



**DEPARTMENT OF THE NAVY**

OFFICE OF NAVAL RESEARCH  
875 NORTH RANDOLPH STREET  
SUITE 1425  
ARLINGTON, VA 22203-1995

IN REPLY REFER TO:

E-mail Transmittal  
*ddgreen@mtu.edu*

ONR BD242  
June 3, 2007

Mr. Daniel D. Greenlee  
CFO and Treasurer of the Board of Control  
Michigan Technological University  
505 Administration Building  
1400 Townsend Drive  
Houghton, MI 49931

Subj: Michigan Technological University (MTU) Initial Disclosure Statement Submission  
and Revision Nos. 1 and 2

Ref: (a) MTU Initial Disclosure Statement, submitted 6/28/06, effective 7/1/06  
(b) MTU Disclosure Statement Revision No. 1, submitted 11/7/06, effective 10/29/06  
(c) MTU Disclosure Statement Revision No. 2, submitted 12/1/06, effective 12/1/06  
(d) DCAA Audit Report No. 3541-2007A19100002, dated 12/11/06

Encl: (1) MTU Equipment Threshold Increase Implementation Policy

Dear Mr. Greenlee:

Based on my review of references (a) through (d), I have made the following determinations:

**1. Initial Disclosure Statement, submitted 6/28/06, effective 7/1/06 - Approved**

MTU's initial submission adequately describes MTU's accounting practices. The practices, as described, are compliant with 2 CFR 220 (formerly OMB Circular A-21) and Cost Accounting Standards, however MTU is reminded that instances of noncompliance with disclosed practices may be reported based on subsequent audit.

MTU's initial submission includes an accounting change in their equipment capitalization threshold from \$2,500 to \$5,000 effective July 1, 2006 (FY07). Based on my review of MTU's implementation policy (enclosure 1) and reference (d), the proposed accounting change is considered adequately described and compliant with 2 CFR 220 (formerly OMB Circular A-21) and Cost Accounting Standards. The proposed accounting change is approved, effective July 1, 2006. MTU is reminded that instances of noncompliance with disclosed practices may be reported based on subsequent audit. This change is considered a voluntary change and subject to the provisions of Section (a)(4)(ii) of the Cost Accounting Clause, FAR 52.230-5. Accordingly there change may not result in increased cost to the Federal government. Based on MTU's

implementation and FY 2007-2009 F&A Rate Proposal submitted to ONR on April 14, 2007, the estimated cost impact is not considered material and therefore a detailed cost impact is not required.

**2. Disclosure Statement Revision No. 1, submitted 11/7/06, effective 10/29/06 -Approved**

MTU's Revision #1 adequately describes MTU's accounting practices relating to the acquisition of the MTU Research Institute (MTRI), effective 10/29/06. The practices, as described, are compliant with 2 CFR 220 (formerly OMB Circular A-21) and Cost Accounting Standards, however MTU is reminded that instances of noncompliance with disclosed practices may be reported based on subsequent audit.

**3. Disclosure Statement Revision No. 2, submitted 12/1/06, effective 12/1/06 - Not Approved**

Revision #2 was submitted to resolve DCAA's concern with MTU's policy of faculty and professional staff approving after the fact payroll certification on a semester basis. DCAA required MTU to change the policy for only federal contracts and cooperative agreements to certify monthly. All other projects, such as federal grants or non-federal awards, would continue to be certified on a semester basis. DCAA's report describes the change as follows:

- *Part II, 2.5.0, C/S The following paragraph description was dropped. Faculty and professional staff approve after the fact payroll certification forms on a semester basis. Graduate students, undergraduate students and hourly employees approve after the fact payroll certification forms on a monthly basis for the biweekly pay periods in that month*
- *Part II, 2.5.0 C/S The above paragraph was replaced with the following: Faculty and professional staff will approve payroll certification forms for federal contracts and cooperative agreements, on a monthly basis for the biweekly pay periods in that month, with other projects being approved on an after-the-fact semester basis. Graduate students, undergraduate students and hourly employees will have payroll certification forms approved on a monthly basis for the biweekly pay periods in that month. "MTU will implement this revision in payroll reporting and approval, with the installation of the electronic payroll reporting system ESS ("Employee Self Service"), which is currently in the testing phases and planned for full operation in 2007.*

ONR does not approved Revision #2 because it results in inconsistent accounting policies for sponsored awards. In addition, MTU's existing practice, as described, complies with the requirements of 2 CFR 220 (A-21).

If you have any questions, please contact the undersigned at 703.696.5641 or e-mail address [rafid@onr.navy.mil](mailto:rafid@onr.navy.mil).

Sincerely,

/s/

DEBORAH K. RAFI  
Contracting Officer

CC: ONR Chicago  
DCAA Minneapolis Suboffice  
DCAA Denver Suboffice

**COST ACCOUNTING STANDARDS BOARD**  
**DISCLOSURE STATEMENT FOR EDUCATIONAL INSTITUTIONS**  
**CASB DS-2**

**MICHIGAN TECHNOLOGICAL UNIVERSITY**

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

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<p align="center"><b>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</b></p>	<p align="center"><b>GENERAL INSTRUCTIONS</b></p>
<p>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).</p> <p>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 insured 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 insured by a Central or Group office and are allocated to one or more segments performing under Federally sponsored agreements.</p> <p>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.</p> <p>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 insures 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.</p> <p>5. The Statement must be signed by an authorized signatory of the reporting unit.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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).</p> <p>10. Amendments shall be submitted to the same offices to which submission would have to be made was an original Disclosure Statement being filed.</p>	

FORM CASB DS-2 (REV 10/94)

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

**GENERAL INSTRUCTIONS**

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**

**FORM CASB DS-2 (REV 10/94)**



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

**COVER SHEET AND CERTIFICATION**

**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: November 8, 2006

  
(Signature)

Daniel D. Greenlee  
(Print or Type Name)

Chief Financial Officer  
(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 Michigan Technological University
Item No.	Item Description	
	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</p> <p>B. <input type="checkbox"/> Modified Accrual Basis<sup>1</sup></p> <p>C. <input type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other<sup>1</sup></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.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>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 checked="" type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records.<sup>1</sup></p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or workpapers.<sup>1</sup></p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification.<sup>1</sup></p> <p>D. <input type="checkbox"/> Combination of A, B or C<sup>1</sup></p> <p>E. <input type="checkbox"/> Determinable by other means.<sup>1</sup></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>	

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet.

<b>COST ACCOUNTING STANDARDS BOARD  DISCLOSURE STATEMENT  REQUIRED BY PUBLIC LAW 100-679  EDUCATIONAL INSTITUTIONS</b>		<b>PART I - GENERAL INFORMATION</b> Michigan Technological University
Item No.	Item Description	
1.4.0	<u>Cost Accounting Period:</u> __07/01 – 06/30_____ (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.	

FORM CASB DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
1.1.0	<p><b>Description of Your Cost Accounting System</b></p> <p>The University uses the economic resource measurement focus and the accrual basis of accounting. In accordance with GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Accounting," the University follows all applicable GASB pronouncements. In addition, the University applies all applicable Financial Accounting Standards Board (FASB) Statements and Interpretation, Accounting Principles Board (APB) Opinions and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The University has elected not to apply FASB pronouncements issued after November 30, 1989.</p> <p>#1 The University has a separate facility located in Ann Arbor, the Michigan Technological Research Institute (MTRI). When fully incorporated MTRI will follow all of the University practices.</p>	
1.2.0	<p><b>Integration of Cost Accounting with Financial Accounting</b></p> <p>Adjustments and reclassifications are needed to recast the information in the University's financial statements into the cost pools required by Circular A-21. Some of the costs in the departmental administration pool are not accumulated by the formal accounting system and must therefore be accumulated through cost finding techniques and other calculations (Direct Charge Equivalent). The allocation and development of F&amp;A costs rates are also accomplished through cost finding procedures that are a part of the Comprehensive Rate Information System (CRIS).</p> <p>The University accounting records do not include the Interest paid by the State on behalf of the University. The interest cost is provided through the Statewide cost allocation plan and allocated as allowed in A-21.</p>	
1.3.0	<p><b>Unallowable Costs</b></p> <p>Under University policy, unallowable costs must be charged to specific account codes in the accounting system. The costs recorded in these account codes are excluded from the direct and F&amp;A costs charged to sponsored agreements. Research Accounting does a review for allowability of all expenditures prior to any charging of costs to sponsored projects. Additionally, costs incurred by organizational units whose overall activities are unallowable (e.g., University Development, Advancement, and Alumni Relations, etc.) are identified by the accounting system at the department or account level and removed from the indirect cost pools allocated to sponsored agreements.</p> <p>Unallowable Costs website - <a href="http://www.admin.mtu.edu/research/sprot/policies/internal.html">http://www.admin.mtu.edu/research/sprot/policies/internal.html</a></p>	

FORM CAS DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
1.3.1	<p><b>Treatment of Unallowable Costs</b></p> <p>Unallowable costs are excluded from charges to Federally sponsored agreements. Unallowable directly associated costs as defined in CAS 505 are also excluded from charges to Federally sponsored agreements.</p> <p>Unallowable costs are identified by department, account or object code. Unallowable activities are classified in a separate cost pool and F&amp;A costs are allocated to the cost pool consistent with other Direct Cost Pools.</p> <p>Unallowable Costs website - <a href="http://www.admin.mtu.edu/research/sprot/policies/internal.html">http://www.admin.mtu.edu/research/sprot/policies/internal.html</a></p> <p style="text-align: center;"><b>End of Part</b></p>	

FORM CAS DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS Michigan Technological University
Item No.	Item Description	
	Instructions for Part II	
	Institutions should disclose what costs are, or will be, charged directly to Federally sponsored agreements or similar cost objectives as Direct Costs. It is expected that the disclosed cost accounting practices (as defined at 48 CFR 9903.302-1) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs insured by the reporting unit.	
2.1.0	<u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For all major categories of cost under each major function or activity such as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs insured for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)	
2.2.0	<u>Description of Direct Materials.</u> All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)	
2.3.0	<u>Method of Charging Direct Materials and Supplies.</u> (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)	
2.3.1	Direct Purchases for Projects are Charged to Projects at:  A. _____ Actual Invoiced Costs B. <u>  X  </u> Actual Invoiced Costs Net of Discounts Taken Y. _____ Other(s) <sup>1</sup> 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 D. _____ Predetermined Costs Y. _____ Other(s) <sup>1</sup> Z. <u>  X  </u> Not Applicable	

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS Michigan Technological University				
Item No.	Item Description					
2.4.0	<u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services 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> (1)	<u>Staff</u> (2)	<u>Students</u> (3)	<u>Other</u> <sup>1</sup> (4)	
	A.	Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_____ <u>X</u> _____	_____ <u>X</u> _____	_____
	B.	Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	_____
	C.	After-the-fact Activity Records (Percentage Distribution of employee activity)	_____ <u>X</u> _____	_____ <u>X</u> _____	_____ <u>X</u> _____	_____
	D.	Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____
	Y.	Other(s) <sup>1</sup> _____	_____	_____	_____	_____
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.)					
	<u>X</u> _____	Yes				
	_____	No				

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet

<b>COST ACCOUNTING STANDARDS BOARD  DISCLOSURE STATEMENT  REQUIRED BY PUBLIC LAW 100-679  EDUCATIONAL INSTITUTIONS</b>		<b>PART II - DIRECT COSTS</b> Michigan Technological University
Item No.	Item Description	
2.5.2	Salary and Wage Cost accumulation System.  (Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and the wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)	
2.6.0	<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.)	
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.)  Direct Charging description on web: <a href="http://www.admin.mtu.edu/research/sprot/policies/charging_expenditures_sponsored_programs.html">http://www.admin.mtu.edu/research/sprot/policies/charging_expenditures_sponsored_programs.html</a>	

FORM CASB DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS Michigan Technological University																										
Item No.	Item Description																											
2.8.0	<p><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occurs in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><b>Cost transfers website - <a href="http://www.admin.mtu.edu/research/sprot/policies/internal.html">http://www.admin.mtu.edu/research/sprot/policies/internal.html</a></b></p> <p><input checked="" type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p>																											
2.9.0	<p><u>Interorganizational Transfers.</u> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table border="0"> <thead> <tr> <th></th> <th style="text-align: center;"><u>Materials</u> (1)</th> <th style="text-align: center;"><u>Supplies</u> (2)</th> <th style="text-align: center;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">___ ___</td> <td style="text-align: center;">___ ___</td> <td style="text-align: center;">___ ___</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other(s)<sup>1</sup></td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable.</td> <td style="text-align: center;">___X___</td> <td style="text-align: center;">___X___</td> <td style="text-align: center;">___X___</td> </tr> </tbody> </table>					<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	_____	_____	_____	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) <sup>1</sup>	_____	_____	_____	Z. Interorganizational transfers are not applicable.	___X___	___X___	___X___
	<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)																									
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Z. Interorganizational transfers are not applicable.	___X___	___X___	___X___																									

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
2.1.0	<p><b>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements of Similar Cost Objectives.</b></p> <p>The University follows the general guidelines in sections D. and E. of Circular A-21 in determining the treatment of costs as direct or indirect. Accordingly, costs that can be identified specifically with a particular sponsored project, instructional activity, or other institutional activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy, are treated as direct costs. Conversely, costs incurred for common or joint objectives which cannot be identified readily and specifically with a particular sponsored project, instructional activity or other institutional activity, are treated as F&amp;A costs. The University's F&amp;A costs are consistent with the definitions of specific indirect cost categories in section F. of Circular A-21.</p> <p>Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or F&amp;A costs. The University follows the Procedures for Charging Expenditures to Sponsored Programs detailed in the Sponsored Program Research Outreach Team (SPROT) website.</p> <p>Cost Sharing - <a href="http://www.admin.mtu.edu/research/sprot/policies/internal.html">http://www.admin.mtu.edu/research/sprot/policies/internal.html</a> (see Cost Share Guidelines)</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET Michigan Technological University
Item No.	Item Description	
2.2.0	<p><b>Description of Direct Materials</b></p> <p>The principal classes of materials and supplies that are charged to Federally sponsored agreements or similar cost objectives are as follows</p> <p><u>Description</u></p> <ul style="list-style-type: none"> <li>• Laboratory and technical shop supplies</li> <li>• Non capitalized equipment</li> <li>• Other project supplies (Office and Instructional supplies - This includes only office supplies that are used under extraordinary circumstances when all of the following conditions are met:             <ul style="list-style-type: none"> <li>- The supply or expense can be specifically identified with the project or activity.</li> <li>- and, the supply or activity is explicitly listed in the approved budget by the awarding agency</li> <li>- and, the supply or expense is not specifically disallowed in the award notice.)</li> </ul> </li> </ul>	

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Item No.	Item Description	
2.4.0	<p><b>Description of Direct Personal Services</b></p> <p>The principal classes of direct personal service costs directly identified to federal sponsored programs are faculty, research personnel, technicians, lab assistants, and graduate students. The direct charges include salaries, fringe benefits. Salaries and fringe benefits of administrative and clerical staff are charged directly under the conditions described in 2.1.0.</p>	

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		Michigan Technological University
Item No.	Item Description	
2.5.0	<p><b>Method of Charging Direct Salary and Wages</b></p> <p>Salaries and wages are charged to sponsored agreements using two methods. Departments are responsible for allocating the expenses to the appropriate project. All effort is certified by the department and all adjustments are authorized by the Principal Investigator and any other appropriate administrator.</p> <p>The initial distribution of effort for staff and faculty is established at the beginning of each semester using the 'Request for Distribution Change Form or the Employee Status Change Form'. Cost sharing is established using this same method. These same forms are used whenever a significant change in effort requires a change in distribution. The students effort is similarly established using the 'Student Requisition/ Status Change Form'.</p> <p>The two methods for charging effort are:</p> <ul style="list-style-type: none"> <li>• Pre-planned effort – Faculty, staff and students effort is determined on a semester basis and earnings are charged as a percentage of time to sponsored programs on a biweekly basis.</li> <li>• Time sheet overrides – The distribution for hourly staff and students is established for the semester, however, hourly staff and students can override their pre-planned distribution on a biweekly basis by charging specific hours to any sponsored agreement.</li> </ul> <p>Adjustments – Faculty, staff and students' earnings can be reallocated to the appropriate project on an after-the-fact basis using the Reallocation of Payroll Funds Form.</p> <p>Faculty and professional staff approve after the fact payroll certification forms on a semester basis. Graduate students, undergraduate students and hourly employees approve after the fact payroll certification forms on a monthly basis for the biweekly pay periods in that month.</p>	

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		Michigan Technological University
Item No.	Item Description	
2.5.2	<p><b>Salary and Wage Cost Accumulation System</b></p> <p>Faculty, professional staff, graduate students, and hourly employees (including temporary employees and undergraduate students) effort is accounted for using the labor distribution record in the payroll system which is fed to the financial system on a biweekly basis. A reconciliation between the payroll system and the financial system is done biweekly.</p> <p>For faculty and professional staff, the percent of effort calculation prepared each semester is based on the total amount an individual was compensated during that semester. For graduate students, undergraduate students and hourly employees, the percent of calculation prepared monthly is based on the total amount an individual was compensated that month.</p>	

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		Michigan Technological University
Item No.	Item Description	
2.6.0	<p><b>Description of Direct Fringe Benefits</b></p> <p>The following fringe benefits attributable to organized research, instruction and other direct cost objectives are treated as direct costs:</p> <ul style="list-style-type: none"> <li>• FICA</li> <li>• Medicare</li> <li>• Health and Life Insurance</li> <li>• TIAA –CREF</li> <li>• MPSERS – Michigan Public Schools Employee Retirement System</li> <li>• Tuition Remission – employee only</li> <li>• Long Term Disability</li> <li>• Workers Compensation</li> <li>• Unemployment</li> <li>• Wellness and Other misc. benefits</li> <li>• Leave costs (e.g., vacation, holiday, sick leave) for Grant funded staff</li> </ul>	
2.6.1	<p><b>Method of Charging Direct Fringe Benefits</b></p> <p>All of the benefits described above are charged to the activities of the University through composite fringe benefit rates. These rates are calculated and negotiated annually based on the estimated cost of all fringe activities and applicable salary base for the next year.</p> <p>The benefits identified above are funded by charges to all accounts based on a percentage of the eligible salaries and wages.</p> <p>The University uses four fringe benefit rates:</p> <ul style="list-style-type: none"> <li>• Fulltime employee rate that includes all fringe benefits</li> <li>• Extra compensation rate that includes only FICA, Medicare, and Retirement</li> <li>• Temporary rate includes FICA, Medicare and Unemployment</li> <li>• Graduate Student – Graduate health insurance</li> </ul>	

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Item No.	Item Description	
2.7.0	<p><b>Description of Other Direct Costs</b></p> <p>Expenses other than direct labor and materials and supplies which are direct charged to Federal sponsored agreements or similar cost objectives are as follows:</p> <ul style="list-style-type: none"> <li>• Capital equipment</li> <li>• Subcontracts and subgrants</li> <li>• Travel</li> <li>• Tuition Remission</li> <li>• Stipends and student aid (federally sponsored training grants)</li> <li>• Printing</li> <li>• Long distance toll charges</li> <li>• Building rental (off campus projects)</li> <li>• Other miscellaneous expense such as freight, equipment rental and postage (charges that are extraordinary, part of a program project grant or are for package delivery (overnight)).</li> </ul> <p>Direct Charging - <a href="http://www.admin.mtu.edu/research/sprot/policies/charging_expenditures_sponsored_programs.html">http://www.admin.mtu.edu/research/sprot/policies/charging_expenditures_sponsored_programs.html</a></p> <p style="text-align: center;"><b>End of Part</b></p>	

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<b>COST ACCOUNTING STANDARDS BOARD  DISCLOSURE STATEMENT  REQUIRED BY PUBLIC LAW 100-679  EDUCATIONAL INSTITUTIONS</b>		<b>PART III - INDIRECT COSTS</b> <b>Michigan Technological University</b>
Item No.	Item Description	
	<p style="text-align: center;">Instructions for Part III</p> <p>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.</p> <p>The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> <li>A. Direct Charge or Allocation</li> <li>B. Total Expenditures</li> <li>C. Modified Total Cost Basis</li> <li>D. Modified Total Direct Cost Basis</li> <li>E. Salaries and Wages</li> <li>F. Salaries, Wages and Fringe Benefits</li> <li>G. Number of Employees (head count)</li> <li>H. Number of Employees (full-time equivalent basis)</li> <li>I. Number of Students (head count)</li> <li>J. Number of Students (full-time equivalent basis)</li> <li>K. Student Hours—classroom and work performed</li> <li>L. Square Footage</li> <li>M. Usage</li> <li>N. Unit of Product</li> <li>O. Total Production</li> <li>P. More than one base (Separate Cost Groupings)<sup>1</sup></li> <li>Y. Others<sup>1</sup></li> <li>Z. Category or Pool not applicable</li> </ul>	

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS Michigan Technological University																																																					
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3.1.0	<p><u>Indirect Cost Categories - accumulation and Allocation.</u> This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")</p> <table border="1"> <thead> <tr> <th>Indirect Cost Category</th> <th>accumulation Method</th> <th>Allocation Base Code</th> <th>Allocation Sequence</th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Use Allowance/Interest</td> <td></td> <td></td> <td><u>1</u></td> </tr> <tr> <td>    Building</td> <td><u>yes</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>    Equipment</td> <td><u>yes</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>    Capital Improvements to Land<sup>1</sup></td> <td><u>yes</u></td> <td><u>H,J,C</u></td> <td></td> </tr> <tr> <td>    Interest<sup>1</sup></td> <td><u>no</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td><u>yes</u></td> <td><u>P</u></td> <td><u>2,CA</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td><u>yes</u></td> <td><u>C</u></td> <td><u>3,CA</u></td> </tr> <tr> <td>(d) Departmental Administration</td> <td><u>no</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td><u>yes</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td><u>yes</u></td> <td><u>H,J,D</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td><u>yes</u></td> <td><u>A</u></td> <td></td> </tr> <tr> <td>(h) Other<sup>1</sup></td> <td><u>NA</u></td> <td><u>NA</u></td> <td></td> </tr> </tbody> </table>			Indirect Cost Category	accumulation Method	Allocation Base Code	Allocation Sequence	(a) Depreciation/Use Allowance/Interest			<u>1</u>	Building	<u>yes</u>	<u>L</u>		Equipment	<u>yes</u>	<u>L</u>		Capital Improvements to Land <sup>1</sup>	<u>yes</u>	<u>H,J,C</u>		Interest <sup>1</sup>	<u>no</u>	<u>L</u>		(b) Operation and Maintenance	<u>yes</u>	<u>P</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,D</u>		(g) Student Administration and Services	<u>yes</u>	<u>A</u>		(h) Other <sup>1</sup>	<u>NA</u>	<u>NA</u>	
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS Michigan Technological University																																																					
Item No.	Item Description	(1)	(2)	(3)	(4)	(5)	(6)																																																
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"> <tr> <td>(a)</td> <td>Scientific Computer Operations</td> <td><u>Z</u></td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>(b)</td> <td>Business Data Processing</td> <td><u>Z</u></td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>(c)</td> <td>Animal Care Facilities</td> <td><u>Z</u></td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> </tr> <tr> <td>(d)</td> <td>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></td> <td><u>Telecommunications</u></td> <td><u>C</u></td> <td><u>A</u></td> <td><u>C</u></td> <td><u>A</u></td> <td><u>A</u></td> <td><u>B</u></td> </tr> <tr> <td></td> <td></td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> <td>—</td> </tr> </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> <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>	(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 cost. (Specify below; use a Continuation Sheet, if necessary)								<u>Telecommunications</u>	<u>C</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>			—	—	—	—	—	—						
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3.3.0	<p><u>Indirect Cost Pools and Allocation Bases</u></p> <p>(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%;"> <thead> <tr> <th style="text-align: left;"><u>Indirect Cost Pools</u></th> <th style="text-align: right;"><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td colspan="2">A. Instruction</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input type="checkbox"/> Other<sup>1</sup></td> <td style="text-align: right;"><u>          </u></td> </tr> <tr> <td colspan="2">B. Organized Research</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input type="checkbox"/> Other<sup>1</sup></td> <td style="text-align: right;"><u>          </u></td> </tr> <tr> <td colspan="2">C. Other Sponsored Activities</td> </tr> <tr> <td><input checked="" type="checkbox"/> On-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input checked="" type="checkbox"/> Off-Campus</td> <td style="text-align: right;"><u>    D    </u></td> </tr> <tr> <td><input type="checkbox"/> Other<sup>1</sup></td> <td style="text-align: right;"><u>          </u></td> </tr> <tr> <td colspan="2">D. Other Institutional Activities<sup>1</sup></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>          </u></td> </tr> </tbody> </table>		<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>	A. Instruction		<input checked="" type="checkbox"/> On-Campus	<u>    D    </u>	<input checked="" type="checkbox"/> Off-Campus	<u>    D    </u>	<input type="checkbox"/> Other <sup>1</sup>	<u>          </u>	B. Organized Research		<input checked="" type="checkbox"/> On-Campus	<u>    D    </u>	<input checked="" type="checkbox"/> Off-Campus	<u>    D    </u>	<input type="checkbox"/> Other <sup>1</sup>	<u>          </u>	C. Other Sponsored Activities		<input checked="" type="checkbox"/> On-Campus	<u>    D    </u>	<input checked="" type="checkbox"/> Off-Campus	<u>    D    </u>	<input type="checkbox"/> Other <sup>1</sup>	<u>          </u>	D. Other Institutional Activities <sup>1</sup>			<u>          </u>
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3.4.0	<p><u>Composition of Indirect Cost Pools.</u> (For each pool identified under Items 3.1.0 and 3.2.0, describe on a continuation sheet the major organizational components, subgroupings of expenses, and elements of cost included.)</p>																															
3.5.0	<p><u>Composition of Allocation Bases.</u> (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the 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 reassuring study.)</p>																															

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS Michigan Technological University
Item No.	Item Description	
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.    <input checked="" type="checkbox"/> Yes</p> <p>B.    <input type="checkbox"/> No<sup>1</sup></p>	

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<sup>1</sup> Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
3.1.0	<p><b><u>Indirect Cost Categories - Accumulation</u></b></p> <p><b>Interest</b></p> <p>Interest from the Michigan State Building Authority is paid by the State of Michigan on behalf of the University and provided through the Statewide Cost Allocation Plan. These costs are allowable and allocable under A-21.</p> <p><b>Departmental Administration</b></p> <p>The departmental administration costs for general support personnel are derived using the Direct Charge Equivalent (DCE) methodology.</p> <p>The DCE is calculated in the CRIS system using a fully automated formula driven methodology.</p> <p>A unique DA cost pool is established for each academic department. Within each of these cost pools, five separate components are calculated:</p> <ol style="list-style-type: none"> <li>1) Administrative salaries and wages</li> <li>2) General support salaries and wages</li> <li>3) Faculty and Professional salaries and wages</li> <li>4) Prorated share of employee benefits</li> <li>5) Prorated share of other expenditures</li> </ol> <p>The methodology and calculations follow the guidelines set forth in OMB Circular A-21. The DCE methodology applies only to the general support salaries and wages, to which A-21 makes no reference. All other components are accumulated in the financial accounting system.</p> <p><b>Facilities and Administration website:</b> <a href="http://www.admin.mtu.edu/acct/reports/a21.htm">http://www.admin.mtu.edu/acct/reports/a21.htm</a></p>	

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
3.4.0	<p><b>Composition of Indirect Cost Pools</b></p> <p>Building Depreciation - This cost pool contains the depreciation for MTU buildings and includes the following sub pools:</p> <ul style="list-style-type: none"> <li>• Building Depreciation is identified to each building</li> <li>• Capital Improvements</li> </ul> <p>Equipment Depreciation - This cost pool contains the calculated depreciation charge for all equipment at MTU with a unit cost greater than \$5,000 and a useful life of more than one year. Depreciation is identified to each asset.</p> <p>Interest - Includes interest costs identifiable to buildings and Infrastructure constructed after July 1, 1982 and includes interest from the State Building authority as well as interest on funds borrowed directly by the University. Interest is identified to specific buildings based on the purpose of the borrowing.</p> <p>Operations and Maintenance (O&amp;M) - This pool include all utilities, custodial, building maintenance, public safety, other campus O&amp;M costs and applicable cross allocations. This pool includes the following sub pools:</p> <ul style="list-style-type: none"> <li>• Utilities - Include the charges for electricity, water, sewer, flood control and steam and chilled water production.</li> <li>• KRC O&amp;M – includes costs associated with the KRC facility including equipment maintenance, building maintenance work orders and utilities.</li> <li>• Building specific O&amp;M – repairs and maintenance costs that are identified specifically identifiable to a building</li> <li>• Auxiliary O&amp;M – costs associated with the University Auxiliary operations</li> <li>• Departmental Paid O&amp;M - includes all O&amp;M costs paid for by departments. These costs include custodial salaries and wages as well as other operations and maintenance expenditures paid out of general operating accounts.</li> <li>• Building Maintenance – Costs identified to specific buildings</li> <li>• <b>O&amp;M MTRI – Costs associated with the Michigan Technological Research Institute in Ann Arbor.</b></li> <li>• Campus Wide O&amp;M - Includes costs of the environmental health and safety operation applicable to all campus operations. Also included are gains and losses on disposal of assets.</li> </ul> <p>Cross Allocations - Include all of the costs allocated to O&amp;M space in the preceding allocations of Building Depreciation, Equipment Depreciation and Interest.</p>	

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
3.4.0 (Cont.)	<p>General Administration (GA) - General Administration includes all costs associated with the general and academic administration of MTU referred to as Operations. Major category of costs include:</p> <ul style="list-style-type: none"> <li>• Financial Operations, Chief Financial Officer and Vice President Administration</li> <li>• Payroll, Human Resources and Affirmative Action</li> <li>• Administrative computing</li> <li>• Provost and Graduate School</li> <li>• University Wide Costs</li> </ul> <p>Includes cross allocations of Building Depreciation, Equipment, Depreciation, Interest, and O&amp;M.</p> <p>Departmental Administration (DA) - Includes all costs incurred for supporting services that benefit specific academic departments including the Academic Deans' office expenses. Deans' Offices include all costs incurred for the administration of specific colleges within MTU. Includes cross allocations of Building Depreciation, Equipment, Depreciation Interest, O&amp;M, and GA.</p> <p>Sponsored Projects Administration (SPA) - Includes costs incurred specifically for sponsored projects and other programs administered by the Vice President for Research, which includes Research Accounting, and Research and Sponsored Programs. Includes cross allocations of Building Depreciation, Equipment Depreciation, Interest, O&amp;M, and GA.</p> <p>Student Services Administration (SSA)- Includes costs that exclusively benefit students. Includes cross allocations of Building Depreciation, Equipment Depreciation, Interest, O&amp;M, and GA.</p> <p>Library - Includes costs of all expenditures associated with running and maintaining the MTU library system. Included are all expenditures incurred for the purchase of new books throughout the current year. Includes cross allocations of Building Depreciation, Equipment Depreciation, Interest, O&amp;M, and GA.</p> <p>Service Centers are not included as F&amp;A costs in the cost proposal. However, service centers receive cross allocations of Building Depreciation, Equipment Depreciation, Interest, O&amp;M, and GA.</p> <p>Depreciation website:  <a href="http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets">http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets</a> </p>	

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
3.5.0	<p><b>Composition of Allocation Bases</b></p> <p><b>L Space</b> The methods for determining the appropriate functional use of space is determined by use of a space survey that is conducted in conjunction with each F&amp;A rate calculation. The methods used are described in the F&amp;A Rate proposal.</p> <p><b>L Building Depreciation</b> Building Depreciation is allocated to a building using assignable square feet as determined by the functional space survey. Depreciation website: <a href="http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets">http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets</a></p> <p><b>H,J,C - Capital Improvements</b> Capital Improvements are allocated using the default methods described in A-21. Full-time Equivalents (FTE) are determined for students and staff (Faculty, and other employees). Costs are allocated using a two-step process: first, to student and staff FTE's based on the relative percent of each, and second, student costs are allocated 100% to instruction with staff being allocated to costs pools using their relative salary by cost pool.</p> <p><b>L. Equipment Depreciation</b> Equipment is allocated using functional square feet as determined by the space survey and based on the inventory record for each equipment item in the following manner: <b>When the asset inventory system matches the space survey building and room the functional space in that room is used. If the asset system does not match, the allocation is based on the relative functional space of the department for that item. Finally, in cases when the equipment is in excluded (non assignable) space the relative functions of space in the building are used to allocate the equipment depreciation. . Depreciation website: <a href="http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets">http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets</a></b></p> <p><b>L. Interest</b> Building Interest is allocated to the relative functions within the benefiting building based on the functional space survey results. Infrastructure is allocated to all space on campus using the results of the functional space survey.</p> <p><b>P. Operation and Maintenance</b></p> <ul style="list-style-type: none"> <li>• Utilities – Costs are identified and allocated to each building by the facilities operations using metering and other appropriate methods. Once costs are assigned to a building they are allocated using the functional space in that building.</li> <li>• KRC O&amp;M – Costs are identified to the KRC Facilities and allocated using the functional space of the buildings in the Center.</li> <li>• Building Specific O&amp;M – Costs are identified to a building and allocated using the functional square feet in that building.</li> <li>• Auxiliary O&amp;M – Allocated 100% to Other Institutional Activities.</li> <li>• Departmental Paid O&amp;M – Identified to each Department and allocated using the functional square feet in that department.</li> </ul>	

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		Michigan Technological University
Item No.	Item Description	
3.5.0 (Cont.)  #1	<p><b>O&amp;M (Cont.)</b></p> <ul style="list-style-type: none"> <li>• Building Maintenance – Costs identified to specific buildings and allocated to the functions in that building using assignable square feet.</li> <li>• <b>OM MTRI – Costs are identified to the facility and allocated to the functions at the facility.</b></li> <li>• Campus Wide O&amp;M – Allocated to all facilities using the functional space.</li> </ul> <p><b>C General and Administrative</b> General and administrative costs are allocated using Modified Total Costs (MTC) for all indirect cost pools except O&amp;M, Building and Equipment Depreciation, and Interest and direct costs pools (Instruction, Research, other Sponsored Activities and other Institutional Activities). MTC contains the same elements of cost identified under MTDC.</p> <p><b>D Departmental Administration</b> Dean’s costs are allocated to each academic unit in the college associated with the Dean using the relative MTC of the units that includes their DA, Instruction, Research, Other Sponsored Activities and other Institutional Activities. Once allocated to academic unit the Dean’s costs are treated as DA costs. DA costs are allocated within the academic department using the MTDC for that department.</p> <p><b>D Sponsored Projects Administration</b> SPA costs are allocated to the benefiting costs based on MTDC for benefiting activities that includes only sponsored activities as identified in the accounting records.</p> <p><b>A- Student Services</b> Student services are allocated 100% to the instruction function.</p> <p><b>Y- Library</b> Library is allocated based on the default methods described in A-21. FTE’s for Students, Faculty and professionals, and other users are used for the first allocation based on the relative percent of each. After the first step, the costs identified to students are allocated to Instruction, Other users costs are allocated to OIA and Faculty and Professional amounts are allocated based on the relative salaries of the Instruction, Research and Other Sponsored Activities pools.</p> <p><b>D. Final Allocation</b>  Modified Total Direct Costs (MTDC) consist of 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 (regardless of the period covered by the subgrant or subcontract). The following cost elements are excluded from the MTDC base: equipment that meets the University’s capitalization threshold, other capital expenditures, charges for patient care and tuition remission, space rental costs, scholarships and fellowships, and the portion of each subgrant and subcontract in excess of \$25,000.</p> <p style="text-align: center;"><b>End of Part</b></p>	

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<b>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</b>	<b>PART IV - DEPRECIATION AND USE ALLOWANCES</b> <b>Michigan Technological University</b>																																																						
Item No.	Item Description																																																						
4.1.0	<p style="text-align: center;">Part IV</p> <p><u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (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)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; text-align: left; padding: 5px;">Asset Category</th> <th style="width: 10%; text-align: center; padding: 5px;">Depreciation Method (1)</th> <th style="width: 10%; text-align: center; padding: 5px;">Useful Life (2)</th> <th style="width: 10%; text-align: center; padding: 5px;">Property Unit (3)</th> <th style="width: 10%; text-align: center; padding: 5px;">Residual Value (4)</th> </tr> </thead> <tbody> <tr> <td style="padding: 5px;">(a) Land Improvements</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  B  </u></td> </tr> <tr> <td style="padding: 5px;">(b) Buildings</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> </tr> <tr> <td style="padding: 5px;">(c) Building Improvements</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> </tr> <tr> <td style="padding: 5px;">(d) Leasehold Improvements</td> <td style="text-align: center; padding: 5px;"><u>  Z  </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> </tr> <tr> <td style="padding: 5px;">(e) Equipment</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  B  </u></td> </tr> <tr> <td style="padding: 5px;">(f) Furniture and Fixtures</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  B  </u></td> </tr> <tr> <td style="padding: 5px;">(g) Automobiles and Trucks</td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  C  </u></td> <td style="text-align: center; padding: 5px;"><u>  A  </u></td> <td style="text-align: center; padding: 5px;"><u>  B  </u></td> </tr> <tr> <td style="padding: 5px;">(g) Tools</td> <td style="text-align: center; padding: 5px;"><u>  Z  </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> </tr> <tr> <td style="padding: 5px;">(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. Otherwise enter Code Z.)</td> <td style="text-align: center; padding: 5px;"><u>  Z  </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> <td style="text-align: center; padding: 5px;"><u>      </u></td> </tr> </tbody> </table> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 50%; padding: 5px;"> <u>Column (1) - Depreciation Method Code</u>            A. Straight Line            B. Expensed at Acquisition            C. Use Allowance            Y. Other or more than one method<sup>1</sup> </td> <td style="width: 50%; padding: 5px;"> <u>Column (2) - Useful Life Code</u>            A. Replacement Experience            B. Term of Lease            C. Estimated service life            D. As prescribed for use allowance by Office of Management and Budget circular No. A-21            Y. Other or more than one method<sup>1</sup> </td> </tr> <tr> <td style="padding: 5px;"> <u>Column (3) - Property Unit Code</u>            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 method<sup>1</sup> </td> <td style="padding: 5px;"> <u>Column (4) - Residual Value Code</u>            A. Residual value is deducted            B. Residual value is not deducted            Y. Other or more than one method<sup>1</sup> </td> </tr> </table>	Asset Category	Depreciation Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)	(a) Land Improvements	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  B  </u>	(b) Buildings	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  A  </u>	(c) Building Improvements	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  A  </u>	(d) Leasehold Improvements	<u>  Z  </u>	<u>      </u>	<u>      </u>	<u>      </u>	(e) Equipment	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  B  </u>	(f) Furniture and Fixtures	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  B  </u>	(g) Automobiles and Trucks	<u>  A  </u>	<u>  C  </u>	<u>  A  </u>	<u>  B  </u>	(g) Tools	<u>  Z  </u>	<u>      </u>	<u>      </u>	<u>      </u>	(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. 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**FORM CASB DS-2 (REV 10/94)**

<sup>1</sup> 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 Michigan Technological University
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. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No <sup>1</sup>	
4.2.0	<u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)  A. <input type="checkbox"/> Yes B. <input checked="" type="checkbox"/> No	
4.3.0	<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.)  A. <input 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 checked="" type="checkbox"/> Others <sup>1</sup> Z. <input type="checkbox"/> Not applicable	
4.4.0	<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.)  A. Minimum Dollar Amount <u>\$5,000</u> (July 1, 2006) B. Minimum Life Years <u>&gt;1 year</u>	
4.5.0	<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.)  A. <input checked="" type="checkbox"/> Yes <sup>1</sup> B. <input type="checkbox"/> No	

FORM CASB DS-2 (REV 10/94)

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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET  Michigan Technological University
Item No.	Item Description	
4.3.0	<p><b>Treatment of Gains and Losses on Disposition of Depreciable Property.</b></p> <p>Gains and Losses are included in the Campuswide O&amp;M cost pool.          . Depreciation website:  <a href="http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets">http://www.admin.mtu.edu/acct/dept/prop/plantfund.htm#Capitalization_of_Plant_Fund_Assets</a></p>	
4.4.0	<p><b>Criteria for Capitalization</b></p> <p>Buildings, renovation and other capital project costs:</p> <p style="padding-left: 40px;">Minimum Dollar Costs    \$50,000</p> <p style="padding-left: 40px;">Minimum Life Years        &gt; 1 year</p>	
4.5.0	<p><b>Group or Mass Purchase</b></p> <p>When significant remodeling of Facilities or Construction of new facilities occurs the University may capitalize similar assets when the individual cost is less than the capitalization amount. Items such as beds, and tables may be considered.</p> <p style="text-align: center;"><b>End of Part</b></p>	

FORM CAS DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART V - OTHER COSTS AND CREDITS Michigan Technological University
Item No.	Item Description	
	Part V	
5.1.0	<p><u>Method of Charging Leave Costs.</u> Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <input type="checkbox"/> Cash  B. <input checked="" type="checkbox"/> Accrual<sup>1</sup></p>	
5.2.0	<p><u>Applicable Credits.</u> This item is directed at the treatment of "applicable credits" as defined in Section C of circular A-21 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate.  B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool.  C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs.  D. <input checked="" type="checkbox"/> Combination of methods<sup>1</sup>  Y. <input type="checkbox"/> Other<sup>1</sup></p>	

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET Michigan Technological University
Item No.	Item Description	
5.1.0	<p><b>Methods for Charging Leave Costs</b></p> <p>Leave costs are not charged to sponsored projects. Sponsored project personnel who are entitled to earn and use vacation, sick, and holiday time charge a separate leave pool. Charges for accumulated vacation time (annual compensated absence accruals) are not charged to sponsored projects.</p>	
5.2.0	<p><b>Applicable Credits</b></p> <p>Most applicable credits that The Michigan Technological University receives are recorded as reductions to direct or indirect cost items. However, some recoveries like insurance recoveries are recorded as revenue but these items rarely occur at MTU.</p> <p style="text-align: center;"><b>End of Part</b></p>	

FORM CAS DS-2 (REV 10/94)

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS <u>Michigan Technological University</u>
Item No.	Item Description	
	Instructions for Part VI	
	<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 insure all of these costs at the main campus level or for public institutions at the governmental unit level, while others may insure them at subordinate organization levels. Still others may insure 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 insure such costs, the segment should, on a continuation sheet, identify the organizational entity that insures 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>	
6.1.0	<u>Pension Plans.</u>	
6.1.1	Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)	
	<u>Type of Plan</u>	<u>Number of Plans</u>
	A. _____ Institution employees participate in State/Local Government Retirement Plan(s)	_____
	B. <u>  X  </u> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u>  1  </u>
	C. _____ Institution has its own Defined-Contribution Plan(s) <sup>1</sup>	_____
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	<u>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits)(PRBs).</u> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)	
	Z. [ ] Not Applicable	

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet.

<b>COST ACCOUNTING STANDARDS BOARD  DISCLOSURE STATEMENT  REQUIRED BY PUBLIC LAW 100-679  EDUCATIONAL INSTITUTIONS</b>		<b>PART VI – DEFERRED COMPENSATION AND  INSURANCE COSTS</b> <hr/> <b>Michigan Technological University</b>
Item No.	Item Description	
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.)	
6.3.0	<u>Self-Insurance Programs (Employee Group Insurance)</u> . Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)  A. <input checked="" type="checkbox"/> When accrued (book accrual only) B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund C. <input type="checkbox"/> When contributions are made to a forfeitable fund D. <input type="checkbox"/> When the benefits are paid to employee E. <input type="checkbox"/> When amounts are paid to an employee welfare plan Y. <input type="checkbox"/> Other or more than one method <sup>1</sup> Z. <input type="checkbox"/> Not Applicable	
6.4.0	<u>Self-Insurance Programs</u> (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. <input type="checkbox"/> When claims are paid or losses are insured (no provision for reserves) B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability D. <input checked="" type="checkbox"/> When funds are set aside or contributions are made to a fund Y. <input type="checkbox"/> Other or more than one method <sup>1</sup> Z. <input type="checkbox"/> Not Applicable	
6.4.2	Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)  A. <input type="checkbox"/> When losses are insured (no provision for reserves) B. <input checked="" type="checkbox"/> When provisions for reserves are recorded based on replacement costs C. <input type="checkbox"/> When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles. D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves) Y. <input type="checkbox"/> Other or more than one method <sup>1</sup> Z. <input type="checkbox"/> Not Applicable	

FORM CASB DS-2 (REV 10/94)

<sup>1</sup> Describe on a Continuation Sheet.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET				
		Michigan Technological University				
Item No.	Item Description					
6.2.0	<p><b>Post Retirement Benefits Other Than Pensions (PBR)</b></p> <p>The University subsidizes a medical benefits plan for TIAA-CREF eligible University employees who have or will have retired from October 19, 1992 through June 30, 2006. The University recognizes the cost of providing this benefit as an expense on an annual basis.</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 60%;">Retiree Health Insurance Plan</td> <td style="text-align: right;">183 retirees</td> </tr> <tr> <td>Retiree Life Insurance Plan</td> <td style="text-align: right;">44 retirees</td> </tr> </table>		Retiree Health Insurance Plan	183 retirees	Retiree Life Insurance Plan	44 retirees
Retiree Health Insurance Plan	183 retirees					
Retiree Life Insurance Plan	44 retirees					
6.2.1	<p><b>Determination of Annual PBR costs</b></p> <p>Cash Basis</p> <p style="text-align: center; margin-top: 200px;"><b>End of Part</b></p>					

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<b>COST ACCOUNTING STANDARDS BOARD  DISCLOSURE STATEMENT  REQUIRED BY PUBLIC LAW 100-679  EDUCATIONAL INSTITUTIONS</b>		<b>PART VII - CENTRAL SYSTEM OR GROUP  EXPENSES</b>
		<b>Michigan Technological University</b>
Item No.	Item Description	
	<p style="text-align: center;">DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.</p> <p style="text-align: center;">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> <p><u>Organizational Structure.</u></p> <p>7.1.0 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><u>Cost accumulation and Allocation.</u></p> <p>7.2.0 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>	

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