, depreciation and interest costs, and general administration costs.</p> <p><i>(f) Library</i></p> <p>The library cost pool consists of expenditures incurred for the operation of the University's three libraries (Mansfield, Law, and College of Technology). It includes the cost of library materials and library administration costs. The library cost pool also includes allocable shares of depreciation and interest; general administration; and operation and maintenance expenses.</p> <p><i>(g) Student Administration and Services</i></p> <p>The Student Administration and Services cost pool is comprised of the salary and wages and other supporting costs incurred for the administration of student affairs and for services provided to students by the Admissions Office, Financial Aid, and other student-related activities including new student services, registrar, student health services, career services, student disability services, and student escort and safety services. It also includes its allocable shares of depreciation and interest costs; operation and maintenance expense; and general administration expense.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - INDIRECT COSTS CONTINUATION SHEET
	The University of Montana

Item No.	
3.5.0 Revised	<p><u>Composition of Allocation Bases</u></p> <p>Indirect Cost Pools and Allocation Bases (From Item 3.1.0)</p> <p><i>(a) Depreciation/Use Allowance and Interest</i></p> <p>Building</p> <p>Building depreciation is normally allocated to all benefiting functions based on the functional use of space for each building on a room-by-room basis through a space inventory and functional use survey. However, in our most recent F&A proposal we allocated building depreciation based on the campus-wide salaries and wages of the functions that occupied each individual building. Non-assignable common areas such as hallway, stairwells and restrooms are excluded.</p> <p>Cost pool groups benefiting from this allocations include Organized Research, Instruction and Departmental Research, Other Sponsored Activities, Other Institutional Activities, Departmental Administration, Operations and Maintenance, General Administration, Sponsored Projects Administration, Library, and Student Services Administration.</p> <p>Equipment</p> <p>Equipment depreciation costs are largely allocated based on the functional use of assignable square footage for each Org unit (department). Functional usage is normally determined by the space inventory and functional use space survey. However in our most recent F&A proposal we allocated equipment depreciation based on campus-wide salaries and wages of the functions that occupied each individual building. Intangibles and other general campus equipment depreciation costs are allocated based on campus salaries and wages functions. An example of “other general campus equipment” would be vehicles such as cars, trucks, tractors, etc.”</p> <p>Cost pool groups benefiting from this allocation include Organized Research, Instruction and Departmental Research, Other Sponsored Activities, Other Institutional Activities, Departmental Administration, Operations and Maintenance, General Administration, Sponsored Projects Administration, Library, and Student Services Administration.</p> <p>Capital Improvements to Land</p> <p>Land improvements are allocated using university Full-Time Equivalent (FTE) statistics which include statistics for employees and students.</p> <p>Interest</p> <p>Allowable Interest costs are normally allocated based on functional use of net assignable square footage for cost associated with specific buildings and equipment. However, in our most recent F&A proposal we allocated interest costs based on campus-wide salaries and wages of the functions that occupied each individual building. Interest relating to land improvements and the general campus are allocated using university Full-Time Equivalent (FTE) statistics which include statistics for employees and students.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	CONTINUATION SHEET
	The University of Montana

Item No.	
3.5.0 (cont.)	<p><i>(b). Operation and Maintenance</i></p> <p>Operations and Maintenance (O&M) expenses in large are allocated to benefiting functions by functional space usage, excluding certain auxiliary and service departments, which are directly charged for operations support. Functional space usage is determined by building on a room-by-room basis through a space inventory and functional use survey. In our most recent F&A proposal we allocated operation and maintenance costs to the entire campus based on campus-wide salaries and wages.</p> <p>Cost pools benefiting from this allocation include Organized Research, Instruction and Departmental Research, Other Sponsored Activities, Other Institutional Activities, Departmental Administration, General Administration, Sponsored Projects Administration, Library, Student Services Administration.</p> <p><i>(c) General Administration</i></p> <p>General Administration Expenses are allocated based on a Modified Total Cost (MTC) basis. All salaries and wages, fringe benefits, materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract are included. Bad debt, equipment, capital expenditures, charges for tuition remission, rental costs, scholarships and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 are excluded. Other items, such as cost of goods sold, are excluded where necessary to avoid a serious inequity in the distribution of indirect costs. Service Centers are included.</p> <p>Cost pools benefiting from this allocation include Organized Research, Instruction and Departmental Research, Other Sponsored Activities, Other Institutional Activities, Operations and Maintenance, Departmental Administration, Sponsored Projects Administration, Library, Student Services Administration.</p> <p><i>(d) Departmental Administration</i></p> <p>Departmental Administration expenses are allocated on functional Modified Total Direct Costs (MTDC), which consist of the same cost elements as the Modified Total Costs base used to allocate General Administration costs. As stipulated in section F.6. of Circular A-21, the administrative expenses of the dean’s office of each college are allocated to the academic departments and other organizational units within that college. The faculty allowance was calculated by 3.6% of the MTDC for each college by function [Instruction/Departmental Research (IDR), Other Institutional Activities (OIA), Other Sponsored Activities (OSA), and Organized Research (OR)]. Service Centers are included.</p> <p>Admin/Clerical Salaries and Other Expenses are calculated by using the Direct Charge Equivalent (DCE) methodology, a ratio of the faculty allowance to the total Fac/Professional Salaries classified to UN – unrestricted or general support accounts.</p> <p><i>(e) Sponsored Projects Administration</i></p> <p>Sponsored Projects Administration is allocated based on the MTDC to Sponsored Research, Other Sponsored Activities and Sponsored Instruction. Expenses include salaries, and fringe benefits, and non-salary costs from the Offices of Research and Sponsored Programs.</p>

Item No.										
3.5.0 (cont.)	<p><i>(f) Library</i></p> <p>The Library cost pool is allocated based on the standard methodology prescribed by the OMB Circular A-21. FTEs were calculated for the user groups of Faculty/Staff and Undergraduate/Graduate Students.</p> <p>Library costs allocated to “Students” were assigned 100% to instruction. Library costs allocated to Faculty/Staff were further assigned to functional activities based on salaries and wages.</p> <p>Library costs allocated to “other users” are allocated 100% to Other Institutional Activities.</p> <p><i>(g) Student Administration and Services</i></p> <p>The Student Administration and Service cost pool is allocated 100% to Instruction and Departmental Research. This cost pool is comprised of the salary and wages and other supporting costs incurred for the administration of student affairs and for services provided to students by the admission’s office, financial aid, and other students related activities.</p> <p>Indirect Cost Pools and Allocation Bases (From Item 3.3.0)</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 35%;">Instruction –</td> <td style="width: 35%;">On Campus</td> <td style="width: 30%;">(D – Modified Total Direct Cost)</td> </tr> <tr> <td>Organized Research –</td> <td>On Campus</td> <td>(D – Modified Total Direct Cost)</td> </tr> <tr> <td>Other Sponsored Activities –</td> <td>On Campus</td> <td>(D – Modified Total Direct Cost)</td> </tr> </table> <p>All pools referenced in Item 3.3.0 use a Modified Total Direct Cost base.</p> <p style="text-align: center; margin-top: 20px;">End of Part III</p>	Instruction –	On Campus	(D – Modified Total Direct Cost)	Organized Research –	On Campus	(D – Modified Total Direct Cost)	Other Sponsored Activities –	On Campus	(D – Modified Total Direct Cost)
Instruction –	On Campus	(D – Modified Total Direct Cost)								
Organized Research –	On Campus	(D – Modified Total Direct Cost)								
Other Sponsored Activities –	On Campus	(D – Modified Total Direct Cost)								

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

**PART IV - DEPRECIATION AND USE
ALLOWANCES**

The University of Montana

Item
No.

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 Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)
(a) Land Improvements	A	C	A	B
(b) Buildings	A	C	A	B
(c) Building Improvements	A	C	A	B
(d) Leasehold Improvements	Z			
(e) Equipment	A	C	A	B
(f) Furniture and Fixtures	A	C	A	B
(g) Automobiles and Trucks	A	C	A	A
(g) Tools	B	C	A	B
(h) Observatory	Z			
(i) Enter Code Y on this line	Z			

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 method¹⁰

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 method¹

Column (3) – Property Unit Code

- A. Individual units are accounted for Separately
- B. Applied to groups of assets with similar service lines
- C. Applied to groups of assets with varying service lives
- Y. Other or more than one method¹

Column (4) - Residual Value Code

- A. Residual value is deducted
- B. Residual value is not deducted
- Y. Other or more than one method¹

¹⁰ Describe on a Continuation Sheet.

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

**PART IV - DEPRECIATION AND USE
ALLOWANCES**

The University of Montana

Item No.	
4.1.1	<p><u>Asset Valuations and Useful Lives.</u> Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No¹¹</p>
4.2.0	<p><u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Yes B. <input checked="" type="checkbox"/> No</p>
4.3.0	<p><u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input checked="" type="checkbox"/> Excluded from determination of sponsored agreements costs B. <input type="checkbox"/> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged C. <input type="checkbox"/> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved D. <input type="checkbox"/> Not accounted for separately, but reflected in the depreciation reserve account Y. <input type="checkbox"/> Others¹ Z. <input type="checkbox"/> Not applicable</p>
4.4.0	<p><u>Criteria for Capitalization.</u> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <u>\$5,000</u> B. Minimum Life Years <u>>1 yr.</u></p>
4.5.0	<p><u>Group or Mass Purchase.</u> Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <input type="checkbox"/> Yes¹ B. <input checked="" type="checkbox"/> No</p> <p align="center">End of Part IV</p>

¹¹ Describe on a Continuation Sheet.

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

PART V – OTHER COSTS AND CREDITS

The University of Montana

Item
No.

Part V

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. Accrual¹²

5.2.0 Applicable Credits. This item is directed at the treatment of “applicable credits” as defined in Section C of 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 are not offset against costs.
- D. Combination of methods¹
- Y. Other¹

¹² Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART V – OTHER COSTS AND CREDITS CONTINUATION SHEET
		The University of Montana
Item No.		
5.1.0	<p>Method of Charging Leave Costs</p> <p>Recording of vacation and sick leave costs is done on the accrual basis of accounting for sponsored research appointed university faculty and staff. When leaves are earned, the sponsored projects are charged directly for the costs and the pool accounts are credited. When vacation and sick leaves are taken or paid, the charges are taken from the pool accounts.</p> <p>Recording of vacation and sick leave costs is done on the cash basis of accounting for academic appointed faculty and staff. The university records on a cash basis vacation and sick leave costs as leave is taken or paid</p> <p>For faculty and staff with dual appointments (i.e sponsored research and academic) the cash and accrual basis of accounting is used in proportion to the allocation of the employee’s salary and wages.</p>	
5.2.0 Revise	<p>Applicable Credits</p> <p>Discounts are directly applied and rebates are processed as abatements against the related expenditures. Neither of these types of credit are direct deposits into revenue.</p>	
End of Part V		

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
	The University of Montana

Item No.	
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	<p>Instructions for Part VI</p> <p>This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.</p> <p>Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, the reporting unit should require that entity to complete the applicable portions of this Part IV. (See item 4, page (i), General Instructions)</p> <p>6.1.0 <i>Pension Plans.</i></p> <p>6.1.1 <i>Defined-Contribution Pension Plans.</i> Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 5%;"></th> <th style="width: 65%; text-align: left;"><u>Type of Plan</u></th> <th style="width: 30%; text-align: center;"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td><input checked="" type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)</td> <td style="text-align: center;"><u>2</u></td> </tr> <tr> <td>B.</td> <td><input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td> <td style="text-align: center;"><u>2</u></td> </tr> <tr> <td>C.</td> <td><input type="checkbox"/> Institution has its own Defined-Contribution Plan(s)¹³</td> <td style="text-align: center;"><u> </u></td> </tr> </tbody> </table>		<u>Type of Plan</u>	<u>Number of Plans</u>	A.	<input checked="" type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)	<u>2</u>	B.	<input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u>2</u>	C.	<input type="checkbox"/> Institution has its own Defined-Contribution Plan(s) ¹³	<u> </u>
	<u>Type of Plan</u>	<u>Number of Plans</u>											
A.	<input checked="" type="checkbox"/> Institution employees participate in State/Local Government Retirement Plan(s)	<u>2</u>											
B.	<input checked="" type="checkbox"/> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u>2</u>											
C.	<input type="checkbox"/> Institution has its own Defined-Contribution Plan(s) ¹³	<u> </u>											

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS
	The University of Montana

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- 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.)
- 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 uses, 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.)
- Not Applicable**
- 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 employee
 - E. When amounts are paid to an employee welfare plan
 - Y. Other or more than one method¹⁴
 - Z. Not Applicable

¹⁴ Describe on a Continuation Sheet.

**COST ACCOUNTING STANDARDS BOARD
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EDUCATIONAL INSTITUTIONS**

**PART VI - DEFERRED COMPENSATION AND
INSURANCE COSTS**

The University of Montana

Item
No.

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 method¹
- Z. Not Applicable

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

- A. 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 method¹⁵
- Z. Not Applicable

End of Part VI

¹⁵ Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII - CENTRAL SYSTEM OR GROUP EXPENSES
		The University of Montana
Item No.		
	<p>DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.</p> <p>Instructions for Part VII</p> <p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p>	
7.1.0	<p><i>Organizational Structure.</i></p> <p>On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p> <p>NOT APPLICABLE</p>	
7.2.0	<p><i>Cost Accumulation and Allocation.</i></p> <p>On a continuation sheet, provide a description of:</p> <p>A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.</p> <p>B. How the costs of the services are identified and accumulated.</p> <p>C. The basis used to allocate the accumulated costs to the benefiting segments.</p> <p>D. Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.</p> <p>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.</p> <p>NOT APPLICABLE</p> <p style="text-align: center;">End of Part VII</p>	