



THE UNIVERSITY of TENNESSEE

KNOXVILLE, CHATTANOOGA, MARTIN, TULLAHOMA, MEMPHIS

OFFICE OF THE TREASURER AND CHIEF FINANCIAL OFFICER

August 25, 2017

Arif "Mak" Karim
Cost Allocation Services
Mid-Atlantic Field Office
7700 Wisconsin Ave.
Suite 2300
Bethesda, MD 20857

Dear Mr. Karim,

Enclosed is the revised Disclosure Statement (CASB Form DS-2) for the University of Tennessee-Knoxville. This document was prepared using the university's FY 2016-17 chart of accounts and the current accounting practices of the university system and Knoxville campus. A schedule of revisions is also enclosed.

Please contact me if you have any questions or need additional information.

Sincerely,

A handwritten signature in blue ink that reads "James R. Maples".

James R. Maples
Treasurer

JRM/dt

COST ACCOUNTING STANDARDS BOARD

**DISCLOSURE STATEMENT FOR
EDUCATIONAL INSTITUTIONS**

CASB DS-2

**The University of Tennessee - Knoxville
Revised August 31, 2017**

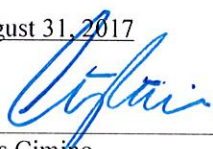
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| <p align="center">COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p> | <p align="center">The University of Tennessee - Knoxville GENERAL INSTRUCTIONS</p> |
| <ol style="list-style-type: none"> 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 question involved should be indicated and the same coding required to answer the questions in the Statement should be used in presenting the answer on the continuation sheet. Continuation sheets should be inserted at the end of the pertinent Part of the Statement. On each continuation sheet, the reporting unit should enter the next sequential page number for that Part and, on the last continuation sheet used, the words "End of Part" should be inserted after the last entry. 8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference 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. | |

| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | The University of Tennessee - Knoxville COVER SHEET AND CERTIFICATION |
|---|---|--|
| 0.1 | <p>Educational Institution</p> <p>(a) Name: The University of Tennessee</p> <p>(b) Street Address 425 Andy Holt Tower</p> <p>(c) City, State and ZIP Code Knoxville, TN 37996-0141</p> <p>(d) Division or Campus of (if applicable) Knoxville</p> | |
| 0.2 | <p>Reporting Unit is: (Mark one.)</p> <p>A. _____ Independently Administered Public Institution</p> <p>B. _____ Independently Administered Nonprofit Institution</p> <p>C. <u> X </u> Administered as Part of a Public System</p> <p>D. _____ Administered as Part of a Nonprofit System</p> <p>E. _____ Other (Specify) _____</p> | |
| 0.3 | <p>Official to Contact Concerning this Statement:</p> <p>(a) Name and Title Chris Cimino, Senior Vice Chancellor, Finance and Administraion</p> <p>(b) Phone Number (include area code and extension) (865) 974-4204</p> | |
| 0.4 | <p>Statement Type and Effective Date:</p> <p>A. (Mark type of submission. If a revision, enter number)</p> <p>(a) _____ Original Statement</p> <p>(b) <u> X </u> Amended Statement; Revision No. <u> 4 </u></p> | |
| 0.5 | <p>B. Effective Date of this Statement: (Specify) June 1, 1997, Revised July 1, 1999, Revised October 1, 2004, Revised February 1, 2006, Revised July 1, 2017.</p> <p>Statement Submitted To (Provide office name, location and telephone number, include area code and extension):</p> <p>A. Cognizant Federal Agency:</p> <p style="padding-left: 40px;">Department of Health and Human Services Mid – Atlantic Field Office Cost Allocation Services 7700 Wisconsin Ave. Suite 2300 Bethesda, MD 20857</p> <p>B. Cognizant Federal Auditor:</p> <p style="padding-left: 40px;">DHHS (Department of Health and Human Services) Office of the Inspector General Office of Audit Services Daniel R. Levinson 330 Independence Avenue Washington, DC 20201</p> | |

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| <p>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p> | <p>The University of Tennessee - Knoxville COVER SHEET AND CERTIFICATION</p> |
| <p style="text-align: center;">CERTIFICATION</p> <p>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.</p> <p>Date of Certification: <u>August 31, 2017</u></p> <div style="text-align: center;">  <hr style="width: 200px; margin: 0 auto;"/> <p>Chris Cimino Senior Vice Chancellor, Finance and Administration</p> </div> <p>THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE IS PRESCRIBED IN 18 U.S.C. § 1001</p> | |

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University of Tennessee
Summary of “Revised” DS-2 Changes

Entire document – updated all references to Uniform Guidance from previous OMB Circulars

| | | <u>Page Number</u> |
|---------------|--|------------------------|
| <u>Part I</u> | | |
| 1.1.0 | Added accrual | I-1 |
| 1.1.0 | Added paid absences, holiday leave and other paid absences | I-3 |
| <u>Part 2</u> | | |
| 2.1.0 | Replaced the last sentence | II-5 |
| 2.1.0 | Combined previous 3 and 4 into 3. | II-6 |
| 2.1.0 | Added more specific office names | II-8 |
| 2.3.2 | Updated the list of inventory providers | II-8 |
| 2.6.0 | Added new State of Tennessee hybrid retirement plan | II-10 |
| 2.6.0 | Added graduate student health insurance | II-11 |
| 2.6.0 | Updated the 401K matching amount to \$50.00 | II-11 |
| 2.8.0 | Updated cost transfer section to reflect current process | II-13 |
| <u>Part 3</u> | | |
| 3.1.0 (b) | Changed allocation sequence of b and f | III-2 |
| 3.1.0 (c) | Revised list in a. and d. | III-7 |
| 3.1.0 (g) | Revised list | III-9 |
| 3.2.0 (c) | Revised animal care facilities paragraph | III-10 |
| 3.2.0 (d) | Revised list | III-10 |
| 3.2.0 (3) | Removed Physical Plant | III-11 |
| 3.4.0 (b) | Revised list | III-12 |
| 3.4.0 (c) | Revised list | III-13 |
| 3.4.0 € | Removed Controller’s Office and added SPA | III-13 |
| 3.4.0 (g) | Revised list | III-14 |
| 3.4.0 (h) | Revised list | III-15 |
| 3.5.0 | Composition of allocation bases three technical changes | III-17 |
| <u>Part 4</u> | | |
| 4.1.0 | Revised list | IV-3 |
| <u>Part 6</u> | | |
| 6.1.0A | Revised TCRS 1st sentence of funding policy | VI-4 |
| 6.1.0B | Technical corrections for providers and legacy plan | VI-5 |
| 6.1.0C | Added information about hybrid retirement system | VI-6 |
| <u>Part 7</u> | | |
| 7.1.0 | Revised to reflect current organization | VII-2 |
| 7.2.0 | Revised to reflect current organization | VII-3 - 5 |
| 7.2.0 (b) | Added allocation basis | VII-6 |
| 7.2.0 (c) | Revised to reflect current organization | VII – 6 |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART I – GENERAL INFORMATION NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| | Part I | |
| 1.1.0 | <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.) A. <input checked="" type="checkbox"/> Accrual B. <input checked="" type="checkbox"/> Modified Accrual Basis ¹ C. <input checked="" type="checkbox"/> Cash Basis Y. <input type="checkbox"/> Other ¹ | |
| 1.2.0 | <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.) 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 | |
| 1.3.0 | <u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one) 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 audit verification. ¹ D. <input checked="" type="checkbox"/> Combination of A, B or C ¹ E. <input type="checkbox"/> Determinable by other means. ¹ | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART I -- GENERAL INFORMATION NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 1.3.1 | <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.) | |
| 1.4.0 | <u>Cost Accounting Period:</u> <u>July 1 to 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.) | |
| 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. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 1 PART I-GENERAL INFORMATION |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 1.1.0 | Description of Your Cost Accounting System The University employs a modified accrual basis of accounting for financial statement purposes. Expenditures to Federally sponsored agreements are charged throughout the year using an accrual basis of accounting, except for charging paid absences. Annual leave, sick leave, holiday leave, other paid absences and longevity are charged as salary when paid. | |
| 1.2.0 | Integration of Cost Accounting with Financial Accounting- C Financial records and reports of The University of Tennessee are prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standard Board. Within the University's accounting system, separate cost centers and Work Breakdown Structures Elements (WBSE) and general ledger accounts have been established to permit the identification of significant expenditure categories (general ledger accounts) as required for Federal costing purposes. To a very great extent, direct and indirect charges to sponsored projects are generated directly by the university's financial accounting system. The information used to prepare the facilities and administrative cost rate proposal and other Federal cost reports is prepared to conform to the provisions of Uniform Guidance 2 CFR Part 200 (UG). The UG definitions of direct and indirect cost pools do not always match the activity definitions that are used for College and University financial reporting. For this reason, a special analysis of financial activity is developed to permit the determination of expenses according to the definitions of direct and indirect cost pools as required by the UG. This analysis traces the expenditures in detail from the accounting records used by the University to the accounting records prepared to support the facilities and administrative cost rate proposal (FACRP) based on the provisions of the UG. In addition, other costs and categories which cannot be reasonably recorded in the official University accounting systems, but which are sometimes required by sponsors, are maintained by individual campus departments and are reconciled to official University records. Examples are faculty hourly pay rates, machine charges per hour, some cost-sharing, matching and project/task costing. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 2 PART I – GENERAL INFORMATION NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
| Item No. | Item Description | |
| 1.3.0 | <p><u>Unallowable Costs</u>- Combination of A, B, or C</p> <p>Unallowable costs specified by UG and specific Agency guidelines (e.g., excess of NIH Salary Cap) are determined by specific identification in the formal accounting records and through the use of less formal accounting techniques that permit audit verification. These costs are identified and excluded from billings to Federal government agencies supporting sponsored agreements. The university provides training to assist staff in identifying these costs.</p> <p>UTK uses the following procedures:</p> <ul style="list-style-type: none"> • Costs specifically identified and recorded separately in the formal financial accounting records. <p>Unallowable costs, as defined in applicable UG sections 200.420 – 200.475, are identified in the accounting system either by charging them to specific cost center, function, department, or general ledger account. The university has a list of these costs in an Appendix of the Sponsored Projects – Distinguishing Direct vs Indirect Costs fiscal policy. For example, Alumni and Development costs are separately accounted for and are excluded from all parts of the F & A proposal. Entertainment costs are identified by general ledger account and are excluded from direct costs. Student activity costs are identified by cost center and function and are excluded from the FACRP..</p> <ul style="list-style-type: none"> • Costs identified in separately maintained accounting records or work papers. <p>As the FACRP is prepared, administrative costs in particular are scrubbed for any unallowable costs that might be in an account. The costs are identified based on rule and the preparer's experience. These costs are identified, adjusted and removed from the proposal. Also, as direct costs are accumulated and sponsors are being invoiced, costs that are unallowable are sometimes identified and removed from the account.</p> <ul style="list-style-type: none"> • Costs identifiable through use of less formal accounting techniques. <p>In the preparation of the University's FACRP, the formal accounting records are reviewed to further screen for and identify unallowable costs according to the UG cost pool definitions.</p> <ul style="list-style-type: none"> • Cost Sharing expenditures are reviewed to ensure that unallowable costs are excluded. | |
| 1.3.1 | <p><u>Treatment of Unallowable Costs</u></p> <p>Unallowable costs identified as described above may be recorded as either direct (part of a base) or indirect (part of a pool). When unallowables are recorded as part of a direct base, the cost is left in the base to draw its share of indirect costs. When unallowables are recorded as part of an indirect cost pool, the cost is removed from the pool and transferred to the Other Institutional Activities (OIA) pool. These rules are uniformly applied to each direct base, including service center costs, and every indirect cost pool described in Part III of this disclosure.</p> | |

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 # 3 PART I – GENERAL INFORMATION NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 1.5.0 | <p>State Laws or Regulations The following State of Tennessee laws and regulations influence the University's cost accounting practices.</p> <p>a. State Cost Allocation Plan</p> <p>Costs incurred by State of Tennessee offices are identified in a cost allocation plan that is submitted to, audited, and approved by the cognizant Federal audit agency of the State of Tennessee. Costs allocated to The University of Tennessee by this plan are recognized in the facilities and administrative rate proposal in the General Administrative cost pool.</p> <p>b. State Purchasing Regulations (Issued and effective 1953)</p> <p>As a component unit of the State of Tennessee, the University follows State of Tennessee purchasing regulations. These regulations have been incorporated into University fiscal policy. However, changes to the regulations by the State could influence the activities of the purchasing departments and acquisition of goods and services.</p> <p>c. State Travel Regulations (Issued and effective 1976)</p> <p>As a component unit of the State of Tennessee, the University has adopted travel regulations that have been approved by the State of Tennessee. These regulations have been incorporated into University fiscal policy for all travel expenses including the cost of airfare, mileage, lodging and other subsistence expenses. However, changes to the regulations made by the State could influence the travel of employees as it relates to State contracts for airline travel and/or the use of other travel services. At this time, most State of Tennessee and university travel reimbursement rates are at the Federal CONEUS travel reimbursement rates.</p> <p>d. Employee Group Insurance</p> <p>The University offers several health insurance plans which are all administered by the State of Tennessee. Rates charged by these plans are determined by the State.</p> <p>e. Pension Plans</p> <p>The University offers several retirement plans, one of which is the Tennessee Consolidated Retirement System. This plan is administered by the State of Tennessee and the rates charged are determined by the State.</p> <p>f. Deferred Compensation Plans</p> <p>The University offers three deferred compensation plans, two of which are administered by the State of Tennessee, a 457 plan and a 401k plan. All costs of administering and funding these plans, with the exception of the maximum \$50 monthly University match for the 401k plan, are the responsibility of plan participants.</p> | |

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 # 4 PART I – GENERAL INFORMATION NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 1.5.0 | <p>State Laws or Regulations</p> <p>The following State of Tennessee laws and regulations influence the University's cost accounting practices.</p> <p>g. Longevity Pay</p> <p>University employees are eligible for longevity pay. Calculation of longevity pay is based on an employee's total full-time equivalent years of eligible service and the rate of longevity pay in effect for the fiscal year in which the payment is made.</p> <p>h. Property and Casualty Insurance</p> <p>The University of Tennessee participates in the State of Tennessee Claims Award Fund which is a self-insured fund for casualty insurance maintained by the State. The University is billed for services provided through the State of Tennessee. Annual premiums paid to the State are based on a percentage of the University's expected loss costs, which include both experience and exposures.</p> <p>i. Building Construction</p> <p>Generally, funds for construction, renovation, acquisition, and major maintenance of University properties will be accounted for in Unexpended Plant Funds on a project basis. A project is defined as a capital outlay undertaking for construction of a new building (including the purchase of major equipment for a new facilities); acquisition of land; an addition, major alteration, or renovation of an existing building; and other campus improvements such as new roads, walks, utility and lighting systems, and tennis courts.</p> <p>The State Building Commission and the Tennessee Higher Education Commission must approve the construction of any new building; any project funded by direct appropriation; of the General Assembly; any major maintenance project over \$100,000, regardless of funding source; and any renovation project that changes the functional use of a building. Therefore, any project plans initiated by a campus or unit that meet these criteria must be submitted to the Office of Facilities Planning for review, processing, and obtaining the necessary approvals.</p> <p>j. Other State Regulations (Issued and effective various dates, 1988 to present)</p> <p>The State of Tennessee, Department of Finance and Administration promulgates policy based on State law which may impact the University's accounting and costing policies. There are currently twenty seven policies which govern certain State of Tennessee accounting practices. The current policies have a nominal effect on sponsored programs.</p> <p style="text-align: center;">-END OF PART-</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART II - DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| | <p align="center">Instructions for Part II</p> <p>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 2 CFR 200.412-414) for classifying costs either as direct costs or indirect costs will be consistently applied to all costs incurred by the reporting unit.</p> | |
| 2.1.0 | <p><u>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u> (For all major categories of cost under each major function or activity such as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g., Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)</p> | |
| 2.2.0 | <p><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.)</p> | |
| 2.3.0 | <p><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.)</p> | |
| 2.3.1 | <p>Direct Purchases for Projects are Charged to Projects at:</p> <p>A. _____ Actual Invoiced Costs</p> <p>B. <input checked="" type="checkbox"/> Actual Invoiced Costs Net of Discounts Taken</p> <p>Y. _____ Other(s)¹</p> <p>Z. _____ Not Applicable</p> | |
| 2.3.2 | <p>Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):</p> <p>A. <input checked="" type="checkbox"/> First In, First Out</p> <p>B. _____ Last In, First Out</p> <p>C. <input checked="" type="checkbox"/> Average Costs¹</p> <p>D. _____ Predetermined Costs¹</p> <p>Y. <input checked="" type="checkbox"/> Other(s)¹</p> <p>Z. _____ Not Applicable</p> | |

FORM CASB DS-2 (REV 10/94)

¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART II - DIRECT COSTS | | | | |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | |
| Item No. | Item Description | | | | | |
| 2.4.0 | Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services costs within each major institutional function or activity that are charged as direct personal services.) ¹ | | | | | |
| 2.5.0 | Method of Charging Direct Salaries and Wages. (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.) | | | | | |
| | | <u>Direct Personal Services Category</u> | | | | |
| | | <u>Faculty</u> (1) | <u>Staff</u> (2) | <u>Students</u> (3) | <u>Other</u> ¹ (4) | |
| | A. | Payroll Distribution Method (Individual time card/actual hours and rates) | _____ | _X_ | _X_ | _____ |
| | 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) | _X_ | _X_ | _X_ | _____ |
| | D. | Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.) | _____ | _____ | _____ | _____ |
| | Y. | Other(s) ¹ | _____ | _____ | _____ | _____ |
| | *Commonly referred to as the Monitored Workload payroll distribution plan. | | | | | |

FORM CASB DS-2 (REV 10/94)

¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART II - DIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 2.5.1 | <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.) <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | |
| 2.5.2 | <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.) | |
| 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 | <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.) | |
| 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.) | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART II - DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|---|-------------------------------------|--|--|-------------------------|------------------------|------------------------|---|-------------------------------------|-------------------------------------|-------------------------------------|---|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|---------------------------|--------------------------|--------------------------|--------------------------|--|--------------------------|--------------------------|--------------------------|
| Item No. | Item Description | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 2.8.0 | <p><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><input checked="" type="checkbox"/> Yes ¹</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><u>Materials</u> (1)</th> <th><u>Supplies</u> (2)</th> <th><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><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> <tr> <td>B. At full cost <u>including</u> indirect costs attributable to group or central office expenses.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Y. Other(s)¹¹</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable.</td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> <td><input type="checkbox"/></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. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | B. At full cost <u>including</u> indirect costs attributable to group or central office expenses. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | C. At established catalog or market price or prices based on adequate competition. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Y. Other(s) ¹¹ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | Z. Interorganizational transfers are not applicable. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| | <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. | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| B. At full cost <u>including</u> indirect costs attributable to group or central office expenses. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| C. At established catalog or market price or prices based on adequate competition. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| Y. Other(s) ¹¹ | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |
| Z. Interorganizational transfers are not applicable. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | | | | | | | | | | | | | | | | | | | | | | | | | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet #1 PART II DIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
| Item No. | Item Description | |
| 2.1.0 | <p>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives.</p> <p>The primary direct cost functions of The University of Tennessee - Knoxville are Instruction, Research, Public Service (Other Sponsored Activities), and Other Institutional Activities. Costs incurred to support these activities, such as salaries and wages, fringe benefits, materials and supplies, travel, subawards and recharge centers' charges, equipment, and other operating expenses are treated as direct costs when identified through specific charges to the benefiting account in accordance with agreement requirements.</p> <p>The procedures used for identification of direct costs by function to benefiting projects and activities are consistently applied to sponsored projects and institutionally supported projects and activities. The term "sponsored project" used in this section refers to both federal and non-federal grants and contracts which are separately accounted for in the restricted funds segment of the University's accounting system.</p> <p>The University's general rule for charging direct costs complies with Uniform Guidance. The University's accounting procedures are designed to assure that all costs incurred would be considered reasonable, necessary, allowable, allocable and in accordance with the terms and conditions of the sponsored agreements. Costs are recognized as direct charges to a sponsored project using one or more of the following procedures:</p> <ol style="list-style-type: none"> 1. Specific identification: The costs are incurred solely to advance the work under the sponsored agreement, and are identified relatively easily with a high degree of accuracy. 2. Service/Recharge Center: The costs are identified to a particular sponsored project based on actual utilization of services and cost – based charge rates. <p>In addition to the general rule described above, the University also uses the following criteria to determine direct charges to sponsored awards that benefit the project:</p> <ul style="list-style-type: none"> • The awarded budget allows for the cost to be charged to the award, or the cost is permitted within the expanded authority. • The cost is not expressly disallowed in the award notice. • The cost is allowable and allocable per Uniform Guidance. • After the sponsor approves the award, the proposed budget becomes the "awarded budget", which is considered the definitive guide for the charges allowed for that particular sponsored project. <p>As a part of their proposal review, the Office of Research checks for compliance with the National Institute of Health's regulation governing the limitation of an individual's salary. The salary limitation is calculated by allowing no more than the current limited salary to be included in the base to which the individual's project effort is applied. The University's financial system allows for report monitoring, which the Office of Sponsored Projects Accounting periodically prepares and reviews for compliance with salary limitations.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 2 PART II DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
| Item No. | Item Description | |
| 2.1.0 | <p>When costs incurred on a sponsored project exceed agreement requirements, the Sponsored Projects Accounting Office contacts the department and/or principal investigator (PI) for a resolution to the overage. There are several possibilities for correction depending on the circumstances of the cost overage:</p> <ol style="list-style-type: none"> 1. The PI can request a supplement from the granting agency. 2. The PI can request from the granting agency a re-allocation or adjustment from one budget category to another within the same project. 3. The department or PI can process a cost sharing transfer of the overage either to an unrestricted account or to a restricted discretionary fund. <p>Criteria for Determining How Costs are Charged to federally Sponsored Agreements or Similar Cost Objectives. (Continued)</p> <p>Administrative and clerical salaries – Direct charging administrative and clerical salaries may be appropriate due to the different purpose for which certain sponsors make awards:</p> <ol style="list-style-type: none"> 1. Industrial/Commercial agreements – Projects sponsored by these organizations are performed at least in part for the benefit of the industrial/commercial sponsor rather than improving the welfare of the general public. Total costs of the project are the concern of the sponsor, and generally the sponsoring company does not require a detailed budget. Costs are assigned to projects as deemed appropriate by the agreement terms and the university. 2. Foundations and not-for-profit Agencies and Associations - Typically the funding guidelines of these organizations specify the types of costs they will allow to be directly charged to a project. 3. State Sponsored Agreements or Contracts – a) The university must comply with state agency regulations and statutory requirements. Consequently, costs must be assigned based on the sponsor's agreement and the award budget. b.) Because the State of Tennessee requests the university to administer some state programs, the state may elect to pay as direct charges administrative and clerical salaries as well as other charges that are normally charged as indirect. 4. Training Grants – Since training grants are for a different purpose (training), rather than a traditional research project, these project budgets may include costs that are normally treated as indirect costs. Training grants usually identify a line item for "institutional allowance" which authorizes direct charging of costs normally treated as indirect if they are reasonable, specifically identified with the project, and allowed by the sponsor's guidelines. 5. Planning Grants – Research planning grants may be used for preliminary work to determine the feasibility of a proposed line of inquiry and/or for other activities that will facilitate proposal development. Since planning grants are for a different purpose (planning), rather than a traditional research project, these project budgets may include costs that are normally treated as indirect. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet #3 PART II-DIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
| Item No. | Item Description | |
| 2.1.0 | <p>The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:</p> <p>(1) Administrative or clerical services are integral to a project or activity; (2) Individuals involved can be specifically identified with the project or activity; (3) Such costs are explicitly included in the budget or have the prior written approval of the Federal awarding agency; and (4) The costs are not also recovered as indirect costs.</p> <p>1. Other – The above categories are not exhaustive. The Office of Research reviews the specific nature of sponsored agreements on a case-by-case basis to determine if direct charging administrative and clerical salaries is appropriate.</p> <p>Cost Sharing Cost sharing is documented and readily identifiable in the formal accounting records and through the use of less formal accounting techniques that permit audit verification. Obligations for cost sharing should be limited to amounts that can be justified as appropriate to accomplish the stated objectives of the University. The cost sharing, with the source of funding identified, is quantified in the proposal budget and becomes the basis for a sponsor's award. Cost sharing not quantified in the original proposal budget subsequently may be contributed by the University because sponsor funds are not sufficient to perform the agreed upon scope of work.</p> <p>In order for an expenditure to qualify as cost sharing, it must meet the following criteria: Cost sharing must be identifiable and verifiable in the university's records.</p> <p>a. Expenditures must be necessary and reasonable for proper and efficient accomplishments of project or program objectives.</p> <p>b. Expenditures are allowable and allocable under the applicable cost principles</p> <p>c. Expenditures are allowable under the cost principles as stated in Uniform Guidance .</p> <p>d. Expenditures must not be included as cost sharing for any other project or program.</p> <p>e. Cost sharing expenditures may not be from funds supported by the federal government under another award, except where authorized by federal statute to be used for cost sharing.</p> <p>f. Costs are described in the approved budget and/or terms of the sponsored agreement when required by the awarding sponsor.</p> <p>g. Third-party contributions offered as cost sharing require a commitment letter on company letterhead signed by an individual who is in a position to commit the in-kind contribution. After-the-fact reporting to the university will be necessary. For contributions other than cash, see university policy for valuation methods.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 4 PART II-DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 2.1.0 | <p>Currently, the mandatory and some voluntary cost sharing are recorded via an entry to a cost sharing general ledger account. Other cost sharing is recorded in other accounts and is manually identified. If appropriate, these cost sharing amounts are added back to the research base in the FACRP.</p> <p>Upon receipt of either a fully executed award or a Request For Advanced WBS Element Form, Sponsored Projects Accountintg, as delegated by the Campus Business Office, will establish the project and WBS element(s) depending on the cost sharing requirements. All UT cost sharing expenditures (mandatory and voluntary committed) must be recorded on the project WBS element(s) or its related match cost center. Listed below are the approved methods:</p> <ul style="list-style-type: none"> i. <i>Single WBS element.</i> Under this method, all project expenditures (including cost sharing expenditures) are posted to one WBS element. Cost sharing will be recorded via a settlement rule or manually to the appropriate cost center or in rare cases, a gift fund. Typically, this method will be used to record unrecovered F & A costs. ii. <i>Companion WBS element.</i> Under this method, more than one WBS element will be created for the project. One WBS element will be used to record sponsor related expenditures while a second WBS element will be used to capture cost sharing expenditures. At the end of each period, the costs on the cost sharing WBS element will be settled to an appropriate cost center or gift fund. iii. <i>Other.</i> A method to be determined and approved by the campus business office to document cost sharing when methods a. and b. are simply not possible. This option will be used very sparingly and in only special circumstances. | |
| 2.2.0 | Description of Direct Materials <ul style="list-style-type: none"> 1. Departmental Supplies and Expenses (including, but not limited to) : Supplies, general stores, and miscellaneous expenditures, books, subscriptions, journals, postage and freight, printing, duplicating, and binding, general purpose non-capital items (minor equipment, value less than \$5,000), computer software. 2. Laboratory and Technical Supplies (including but not limited to): Laboratory materials and supplies, including chemicals, gases, tools, special purpose non-capital items (minor equipment, value less than \$5,000), laboratory animals, computer software. | |
| 2.3.2 | Inventory Requisitions from Central or Common, Institution-owned Inventory Inventories are valued at cost, which is lower than market, based on the average cost method, the current cost, or FIFO. (The current cost inventories are not material to the financial statements). <u>Inventory</u> <ul style="list-style-type: none"> 1 Bookstore – average cost 2. Chemistry Stores - current cost 3. Mail Services – FIFO 4. Physical Plant Central Supply – average cost 5. Telephone Services – current cost 6. University Printing – FIFO | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 5 PART II DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
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| Item No. | Item Description | |
| 2.4.0 | Description of Direct Personal Services Direct personal services costs consist of salaries and wages plus fringe benefits of regular full-time faculty, principal investigators, professional and administrative staff, joint staff, temporary academic or research professionals, bi-weekly employees, part-time employees and student employees. Salaries and wages are charged directly to benefiting sponsored projects based on the payroll distribution as supported by the university's accounting and payroll financial system Integrated R3 Information Systems (IRIS). Direct technical effort identified in sponsored agreements is charged by specific identification to sponsored projects unless the services are provided through a Service/Recharge Center. (Charges for certain personal services such as testing and analysis performed by recharge centers within the University may appear in the Other Operating Expense category rather than Personal Services as mentioned in 2.4.0 above.) | |
| 2.5.0 | Method of Charging Direct Salaries and Wages A. Payroll Distribution Method-(Individual time cards/actual hours and rates)- [Bi-weekly employees] Direct charges for students, other part-time and full-time hourly employees are based on individual after-the-fact bi-weekly time cards/sheets. The number of work hours is transferred from the employee's time card/sheet to an online time record (ZCAT) in IRIS. After all time is entered, the payroll is run and a posting document that charges the pay to the correct cost object and cost center/ WBSE is created. Any necessary adjustments are processed as electronic salary transfer vouchers. C. After-the-Fact Activity Records (Percentage Distribution of Employee Activity) Direct monthly charges for staff and academic employees are based on individual personnel appointment (PIF) and budget documents for each employee indicating the duration of the appointment for each University cost center or WBSE. In addition to direct charges based upon the employee's PIF, direct charges also result from overtime or other work performed as extra service pay. Monthly departmental payroll vouchers are computer generated and charged to a University cost center or WBSE based upon the data on the employee's PIF. Any errors are corrected and processed as a PIF correction or an electronic salary transfer voucher. At the beginning of each month, employee leave records are entered into ZCAT and approved. Each month, the employees receiving pay from a sponsored WBSE are asked to complete an electronic Effort Certification Form. (They are required to certify at least once per semester). If the certified effort percentages match the payroll percentages charged to the sponsored projects, no other action is needed. When the certified effort indicates a need for salary costs to be transferred between funding sources, an electronic document is created and sent electronically to the department head for approval and then the electronic salary transfer voucher posts. The completed form is the document for complying with the Uniform Guidance requirement of certifying payroll on federal grants and contracts. All noted variances are corrected or explained. | |
| 2.5.2 | Salary and Wage Cost Accumulation System The two processes described in 2.5.0 above are used in each major function or activity within the University. The resulting payroll charges are accumulated by payroll type, i.e. academic monthly, regular staff monthly, hourly biweekly, student assistants, etc., and are recorded biweekly or monthly, as appropriate, to the individual cost centers/ WBSE. After each pay period, the detailed payroll data by payroll type is generated by each department for review and reconciliation to departmental records. The payroll detail reports support the summary payroll entry by general ledger account reflected on the cost center / WBSE ledger reports which are generated monthly by the departments. Departments are asked to make any adjustments to the payroll records in a timely manner using salary transfer vouchers. The detailed payroll distribution is reconciled to the total payroll expense as part of a continuous payroll audit process performed by the Controller's Office in concert with the Payroll Office. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 6 PART II DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 2.5.2 | Longevity Pay Payments made to employees based on the employees total full-time equivalent years of eligible service and the rate of longevity pay in effect for the fiscal year in which the payment is made. The current payment to employees is \$100 per year of service to a maximum of \$3,000.00. All regular, full-time employees are eligible for the payment after they have completed 36 months of service. | |
| 2.6.0 | Description of Direct Fringe Benefits Costs The following payroll related fringe benefits may be charged directly to Federally sponsored projects: Required Staff Benefits The university Payroll Office provides a schedule of all staff benefits to all departments annually 1. FICA/Medicare Payments made on behalf of employees in accordance with the provisions of the Federal Insurance Contributions Act. 2. Retirement Payments made to retirement programs on behalf of employees. All regular, full-time employees are required to participate in one of the retirement programs. Regular part-time faculty and staff have the option to participate. Term employees are eligible to join a retirement plan, after being in an active pay status for six monthly or 13 biweekly pay periods in any 12-month period. a. Tennessee Consolidated Retirement System. This is a cost-sharing, multiple employer, public employee retirement system for the State of Tennessee. This is a defined benefit plan that requires contributions by the employer at rates established by the Tennessee Consolidated Retirement System on an annual basis. There are two plans employees may be participating in depending on date of employment. On July 1, 2014, this plan became a hybrid plan part defined benefit and part defined contribution requiring both employer and employee contributions. This applies to new employees hired on or after July 1, 2014. These plans are fully explained in the notes to the university financial statements. http://finance.tennessee.edu/wp-content/uploads/reports/2016-Treasurers-Report.pdf b. Optional Retirement Plan. The University has three defined contribution plans offered through TIAA-CREF, Voya, and VALIC. These plans are available only to eligible faculty and staff exempt from the overtime provision of the Fair Labor Standards Act. This plan requires employer contributions at rates established on an annual basis. There are two plans employees may be participating in depending on date of employment. ORP contribution rates for new employees who begin employment on or after July 1, 2014: Employer contribution will be 9% of compensation and Mandatory employee contribution will be 5% of compensation. A 2% Employee auto-enroll contribution will also be made on behalf of all participants to the <u>401(k) plan</u> for which a participant may change his/her contribution amount at any time. ORP contribution rate for existing participants (before July 1, 2014) will continue to be an employer contribution of 10% of compensation up to the social security wage base and 11% of compensation above the social security wage base. c. Joint Contributory Retirement System. Employees who were enrolled in TIAA-CREF before July 1977 are members of this plan, a defined contribution plan with minimum defined benefits. Enrollment in the plan has been closed since July 1977. This plan requires employer contributions at rates established on an annual basis. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 7 PART II DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
| Item No. | Item Description | |
| 2.6.0 | <p>d. Federal Retirement Program. Certain employees with Federal appointments are eligible for Federal retirement benefits. Contribution requirements are determined by Federal statute and the employer's contribution is charged to the appropriate account including sponsored projects.</p> <p>3. Unemployment Compensation Payments made to the unemployment compensation program as required under the Tennessee Employment Security Act. This program requires employer payments at rates established annually based on the university's experience.</p> <p>4. Worker's Compensation Payments made to the State of Tennessee self-insurance fund. Employees are protected under this plan and benefits paid to cover bodily injury resulting from work-related injuries. This program requires employer payments at rates established annually based on the university's experience.</p> <p>5. Benefits in the Event of an Employee's Death Provide a benefit payment to regular employees who die while in active pay status. The benefit for regular employees includes salaries and wages earned but unpaid at the time of death, unused annual and sick leave, and one month's regular pay.</p> <p>Staff benefits – optional</p> <p>6. Health Insurance Payments made to provide health insurance coverage for eligible employees and their dependents to the State of Tennessee Employee Group Insurance Fund. All full-time and some part-time employees are eligible to participate in the plan. Employees are required to pay a portion of the cost of these health insurance plans. The rates are established as needed by the State insurance committee.</p> <p>7. Graduate Student Health Insurance – The University provides health insurance for graduate assistants, graduate teaching assistants and graduate research assistants who have an appointment of at least 25 %. This insurance is provided by an external vendor.</p> <p>8. 401(k) Matching Payments made to the State of Tennessee 401(k) provider. Effective January 1, 1996, the university began providing a \$50 monthly 401(k) match for employees making a minimum monthly contribution of \$50 to the plan. All university employees are eligible to participate in this plan. The university's matching amount is charged to the appropriate account including sponsored projects.</p> <p>9. Staff Tuition Remission Regular full time employees may enroll in up to 9 hours of undergraduate or graduate courses without payment of fees. Also regular part time employees (50% or more) are eligible for a prorated benefit. These fees are approved annually by the university board of trustees.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 8 PART II DIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 2.6.1 | Special Note: Vacation, sick, holiday, and other paid absences are included in salaries and wages and are charged to sponsored projects on a cash basis as part of the normal salaries and wages. | |
| 2.7.0 | Method of Charging Direct Fringe Benefits All fringe benefits listed above are specifically identified by individual employee and charged to sponsored projects on a cash basis of accounting in such a manner that each paying account pays its prorated share of actual fringe benefits based on the payroll distributions. Description of Other Direct Costs The principal classes of other direct costs that are charged to Federally sponsored agreements or similar cost objectives include: <ul style="list-style-type: none"> • Special purpose scientific/instructional equipment (project specific) • Repairs and maintenance of special purpose equipment (project specific) • Equipment maintenance contracts for special purpose equipment (project specific) • Scientific publications, reprints and reference materials (project specific) • Consultant fees/honorariums • Contracted purchased services including university dual employment • Long distance telephone charges • Printing and copying directly related to the sponsored agreement • Advertising for research subjects • Trainee costs including stipend, tuition and fees and other related costs • Patient care costs • Research subject costs • Participant support costs • Travel costs (project specific) • Subcontract/subrecipient costs • Alterations and renovations approved by the sponsor • Over-night delivery services and freight • Service center charges such as animal care and laboratory testing | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 9 PART II DIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 2.8.0 | <p>Cost Transfers</p> <p>Cost transfers may be necessary to -Properly allocate costs to the appropriate WBS elements or cost centers using a verifiable and reasonable method in accordance with cost accounting principles;</p> <p>Transfer charges between WBS elements or cost centers supporting closely related work for reasons other than covering over-expenditures.</p> <p>Cost Transfers should be processed as soon as the need is identified within 90 days of the original charge.</p> <p>Under no circumstances can costs that directly benefit nonfederal projects be transferred to federal projects, whether or not interrelated, if the federal project does not also benefit from the expenditure. Any costs allocable to a particular sponsored project under the standards provided in this policy may not be transferred to other sponsored projects in order to meet deficiencies caused by overruns or for other reasons of convenience. See university policy FI0220.</p> <p>Cost transfer documentation - The request for cost transfer must include:</p> <ul style="list-style-type: none"> a. Specific identification of the original charge (Document number, posting date, and a copy of the charge should be attached); b. Justification of the appropriateness of the charge to the receiving WBS element or cost center; and c. A full explanation of why the transfer is necessary. <p style="text-align: center;">-END OF PART-</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| | <p style="text-align: center;">Instructions for Part III</p> <p>Institution should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</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"> A. Direct Charge or Allocation B. Total Expenditures C. Modified Total Cost Basis D. Modified Total Direct Cost Basis E. Salaries and Wages F. Salaries, Wages and Fringe Benefits G. Number of Employees (head count) H. Number of Employees (full-time equivalent basis) I. Number of Students (head count) J. Number of Students (full-time equivalent basis) K. Student Hours—classroom and work performed L. Square Footage M. Usage N. Unit of Product O. Total Production P. More than one base (Separate Cost Groupings)¹ Y. Others¹ Z. Category or Pool not applicable | |

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¹ 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 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|---------------------|------------------------|---------------------|----------------------|---------------------|--|--|--|---|----------|-----|---|--|-----------|-----|---|--|---|-----|---|--|-----------------------|----|---|--|-------------------------------|----|---|---|--|----|---|---|---------------------------------|----|---|--|---------------------------------------|----|---|--|-------------|-----|---|--|---|----|---|--|------------------------|----|---|--|
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Item No. | Item Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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) Deprecation/Use Allowance/Interest</td> <td></td> <td></td> <td>1</td> </tr> <tr> <td> Building</td> <td>Yes</td> <td>L</td> <td></td> </tr> <tr> <td> Equipment</td> <td>Yes</td> <td>L</td> <td></td> </tr> <tr> <td> Capital Improvements to Land¹</td> <td>Yes</td> <td>P</td> <td></td> </tr> <tr> <td> Interest¹</td> <td>No</td> <td>L</td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td>No</td> <td>P</td> <td>2</td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td>No</td> <td>D</td> <td>3</td> </tr> <tr> <td>(d) Departmental Administration</td> <td>No</td> <td>D</td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td>No</td> <td>D</td> <td></td> </tr> <tr> <td>(f) Library</td> <td>Yes</td> <td>P</td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td>No</td> <td>A</td> <td></td> </tr> <tr> <td>(h) Other¹</td> <td>NA</td> <td>Z</td> <td></td> </tr> </tbody> </table> | | | Indirect Cost Category | Accumulation Method | Allocation Base Code | Allocation Sequence | (a) Deprecation/Use Allowance/Interest | | | 1 | Building | Yes | L | | Equipment | Yes | L | | Capital Improvements to Land ¹ | Yes | P | | Interest ¹ | No | L | | (b) Operation and Maintenance | No | P | 2 | (c) General Administration and General Expense | No | D | 3 | (d) Departmental Administration | No | D | | (e) Sponsored Projects Administration | No | D | | (f) Library | Yes | P | | (g) Student Administration and Services | No | A | | (h) Other ¹ | NA | Z | |
| Indirect Cost Category | Accumulation Method | Allocation Base Code | Allocation Sequence | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) Deprecation/Use Allowance/Interest | | | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Building | Yes | L | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Equipment | Yes | L | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Capital Improvements to Land ¹ | Yes | P | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Interest ¹ | No | L | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) Operation and Maintenance | No | P | 2 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (c) General Administration and General Expense | No | D | 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (d) Departmental Administration | No | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (e) Sponsored Projects Administration | No | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (f) Library | Yes | P | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (g) Student Administration and Services | No | A | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (h) Other ¹ | NA | Z | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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¹ Describe on a Continuation Sheet.

| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--|--|-----|-----|-----|-----|--|--|-----|-----|-----|-----|-----|-----|------------------------------------|---|--|--|--|--|--|------------------------------|---|--|--|--|--|--|----------------------------|---|---|---|---|---|---|--|-------------------|--|--|--|--|--|
| Item No. | Item Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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 OMB Uniform Guidance 2 CFR 200.468. (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="1"> <thead> <tr> <th></th> <th>(1)</th> <th>(2)</th> <th>(3)</th> <th>(4)</th> <th>(5)</th> <th>(6)</th> </tr> </thead> <tbody> <tr> <td>(a) Scientific Computer Operations</td> <td>Z</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(b) Business Data Processing</td> <td>Z</td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>(c) Animal Care Facilities</td> <td>A</td> <td>C</td> <td>C</td> <td>A</td> <td>A</td> <td>Y</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 colspan="6">See Page III - 10</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> <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> | | | | | | | | (1) | (2) | (3) | (4) | (5) | (6) | (a) Scientific Computer Operations | Z | | | | | | (b) Business Data Processing | Z | | | | | | (c) Animal Care Facilities | A | C | C | A | A | Y | (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) | See Page III - 10 | | | | | |
| | (1) | (2) | (3) | (4) | (5) | (6) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) Scientific Computer Operations | Z | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) Business Data Processing | Z | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (c) Animal Care Facilities | A | C | C | A | A | Y | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (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) | See Page III - 10 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|----------------------------|-----------------------------|----------------|--|---|---|--|---|--------------------------|-------|-----------------------|--|---|---|--|---|--------------------------|-------|---|--|---|---|--|---|--------------------------|-------|--|--|
| Item No. | Item Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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> <thead> <tr> <th><u>Indirect Cost Pools</u></th> <th><u>Allocation Base Code</u></th> </tr> </thead> <tbody> <tr> <td>A. Instruction</td> <td></td> </tr> <tr> <td> <input checked="" type="checkbox"/> On-Campus</td> <td> D</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Off-Campus</td> <td> D</td> </tr> <tr> <td> _____ Other¹</td> <td>_____</td> </tr> <tr> <td>B. Organized Research</td> <td></td> </tr> <tr> <td> <input checked="" type="checkbox"/> On-Campus</td> <td> D</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Off-Campus</td> <td> D</td> </tr> <tr> <td> _____ Other¹</td> <td>_____</td> </tr> <tr> <td>C. Other Sponsored Activities (Public Service)</td> <td></td> </tr> <tr> <td> <input checked="" type="checkbox"/> On-Campus</td> <td> D</td> </tr> <tr> <td> <input checked="" type="checkbox"/> Off-Campus</td> <td> D</td> </tr> <tr> <td> _____ Other¹</td> <td>_____</td> </tr> <tr> <td>D. Other Institutional Activities¹</td> <td></td> </tr> </tbody> </table> | | <u>Indirect Cost Pools</u> | <u>Allocation Base Code</u> | A. Instruction | | <input checked="" type="checkbox"/> On-Campus | D | <input checked="" type="checkbox"/> Off-Campus | D | _____ Other ¹ | _____ | B. Organized Research | | <input checked="" type="checkbox"/> On-Campus | D | <input checked="" type="checkbox"/> Off-Campus | D | _____ Other ¹ | _____ | C. Other Sponsored Activities (Public Service) | | <input checked="" type="checkbox"/> On-Campus | D | <input checked="" type="checkbox"/> Off-Campus | D | _____ Other ¹ | _____ | D. Other Institutional Activities ¹ | |
| <u>Indirect Cost Pools</u> | <u>Allocation Base Code</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| A. Instruction | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> On-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Off-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ Other ¹ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| B. Organized Research | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> On-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Off-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ Other ¹ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| C. Other Sponsored Activities (Public Service) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> On-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| <input checked="" type="checkbox"/> Off-Campus | D | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| _____ Other ¹ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| D. Other Institutional Activities ¹ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 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, sub groupings of expenses, and elements of cost included.)</p> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
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| 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 recurring study.</p> | |
| 3.6.0 | <p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.</u> Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?</p> <p>A. <input checked="" type="checkbox"/> <u> X </u> Yes</p> <p>B. <input type="checkbox"/> No¹</p> | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 1 PART III -INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.1.0 | <p><u>Indirect Cost Categories-Cost Accumulation</u> (a) -Capital Improvements to Land Accumulation Method - Accumulated in the financial records</p> <p>The cost of all capital improvements to land is accumulated in the financial records of the University. The University's depreciation of the asset class is calculated and maintained in the accounting system. The useful life of these assets is 20 years. Improvements are allocated between students and faculty/staff on the basis of the number of students and employees on a full-time equivalent (FTE) basis. The portion allocated to students is assigned to the instruction function. The faculty and staff portion is allocated to all functions of the University on the basis of salaries and wages.</p> <p>Allocation of Improvements - Infrastructure - These improvements are allocated to the benefiting O & M cost pool.</p> <p>-Interest Accumulation Method - Not accumulated in the financial records</p> <p>Interest on loans used to fund specific construction projects and incurred during the construction phase of the project is capitalized. After construction is completed, subsequent interest is expensed in the period incurred. Interest expense is accumulated in the University's accounting system in a unique general ledger object code. Most interest expense is paid by the State of Tennessee on behalf of the university. Interest is allocated on a building-by-building and square footage basis.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 2 PART III- INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
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| Item No. | Item Description | |
| | <u>Indirect Cost Categories-Cost Accumulation (Continued)</u> | |
| 3.1.0(b) | (b) Operation and Maintenance Accumulation Method- Not accumulated in the financial records Operation and Maintenance (O&M) costs, as defined by generally accepted accounting principles for educational institutions, are accumulated in the financial records of the University net of direct charges for services provided to other units and departments. Certain costs, such as utilities, steam & coal are pass-through of actual costs. Maintenance & renovation costs, however, are broken down and charged out as follows: materials-at cost; labor-average wage rate per each employee category *175%. For purposes of determining the indirect cost rate according to the provisions of OMB Uniform Guidance 2 CFR Part 200 , an analysis of the operating expenses reported in this and other cost categories is performed to identify other expenses that are to be reported as O&M expenses. The major departments or areas of cost reclassified to O&M are Classroom Upgrade Facilities Fee (from Instruction) and Facilities Services Communication and Information Services and Special Projects Administration (from Institutional Support). These costs are combined with the Operation and Maintenance of Physical Plant expenses to create the O&M indirect cost pools. O&M costs are allocated according to space utilization to the benefiting buildings in each indirect cost pool. | |
| 3.1.0(c) | (c) General Administration and General Expenses Accumulation Method- Not accumulated in the financial records Institutional support costs, as defined by generally accepted accounting principles for educational institutions, are accumulated in the financial records of the University. For purposes of determination of indirect cost rates according to the provisions of OMB Uniform Guidance 2 CFR Part 200 , an analysis of the operating expenses recorded in Institutional Support and other cost categories is performed to identify expenses that are to be reported as General Administrative and General Expenses. The significant reclassifications are: From General Administration and General Expense: a. To Operation and Maintenance - Facilities Services Communication and Information Services - Special Projects Administration b. To Other Institutional Activities - OIT Communications Service Center - OIT ITES Service Center c. To Sponsored Projects Administration - Sponsored Projects Accounting - Office of Research - Office of Student Administration and Services - Vice Chancellor - Student Life - Student Loans To General Administration and General Expense: - Portion of the State of Tennessee State-Wide Cost Allocation Plan - Portion of the University-Wide Administration Cost Allocation Plan | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 3 PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| | <u>Indirect Cost Categories-Cost Accumulation (Continued)</u> | |
| 3.1.0(d) | <p>(d) Departmental Administration Accumulation Method-Not accumulated in the financial records</p> <p>The Departmental Administration (DA) cost pool includes costs incurred in the academic schools and departments for administrative and support services that benefit common or joint departmental activities. The DA cost pool includes: the allowable Dean's office expenses for each college, certain departmental level administration expenses for each academic department and the allowance for faculty administration. Expenses include salaries and wages, associated fringe benefits, and materials and supplies.</p> <p>A Direct Cost Equivalent (DCE) calculation is used in the development of the allowable department level administration portion of the DA cost pool. Total departmental salaries charged to secretarial, clerical and administrative general ledger object codes are identified. The DCE calculation is used to assign secretarial, clerical and administrative salaries directly to non-sponsored activities.</p> <p>The actual amount of salaries and fringe benefits for faculty who perform administrative activities is included in this indirect cost pool up to a maximum of 3.6% of the modified total direct cost base.</p> <p>(e) Sponsored Projects Administration Accumulation Method- Not accumulated in the financial records.</p> | |
| 3.1.0(e) | <p>Indirect Expense of Sponsored Projects Expenses recognized as Sponsored Projects Administration represent separate offices and organizations established primarily to administer sponsored projects. These offices and organizations are reported in Institutional Support within the financial records of the University, which are prepared according to generally accepted accounting principles for educational institutions. For purposes of determining indirect cost rates according to the provisions of OMB Uniform Guidance 2 CFR Part 200, an analysis of the operating expenses reported in the Institutional Support category is performed to identify expenses that are to be reported as Sponsored Projects Administrative (SPA) expenses. All SPA costs are allocated to Federal and Non-Federal Research and other sponsored projects based on the MTDC base for sponsored projects. The significant reclassifications are:</p> <ul style="list-style-type: none"> - Sponsored Projects Accounting - Office of Research | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 4 PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.1.0(g) | <p>(g) Student Administration and Services Accumulation Method- Not accumulated in the financial records.</p> <p>Student Administration and Services Expenses are reported in separate accounts in the Student Services group of accounts in the financial records of the University which are prepared according to generally accepted accounting principles for educational institutions. For purposes of determining indirect cost rates according to the provisions of OMB Uniform Guidance 2 CFR Part 200 , the allowable expenses, as identified below, are reported in a separate indirect cost pool.</p> <p>-Student Administration and Services</p> <ul style="list-style-type: none"> -Commencement -Graduate School -Student Loans/Bursar's Office -OIT Tech Fee -Center for International Education -Thornton Center -Off Natl Scholar & Fellowships -Div of Student Life-Tech Group -Stu Conduct & Comm Standards -Multicultural Student Life -Career Services -Vice Provost Enrollment Management -One Stop -Office of Financial Aid -Strategic Enrollment Reporting&Analysis -Office University Registrar -Disability Services -Parents Association -Dean of Students -Sorority & Fraternity Life -Student Union -SPSF-Recreation Complex -CHEW Employee Wellness Program -SPSF Ctr for Health Educ & Wellness -SPSF Student Counseling Servic -Student Orientation -CLS-Center Leader & Service -SPSF Student Media -SPSF-Res Board -SPSF-General Expense -SPSF-Student Government Svc -SPSF Ctr Lead Serv -SPSF Student Health Services -SPSF Ctr Stu Engage -SPSF Multicultural Stu Life | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 5 PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | |
|---|--|--|-----|-----|-----|-----|-----|
| Item No. | Item Description | | | | | | |
| 3.2.0. | <u>Service Centers</u> | | | | | | |
| 3.2.0. (6) | <u>Service Centers – Variances</u> | | | | | | |
| | (c) - Animal Care Facilities | | | | | | |
| | (6) Y - other - This operation has had no surpluses. The shortfalls have been absorbed by the Biology departmental account. | | | | | | |
| | <p>The Animal Care Facilities' rate structure does not include 72% of the salary expense required annually to operate the facility. This salary cost subsidization by the Biology Department allows the facility to keep the rates low so the operation has not experienced surpluses. The operating budget of this facility is less than \$500,000.</p> | | | | | | |
| | (d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreement either as a direct or indirect cost. | | | | | | |
| | | (1) | (2) | (3) | (4) | (5) | (6) |
| | Biology Service Facility | A | C | C | A | A | Y |
| | Fleet Management | C | B | C | A | A | Y |
| | University Printing | C | B | C | A | A | Y |
| | Mail Services | C | B | C | A | A | Y |
| | OIT Communications Service Center | C | C | Y | A | A | Y |
| | OIT ITES Service Center | C | C | Y | A | A | Y |
| | Temporary Help Pool | A | C | C | A | A | Y |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 6 PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.2.0. | <u>Billing Rates</u> | |
| (3) | (3) Y - other – OIT Communications Service Center and ITES Service Center calculates billing rates via one of the following methods: 1) carry forward of historical pricing; 2) for Bell South and similar circuits, as well as equipment, cost plus 10%; 3) comparative survey of peer institutions and commercial providers; and 4) formula which factors fixed and variable cost elements (including product life when applicable). | |
| (6) | <u>Variances</u> The University service center policy requires that service centers work on a break-even basis. Annual variances within plus or minus 10% of total annual expenditures are carried forward as adjustments (increasing or decreasing) to the next year's billing rates. If revenues result in a net gain in excess of the 10% break-even requirement, the service center is expected to refund the total net over recovery to all its users, proportionately. If the service center expenses result in a net loss in excess of the 10% break-even requirement, the University will subsidize the amount. University subsidies of service centers are excluded from indirect cost pools. | |
| 3.4.0 | <u>Composition of Indirect Cost Pools. Describe the major organizational components, sub groupings of expenses, and elements of cost included in each cost pool.</u> (a) Depreciation/Use Allowance/Interest 1. Building Depreciation The building depreciation is calculated on the basis of the cost of buildings, built-in equipment, and interest expense reported in the University's financial records, excluding any Federal funding, using an average useful life of 40 years. 2. Equipment Depreciation The equipment depreciation is calculated on the basis of the cost of movable equipment, excluding any Federal and private funding and service center equipment using average lives ranging from 5-20 years depending on asset type as reported in the University's financial records. 3. Capital Improvements to Land The Capital Improvements depreciation is calculated on the basis of the cost of Land and Infrastructure improvements as reported in the University's financial records, excluding any Federal funding, using an average useful life of 20 years. | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 7 PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.4.0.cont. | (b) Operation and Maintenance The major organizational units and offices included in the Operation and Maintenance indirect cost pool are: -Property Insurance -Administration-Facilities Svcs -FS Design -FS Construction -Utilities- Electric -Utilities-Water -Utilities-Sewer -Utilities-Gas -FS Utility Services -FS Admin & Support Svcs -FS Zone Maintenance -FS Operations -UTK Campus Beaut/Env Issues -Facilities Services Other -Facilities/Properties -Leased Facilities -Natl Transportation Res Ctr -Assoc VC Public Safety/Chief -Security -Environmental Health & Safety -Emergency Management Services | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 8 PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE – KNOXVILLE |
|---|--|--|
| Item No. | Item Description | |
| 3.4.0. cont. | <p>Composition of Indirect Cost Pools. Describe the major organizational components, sub groupings of expenses, and elements of cost included in each cost pool. (Continued)</p> <p>(c) General Administration and General Expense The major organizational units and offices included in this indirect cost pool are:</p> <ul style="list-style-type: none"> -Assoc VC Fin & Admin -Automobile Loss Liability -Budget & Finance -Bursar's Office -Human Resources -Institutional Memberships-Knox -Institutional Res & Assessment -Office of Equity and Diversity -Office of the Chancellor -Procurement Office -Public Liability Insurance -Sponsored Projects Accounting -Sr VC Finance & Administration -Assistant VC and CIO (Office of Information Technology) -Video & Photography Center -Portion of State of Tennessee cost allocation plan -Portion of University-wide administration cost allocation plan <p>(d) Departmental Administration The Departmental Administration (DA) cost pool includes costs incurred in the academic schools and departments for administrative and support services that benefit common or joint departmental activities. The DA cost pool includes: the allowable Dean's office expenses for each college, certain administration expenses for each academic department and the allowance for faculty administration. Expenses include salaries and wages, associated fringe benefits, and materials and supplies.</p> <p>A DCE calculation is used in the development of the allowable department level administration portion of the DA cost pool. Total departmental salaries charged to secretarial, clerical and administrative general ledger object codes are identified. The DCE calculation is used to assign secretarial, clerical and administrative salaries directly to non-sponsored activities.</p> <p>The actual amount of salaries and fringe benefits for faculty who perform administrative activities is included in this indirect cost pool up to a maximum of 3.6% of the modified total direct cost base.</p> <p>(e) Sponsored Projects Administration The major offices and expenses included in this indirect cost pool are:</p> <ul style="list-style-type: none"> - Office of Research - Sponsored Projects Accounting Office | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 9 PART III - INDIRECT COSTS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.4.0. cont. | <p><u>Composition of Indirect Cost Pools.</u> Describe the major organizational components, sub groupings of expenses, and elements of cost included in each cost pool. (Continued)</p> <p>(f) Library</p> <p>Library costs include:</p> <ul style="list-style-type: none"> - Library Personnel Services and related Fringe Benefits - Library Operating Supplies and Expenses - Library Book Purchases <p>(g) Student Administration and Services</p> <p>The major organizational units and offices included in this indirect cost pool are:</p> <p>Student Administration and Services</p> <ul style="list-style-type: none"> -Commencement -Graduate School -Student Loans/Bursar's Office -OIT Tech Fee -Center for International Education -Thornton Center -Off Natl Scholar & Fellowships -Div of Student Life-Tech Group -Stu Conduct & Comm Standards -Multicultural Student Life -Career Services -Vice Provost Enrollment Management -One Stop -Office of Financial Aid -Strategic Enrollment Reporting&Analysis -Office University Registrar -Disability Services -Parents Association -Dean of Students -Sorority & Fraternity Life -Student Union -SPSF-Recreation Complex -CHEW Employee Wellness Program -SPSF Ctr for Health Educ & Wellness -SPSF Student Counseling Servic -Student Orientation -CLS-Center Leader & Service -SPSF Student Media -SPSF-Res Board -SPSF-General Expense -SPSF-Student Government Svc -SPSF Ctr Lead Serv -SPSF Student Health Services -SPSF Ctr Stu Engage -SPSF Multicultural Stu Life | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 10 PART III - INDIRECT COSTS | |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | |
| Item No. | Item Description | | |
| 3.4.0. cont. | <p><u>Composition of Indirect Cost Pools.</u> Describe the major organizational components, sub groupings of expenses, and elements of cost included in each cost pool.</p> <p>(h) Other - Service Centers The rates charged by a service center reflect operating costs, which may include salaries, wages, fringe benefits, cost of materials and supplies, provisions for renewal and replacement of equipment and a share of institutional expense.</p> <ul style="list-style-type: none"> - Animal Care Facilities - Biology Service Facility <p><u>Composition of Allocation Bases</u></p> | | |
| 3.5.0 | <p>The Allocation Base code "P" reported in 3.1.0 represents "More Than One Base." Therefore, this section describes the allocation bases used for each indirect cost pool and cost groupings within pools where appropriate. Throughout this section, where the term, "Modified Total Direct Cost" (MTDC) is used (Allocation Code "D"), the following definition applies:</p> <p>"Modified total direct costs consist of salaries and wages, fringe benefits, materials and supplies (including services), travel, and subawards up to the first \$25,000 each. Modified Total Direct Costs exclude equipment, capital expenditures, and charges for patient care, tuition remission, and rental costs of off-site facilities, scholarships and fellowships, as well as the portion of each subaward in excess of \$25,000.</p> <p>Charges for services or supplies provided by Service and Recharge Centers are accounted for as materials and/or supplies and included in the MTDC, except for charges for services provided to construct and/or install capital assets, which are capitalized.</p> <p>(b) Operation and Maintenance Allocation Base Code- P More Than One Base Net assignable square feet as determined for use charge allocations are used to allocate costs to benefiting activities. See the following for a description of the cost groupings and allocation bases used to allocate costs. Auxiliary accounts are excluded from the cost allocation. Auxiliary operations are direct charged for utilities based on square footage. The maintenance cost of auxiliary operations, including physical plant administrative overhead, is direct charged to the auxiliary account. All costs for the following activities are allocated to all Knoxville buildings and Knoxville area buildings. Also, department paid O & M is allocated to the benefiting departments. See F & A rate proposal for more detail.</p> | | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 11 PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.5.0. cont. | <p>(c) General Administration and General Expenses Allocation Base Code- D Modified Total Direct Cost</p> <p>General Administration and General Expenses are allocated to all direct and indirect activities benefiting from the services provided on the basis of the modified total direct costs of activities as identified by function as follows:</p> <p>Direct</p> <ul style="list-style-type: none"> Instruction Research Public Service Auxiliary and Other Departmental Administration Student Administration Library <p>Indirect Expenses Related to</p> <ul style="list-style-type: none"> Sponsored Agreements Public Service <p>(d) Departmental Administration Allocation Base Code- D Modified Total Direct Cost Departmental Administration costs are distributed to the benefiting functional activities, i.e. Instruction, Research, Public Service, etc., on the basis of salaries and wages, fringe benefits, materials and supplies (including services), travel, and subawards up to \$25,000 each.</p> <p>(e) Sponsored Projects Administration Allocation Base Code- D Modified Total Direct Cost Sponsored Projects Administration costs are distributed to the benefiting activities, i.e. organized research and other sponsored programs, on the basis of salaries and wages, fringe benefits, materials and supplies (including services), travel, and subawards up to \$25,000 each.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 12 PART III - INDIRECT COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 3.5.0. cont. | <p>(f) Library-Allocation Base Code-P More Than One Base Library Expenses are allocated to activities benefiting from the services provided using the bases as listed below: Library 1. Expenses are first allocated on the basis of primary categories of users, including students, professional employees and other users. a. The student category consists of full-time equivalent 1) non employee students enrolled at the University 2) student employees working at the University b. The professional employee category consists of all full-time faculty members and other professional employees of the University. c. The other user's category consists of full-time equivalents of all other employees of the University.</p> <p>2. The student portion is allocated to Instruction, and the faculty and professional portion is allocated to Instruction. Research and Other Sponsored Activities based on the salary percent relationship of the three. The other user's portion is allocated to the Other Institutional Activities base.</p> <p>(g) Student Administration and Services Allocation Base Code-A Direct Charge or Allocation Student Administration and Services Expenses are allocated to Instruction, the only activity benefiting from the services.</p> <p>Composition of Allocation Bases - used in 3.3.0</p> <p>1. The allocation basis for each of the Indirect Cost Pools identified in 3.3.0 is modified total direct costs (MTDC). MTDC consists of salaries and wages, fringe benefits, materials and supplies (including services), travel, and subawards up to \$25,000 each. MTDC excludes equipment, capital expenditures, and tuition remission, rental costs of off-site facilities, scholarships and fellowships, participant support costs and the portion of each subaward in excess of \$25,000.</p> <p>Charges for services or supplies provided by Service and Recharge Centers are accounted for as materials and/or supplies and included in the modified total direct costs, except for charges for services provided to construct and/or install capital assets, which are capitalized.</p> <p>2. Cost sharing is documented and readily identifiable in the formal accounting records and through the use of less formal accounting techniques that permit audit verification. Obligations for cost sharing should be limited to amounts that can be justified as appropriate to accomplish the stated objectives of the University. The cost sharing, with the source of funding identified, is quantified in the proposal budget and becomes the basis for the sponsor's award. Cost sharing not quantified in the original proposal budget subsequently may be contributed by the University because sponsor funds are not sufficient to perform the agreed upon scope of work.</p> <p>Currently, the mandatory and some voluntary cost sharing are recorded via an entry to a cost sharing object code. Also, some cost sharing expenditures are recorded on companion cost share accounts. These cost sharing accounts and amounts are added back to the research base in the indirect cost proposal.</p> <p style="text-align: center;">-END OF PART</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART IV - DEPRECIATION AND USE ALLOWANCES NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|---|---|-------------------------|--------------------------|-------------------------------|-----------------------|-------------------------|--------------------------|-----------------------|---|---|---|---|---------------|---|---|---|---|---------------------------|---|---|---|---|----------------------------|---|--|--|--|---------------|---|---|---|---|----------------------------|---|---|---|---|----------------------------|---|---|---|---|-----------|---|---|---|---|--|---|--|--|--|
| 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%; margin-top: 10px;"> <thead> <tr> <th style="width: 45%;"></th> <th style="width: 10%; text-align: center;">Depreciation Method (1)</th> <th style="width: 10%; text-align: center;">Useful Life (2)</th> <th style="width: 10%; text-align: center;">Property Unit (3)</th> <th style="width: 10%; text-align: center;">Residual Value (4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(b) Buildings</td> <td style="text-align: center;">A</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(c) Building Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">Y</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(d) Leasehold Improvements</td> <td style="text-align: center;">Z</td> <td></td> <td></td> <td></td> </tr> <tr> <td>(e) Equipment</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(f) Furniture and Fixtures</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(g) Automobiles and Trucks</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(h) Tools</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(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;">Y</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 48%;"> <p><u>Column (1) - Depreciation Method Code</u></p> <p>A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method¹</p> </div> <div style="width: 48%;"> <p><u>Column (2) - Useful Life Code</u></p> <p>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</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 20px;"> <div style="width: 48%;"> <p><u>Column (3) - Property Unit Code</u></p> <p>A. Individual units are accounted for separately B. Applied to groups of assets with similar service lives C. Applied to groups of assets with varying service lives Y. Other or more than one method¹</p> </div> <div style="width: 48%;"> <p><u>Column (4) - Residual Value Code</u></p> <p>A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method¹</p> </div> </div> | | | | Depreciation Method (1) | Useful Life (2) | Property Unit (3) | Residual Value (4) | (a) Land Improvements | A | C | A | B | (b) Buildings | A | Y | A | B | (c) Building Improvements | A | Y | 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 | B | (h) Tools | A | C | A | B | (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.) | Y | | | |
| | Depreciation Method (1) | Useful Life (2) | Property Unit (3) | Residual Value (4) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (a) Land Improvements | A | C | A | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (b) Buildings | A | Y | A | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (c) Building Improvements | A | Y | 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 | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (h) Tools | A | C | A | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| (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.) | Y | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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¹ 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 NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
|---|--|--|
| Item No. | Item Description | |
| 4.1.1 | <p>Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)</p> <p>A. <input checked="" type="checkbox"/> Yes B. <input type="checkbox"/> No¹</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 checked="" 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 sub category of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <input type="text"/> \$5,000 B. Minimum Life Years <input type="text"/> >1</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> | |

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¹ Describe on a Continuation Sheet.

| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | CONTINUATION SHEET PART IV - DEPRECIATION AND USE ALLOW. NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|-------------------------------|--------------------------|-------------------------|--------------------------|----------------|---|---|---|---|----------|---|---|---|---|---------------|---|---|---|---|----------|--|----------|-------------|----------|-------------------------------------|----------|---------------------|----------|--------------------------------|----------|----------------------------------|----------|---|----------|--------------------------------|----------|---------------|----------|--|----------|--------------------------------------|----------|---|----------|------------------|----------|---|----------|-------------------------------|----------|--------------------------------------|----------|------------------------|----------|-----------------------------------|----------|------------------------------|----------|--|----------|---|----------|---------------------------|----------|--|
| Item No. | Item Description | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4.1.0 | <p>Other asset categories</p> <table border="1"> <thead> <tr> <th></th> <th>Depreciation <u>Method</u></th> <th>Useful <u>Life</u></th> <th>Property <u>Unit</u></th> <th>Residual <u>Value</u></th> </tr> </thead> <tbody> <tr> <td>Infrastructure</td> <td>A</td> <td>C</td> <td>A</td> <td>B</td> </tr> <tr> <td>Software</td> <td>A</td> <td>C</td> <td>A</td> <td>B</td> </tr> <tr> <td>Library Books</td> <td>A</td> <td>C</td> <td>B</td> <td>B</td> </tr> </tbody> </table> <p>b.) Buildings and c) Building Improvements– Y – The Knoxville campus chooses to componentize several buildings. The depreciation method is straight line, but the useful lives of the components range from 5-50 years.. As of June 30, 2016, the buildings that are componentized are:</p> <table border="1"> <tbody> <tr><td>50111700</td><td>Hesler Biology Building and Greenhouse</td></tr> <tr><td>50111800</td><td>Senter Hall</td></tr> <tr><td>50112200</td><td>John D. Tickle Engineering Building</td></tr> <tr><td>50113100</td><td>Dabney-Buehler Hall</td></tr> <tr><td>50113900</td><td>Dougherty Engineering Building</td></tr> <tr><td>50118000</td><td>Science and Engineering Building</td></tr> <tr><td>50118200</td><td>Min H Kao Electrical Engineering & Computer Science</td></tr> <tr><td>50119400</td><td>Walters Life Sciences Building</td></tr> <tr><td>50123300</td><td>South College</td></tr> <tr><td>50125700</td><td>Joint Institute for Advanced Materials</td></tr> <tr><td>50126700</td><td>Joint Institute for Neutron Sciences</td></tr> <tr><td>50139700</td><td>Fibers & Composites Manufacturing Facility & Eng. Annex</td></tr> <tr><td>50160200</td><td>Racheff Research</td></tr> <tr><td>50160600</td><td>Biosystems Engineering and Soil Science Labs Building</td></tr> <tr><td>50161200</td><td>Brehm Animal Science Building</td></tr> <tr><td>50161400</td><td>Food Science and Technology Building</td></tr> <tr><td>50161700</td><td>Plant Sciences Annex B</td></tr> <tr><td>50162300</td><td>Ellington Plant Sciences Building</td></tr> <tr><td>50162400</td><td>Plant Biotechnology Building</td></tr> <tr><td>50166000</td><td>CRC Material Science and Technology Unit</td></tr> <tr><td>50166100</td><td>CRC Bioenergy Science and Technology Unit</td></tr> <tr><td>50169000</td><td>Veterinary Medical Center</td></tr> <tr><td>50170700</td><td>ETREC Johnson Animal Research Building</td></tr> </tbody> </table> | | Depreciation <u>Method</u> | Useful <u>Life</u> | Property <u>Unit</u> | Residual <u>Value</u> | Infrastructure | A | C | A | B | Software | A | C | A | B | Library Books | A | C | B | B | 50111700 | Hesler Biology Building and Greenhouse | 50111800 | Senter Hall | 50112200 | John D. Tickle Engineering Building | 50113100 | Dabney-Buehler Hall | 50113900 | Dougherty Engineering Building | 50118000 | Science and Engineering Building | 50118200 | Min H Kao Electrical Engineering & Computer Science | 50119400 | Walters Life Sciences Building | 50123300 | South College | 50125700 | Joint Institute for Advanced Materials | 50126700 | Joint Institute for Neutron Sciences | 50139700 | Fibers & Composites Manufacturing Facility & Eng. Annex | 50160200 | Racheff Research | 50160600 | Biosystems Engineering and Soil Science Labs Building | 50161200 | Brehm Animal Science Building | 50161400 | Food Science and Technology Building | 50161700 | Plant Sciences Annex B | 50162300 | Ellington Plant Sciences Building | 50162400 | Plant Biotechnology Building | 50166000 | CRC Material Science and Technology Unit | 50166100 | CRC Bioenergy Science and Technology Unit | 50169000 | Veterinary Medical Center | 50170700 | ETREC Johnson Animal Research Building |
| | Depreciation <u>Method</u> | Useful <u>Life</u> | Property <u>Unit</u> | Residual <u>Value</u> | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Infrastructure | A | C | A | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Software | A | C | A | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Library Books | A | C | B | B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50111700 | Hesler Biology Building and Greenhouse | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50111800 | Senter Hall | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50112200 | John D. Tickle Engineering Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50113100 | Dabney-Buehler Hall | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50113900 | Dougherty Engineering Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50118000 | Science and Engineering Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50118200 | Min H Kao Electrical Engineering & Computer Science | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50119400 | Walters Life Sciences Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50123300 | South College | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50125700 | Joint Institute for Advanced Materials | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50126700 | Joint Institute for Neutron Sciences | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50139700 | Fibers & Composites Manufacturing Facility & Eng. Annex | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50160200 | Racheff Research | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50160600 | Biosystems Engineering and Soil Science Labs Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50161200 | Brehm Animal Science Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50161400 | Food Science and Technology Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50161700 | Plant Sciences Annex B | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50162300 | Ellington Plant Sciences Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50162400 | Plant Biotechnology Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50166000 | CRC Material Science and Technology Unit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50166100 | CRC Bioenergy Science and Technology Unit | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50169000 | Veterinary Medical Center | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 50170700 | ETREC Johnson Animal Research Building | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |

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 PART IV - DEPRECIATION AND USE ALLOW. NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| Item No. | Item Description | |
| 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"/> <u>X</u> Excluded from determination of sponsored agreements costs</p> <p>For direct costs, Gains and Losses on Disposition are excluded.</p> <p>B. <input checked="" type="checkbox"/> <u>X</u> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged</p> <p>For F & A costs – Gains and Losses on Disposition are recognized in the asset cost grouping in which the property was included.</p> | |
| 4.4.0 | <p><u>Criteria for Capitalization</u></p> <p>Land Improvements, Infrastructure, Buildings and Building Improvements:</p> <p>Minimum Dollar Costs \$100,000</p> <p>Minimum Life Years > 1 year</p> <p style="text-align: center;">-End of Part IV-</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART V - OTHER COSTS AND CREDITS NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
| 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 checked="" type="checkbox"/> Cash B. <input type="checkbox"/> Accrual¹</p> | |
| 5.2.0 | <p><u>Applicable Credits.</u> This item is directed at the treatment of "applicable credits" as defined in Uniform Guidance Subpart E – Cost Principles 200.402-411 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 checked="" type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate. B. <input checked="" 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 type="checkbox"/> Combination of methods¹ Y. <input type="checkbox"/> Other¹</p> <p>A. If credits can be easily identified to specific projects with a high degree of reliability and timeliness, they are offset against the specific direct costs. B. Some credits cannot be easily identified to a specific project, so these credits are handled as an adjustment to the appropriate indirect pool.</p> | |

FORM CASB DS-2 (REV 10/94)

¹ Describe on a Continuation Sheet.

| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS <hr/> NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE | | | | | | | | | | | | |
|---|---|------------------------|--|------------------------|----|--|--------------|----|--|--------------|----|--|---------------|
| 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 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> | | | | | | | | | | | | |
| 6.1.0 | <u>Pension Plans.</u> | | | | | | | | | | | | |
| 6.1.1 | <p>Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)</p> <table style="width: 100%; border: none;"> <thead> <tr> <th style="text-align: left; width: 10%;"></th> <th style="text-align: left; width: 60%;"><u>Type of Plan</u></th> <th style="text-align: left; width: 30%;"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A.</td> <td><u> X </u> 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><u> X </u> 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> 3 </u></td> </tr> <tr> <td>C.</td> <td><u> </u> Institution has its own Defined-Contribution Plan(s)</td> <td style="text-align: center;"><u> </u></td> </tr> </tbody> </table> | | <u>Type of Plan</u> | <u>Number of Plans</u> | A. | <u> X </u> Institution employees participate in State/Local Government Retirement Plan(s) | <u> 2 </u> | 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> 3 </u> | C. | <u> </u> Institution has its own Defined-Contribution Plan(s) | <u> </u> |
| | <u>Type of Plan</u> | <u>Number of Plans</u> | | | | | | | | | | | |
| A. | <u> X </u> Institution employees participate in State/Local Government Retirement Plan(s) | <u> 2 </u> | | | | | | | | | | | |
| 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> 3 </u> | | | | | | | | | | | |
| C. | <u> </u> Institution has its own Defined-Contribution Plan(s) | <u> </u> | | | | | | | | | | | |
| 6.1.2 | <p>Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p> <table style="width: 100%; border: none;"> <tbody> <tr> <td style="width: 10%;">A.</td> <td style="width: 60%;"><u> X </u> Some institution employees participate in State</td> <td style="width: 30%; text-align: center;"><u> 2 </u></td> </tr> <tr> <td>B.</td> <td><u> X </u> Some institution employees participate in State of Tennessee Retirement Plan (JCRS-A)</td> <td style="text-align: center;"><u> 1 </u></td> </tr> <tr> <td>C.</td> <td><u> X </u> Some Agricultural Extension Service employees participate in Federal Retirement Plan (CSRS) and (FERS)</td> <td style="text-align: center;"><u> 2 </u></td> </tr> </tbody> </table> | A. | <u> X </u> Some institution employees participate in State | <u> 2 </u> | B. | <u> X </u> Some institution employees participate in State of Tennessee Retirement Plan (JCRS-A) | <u> 1 </u> | C. | <u> X </u> Some Agricultural Extension Service employees participate in Federal Retirement Plan (CSRS) and (FERS) | <u> 2 </u> | | | |
| A. | <u> X </u> Some institution employees participate in State | <u> 2 </u> | | | | | | | | | | | |
| B. | <u> X </u> Some institution employees participate in State of Tennessee Retirement Plan (JCRS-A) | <u> 1 </u> | | | | | | | | | | | |
| C. | <u> X </u> Some Agricultural Extension Service employees participate in Federal Retirement Plan (CSRS) and (FERS) | <u> 2 </u> | | | | | | | | | | | |

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|---|---|---|
| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART VI – DEFERRED COMPENSATION AND INSURANCE COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE-KNOXVILLE |
| Item No. | Item Description | |
| 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. <input checked="" type="checkbox"/> Not Applicable - Post-retirement benefits are not charged to federally sponsored accounts by the University of Tennessee. | |
| 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 type="checkbox"/> When accrued (book accrual only) B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund C. <input checked="" 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 Z. <input type="checkbox"/> Not Applicable | |
| 6.4.0 | <u>Self-Insurance Programs (Workers' Compensation, Liability and Casualty Insurance.)</u> | |
| 6.4.1 | <u>Workers' Compensation and Liability.</u> 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 incurred (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 type="checkbox"/> When funds are set aside or contributions are made to a fund Y. <input checked="" type="checkbox"/> Other or more than one method ¹ Z. <input type="checkbox"/> Not Applicable | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART VI-DEFERRED COMPENSATION AND INSURANCE COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE-KNOXVILLE |
| Item No. | Item Description | |
| 6.4.2 | <p><u>Casualty Insurance.</u> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on replacement costs</p> <p>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.</p> <p>D. <input type="checkbox"/> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)</p> <p>Y. <input checked="" type="checkbox"/> Other or more than one method¹</p> <p>Z. <input type="checkbox"/> Not Applicable</p> | |

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¹ Describe on a Continuation Sheet.

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 1 PART VI-DEFERRED COMPENSATION AND INSURANCE COSTS |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE-KNOXVILLE |
| Item No. | Item Description | |
| 6.1.0 | <p>Retirement Plans: A. <u>Defined Benefit Plans</u></p> <p>1. Tennessee Consolidated Retirement System</p> <p><u>Plan Description</u></p> <p>The University of Tennessee contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and their beneficiaries. Title 8, Chapters 34-37, <i>Tennessee Code Annotated</i>, establishes benefit provisions. State statutes are amended by the Tennessee General Assembly. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for SETHEEPP. That report may be obtained by writing to the Tennessee Department of the Treasury, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee, 37243-0230 or by calling (615) 741-8202.</p> <p><u>Funding Policy</u></p> <p>Legacy Plan members, employees hired before July 1, 2014, are noncontributory. The university is required to contribute at an actuarially determined rate. The current rate is 15.02% of annual covered payroll. Contribution requirements for the university are established and may be amended by the TCRS' Board of Trustees. The university's contributions meet the requirements for each year.</p> <p>2. Federal Retirement Program</p> <p><u>Plan Description</u></p> <p>The University of Tennessee contributes to the Federal Retirement Program, a cost-sharing multiple-employer defined benefit pension plan administered by the Civil Service Retirement System (CSRS) for participants employed prior to January 1, 1984, and the Federal Employees Retirement System (FERS) for participants employed after December 31, 1983. Both systems provide retirement, death, and disability benefits, as well as annual cost-of-living adjustments, to plan members and their beneficiaries. All regular full-time employees of the University of Tennessee Agricultural Extension Service who hold federal appointments for 51% or more of their time are required to participate in either one of the two Federal Retirement Programs. For both systems, benefit provisions are established in federal statutes. Federal statutes are amended by the U.S. Congress.</p> <p>CSRS and FERS issue publicly available financial reports that include financial statements and required supplementary information. These reports may be obtained by writing to the Office of Personnel Management, Retirement Information Office, P.O. Box 45, Boyers, PA 16017-0045, or by calling (202) 606-0500.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 2 PART VI-DEFERRED COMP. AND INSURANCE NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE-KNOXVILLE |
| Item No. | Item Description | |
| 6.1.0 | <p><u>Funding Policy</u></p> <p>Participating employees, with some exceptions, are required by federal statute to contribute 7.0% of covered salaries to the CSRS plan. The university is currently required to contribute 7.0%.</p> <p>Federal statute requires employees participating in FERS to contribute 0.8% of their salaries to the Basic Benefit Plan. The university is required to contribute 11.2%. In addition, the university is required to contribute 1% of each participant's salary to the Thrift Savings Plan plus up to an additional 4% depending upon employees' contributions, which can range from 0 to 10% of their salaries. Contributions meet the requirements for each year.</p> <p><u>B. Defined Contribution Plans</u></p> <p>1. Optional Retirement Plans (ORP)</p> <p>The university contributes to three defined contribution plans: Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), Voya , and Variable Annuity Life Insurance Company (VALIC). These plans are administered by the Tennessee Department of the Treasury. Each plan provides retirement benefits to faculty and staff who are exempt from the overtime provisions of the Fair Labor Standards Act and who waive membership in TCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan provisions are established by state statute in Title 8, Chapter 35, Part 4, <i>Tennessee Code Annotated</i>. State statutes are amended by the Tennessee General Assembly.</p> <p>Legacy Plan members are noncontributory. The university contributes an amount equal to 10% of the employee's base salary below the social security wage base and 11% above the social security wage base. Contribution requirements are established and amended by state statute. The contribution made by the university to the plans meet the requirements for each year.</p> <p>2. Joint Contributory Retirement System Plan A (JCRS-A)</p> <p>The Joint Contributory Retirement System Plan A (JCRS-A) is a defined contribution plan with minimum benefits and is administered by the Tennessee Consolidated Retirement System and TIAA-CREF. Employees who were enrolled in the Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF) before July 1977 are members of JCRS-A. Enrollment in this plan for new employees has been closed since July 1977. Although JCRS-A members participate in Aetna, TIAA-CREF, or VALIC, they may also, under certain circumstances, receive a supplementary benefit from the State of Tennessee. Plan provisions are established by <i>Tennessee Code Annotated</i>, Chapter 35, Part 4.</p> <p>State statutes are amended by the Tennessee General Assembly. Plan members are noncontributory. Contribution requirements are established and amended by state statute. The contributions are included in the ORP amounts. University contributions to fund the state supplemental benefit meet the requirements for each year.</p> | |

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| 6.1.0 | <p>C. <u>Hybrid Plan</u> – For employees hired after July 1, 2014.</p> <p>1. Tennessee Consolidated Retirement System</p> <p><u>Plan Description</u></p> <p>The University of Tennessee contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), a cost-sharing multiple-employer Hybrid benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement, death, and disability benefits as well as annual cost-of-living adjustments to plan members and their beneficiaries. Title 8, Chapters 36, <i>Tennessee Code Annotated</i>, was amended to create the Hybrid Retirement Plan for state employees and teachers. State statutes are amended by the Tennessee General Assembly. The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for SETHEPP. That report may be obtained by writing to the Tennessee Department of the Treasury, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, Tennessee, 37243-0230 or by calling (615) 741-8202.</p> <p><u>Funding Policy</u></p> <p>Plan members are contributory. The mandatory employee contribution is 5% of compensation. The university is required to contribute 8.94% of compensation. Contribution requirements for the university are established and may be amended by the TCRS' Board of Trustees. The university's contributions meet the requirements for each year.</p> <p>2. Optional Retirement Plans (ORP)</p> <p>The university contributes to three defined contribution plans: Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), Voya, and Variable Annuity Life Insurance Company (VALIC). These plans are administered by the Tennessee Department of the Treasury. Each plan provides retirement benefits to faculty and staff who are exempt from the overtime provisions of the Fair Labor Standards Act and who waive membership in TCRS. Benefits depend solely on amounts contributed to the plan plus investment earnings. Plan provisions are established by state statute in Title 8, Chapter 35, Part 4, <i>Tennessee Code Annotated</i>. State statutes are amended by the Tennessee General Assembly.</p> <p>Plan members are contributory. The university contributes an amount equal to 9% of compensation. The mandatory employee contribution is 5% of compensation. Contribution requirements are established and amended by state statute. The contribution made by the university to the plans meet the requirements for each year.</p> | | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet # 4 PART VI-DEFERRED COMP. AND INSURANCE <hr/> NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE-KNOXVILLE |
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| 6.4.1 | Workers' Compensation and Liability Response: Y-Other Workers' compensation and unemployment compensation premiums are charged to Federally sponsored accounts as a direct cost (fringe benefit) when salaries are recorded. Workers' compensation premium payments are made to the State of Tennessee at rates established annually based on the University's experience. The payments are contributed to the fund reserve throughout the year. Reserve provisions are based on the present value of liabilities as estimated by actuaries. Unemployment compensation premium payments are made to the State of Tennessee at rates established annually based on the University's experience. General liability, surety bond coverage and vehicle liability insurance are paid from an account classified as Administrative and General expense and therefore charged to sponsored projects as indirect costs. | |
| 6.4.2. | Casualty Insurance Response: Y-Other Casualty Insurance is paid from an account classified as Operation and Maintenance and therefore charged to sponsored projects as indirect costs. The expense for casualty insurance is recorded each year when payments are made into the State of Tennessee self insurance fund. Fund reserve provisions are based on replacement costs. | |
| | -End of Part- | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | PART VII - CENTRAL SYSTEM OR GROUP EXPENSES |
| | | NAME OF REPORTING UNIT THE UNIVERSITY OF TENNESSEE - KNOXVILLE |
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| | <p align="center">Instructions for Part VII</p> <p>This part should be completed only by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Part I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of service 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><u>Organizational Structure</u></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> | |
| 7.2.0 | <p><u>Cost Accumulation and Allocation</u></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 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 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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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet #1 PART VII - CENTRAL SYSTEM OR GROUP EXPENSES |
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| Item No. | Item Description | |
| 7.1.0 | <p><u>Organizational Structures</u></p> <p>The University of Tennessee, University-wide administration, was organized in 1968 when the University system was created, giving a central administration staff responsibility for statewide function of the University.</p> <p>The University of Tennessee System is comprised of the University of Tennessee Knoxville, including the Space Institute at Tullahoma; the University of Tennessee at Chattanooga; the University of Tennessee at Martin; the University of Tennessee Health Science Center, including the Memphis campus, the Memorial Research Center at Knoxville, Clinical Education Centers at Chattanooga and Knoxville, and Family Practice Centers at Jackson, Knoxville, and Memphis; the University of Tennessee Institute of Agriculture, including the College of Agriculture at Knoxville, the Agricultural Experiment Stations, the Agricultural Extension Service, and the College of Veterinary Medicine at Knoxville; the University of Tennessee Institute for Public Service, which includes the County Technical Assistance Service and the Municipal Technical Advisory Service; and the University of Tennessee University-Wide Administration. The University of Tennessee's Knoxville, Chattanooga, Martin, and Health Science Center campuses are each accredited by the Southern Association of Colleges and Schools (SACS). The university is governed by a board of 26 members, including one student and one faculty member, all either ex officio or appointed by the Governor, who also serves as chairman. The president is the chief executive officer of the university system.</p> <p>The following offices are included in University system administration: President, Executive Vice-President, Capital Projects and Facilities Planning, Academic Affairs and Student Success, UT Press, Human Resources, Retirement Services, Office of Communications and Marketing, Vice President for Research, Vice President for Development and Alumni Affairs, Governmental Relations and Advocacy, Audit and Compliance Services, Office of Finance, Information Technology Services, Secretary and General Counsel, and Flight Operations. The cost centers listed above that are unallowable are excluded from the F&A rate proposal. These are noted as unallowable in the following descriptions and 7.2.0 C summary.</p> | |
| 7.2.0 | <p><u>Cost Accumulation and Allocation</u></p> <p>The services provided to segments of the university by university system administration (UWA) are:</p> | |
| 7.2.0.A | <p>The President is the chief executive officer and primary spokesperson for The University of Tennessee and exercises executive authority over the institutions comprising the University. He initiates and administers University policy, coordinates all activities of each campus and institutes directly or through designated representatives. As chief executive, the President is responsible for the presentation of all University policies and recommendations to the General Assembly, the Governor, the Board of Trustees, State budget officials, the Tennessee Higher Education Commission, and the Federal government. The President formulates the educational and administrative policies of the University and is responsible to the Board of Trustees for the prompt and effective execution of all laws relating to the University and all resolutions, policies, rules, and regulations adopted by the Board. The President is responsible to the Board of Trustees for preparation of the budget of the University and its presentation to the Tennessee Higher Education Commission, the Governor and the Department of Finance and Administration, and the General Assembly. The President assumes ultimate control over all budgets of the University and approves major budgetary revisions. In addition to the foregoing powers and duties, the President is charged with a number of specific powers and duties as set forth in the Constitution and By-Laws of the University.</p> | |

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| 7.2.0.(a) | <p><u>Cost Accumulation and Allocation - (Continued)</u></p> <p>The Executive Vice President provides leadership and assistance in determination of strategic directions for the University, its campuses and institutes in cooperation with the chancellors, vice presidents, and members of their faculties and staffs. The Executive Vice President responsibilities include overseeing the System's strategic plan, initiating and managing strategic alliances, participating in the development of operating and capital budgets and providing executive oversight for five system-level offices, including: academic affairs and student success, communications and marketing, facilities planning and capital projects, human resources, and institutional research.</p> <p>The Vice President for Academic Affairs and Student Success oversees academic and student affairs for the statewide UT System. She serves as staff to the academic and student affairs committee of the UT Board of Trustees and coordinates mission statements, academic strategic plans, establishment and revision of academic organizations and the admission, progression and retention standards.</p> <p>The University of Tennessee Press holds the scholarly publishing imprimatur for the University and is governed by an editorial board representing all campuses. As such, the Press's mission is to contribute to the intellectual life of the University system, the academic community (in general), and the citizens of the state of Tennessee by publishing high-quality works of original scholarship in selected fields as well as highly accurate and informative regional studies and regional fiction.</p> <p>The Office of Communications and Marketing provides services in the areas of communications, branding, media relations, writing and editing, marketing, photography and videography, web and project management.</p> <p>The Vice President of Human Resources develops and implements HR's strategic plan, assuring alignment with the University and its entities; develops HR policies and guidelines and works closely with the UT System, campus and institute human resource leadership to link the University's strategies and policies to faculty and staff. Her responsibilities in equity and diversity include setting statewide strategy and initiatives, providing training and best practice research and ensuring the University's compliance at each entity.</p> <p>Retirement Services coordinates policy and procedures, provides university employees with retirement planning services, supplemental retirement annuity information and services, and long-term disability programs.</p> <p>The Office Capital Projects and Facilities Planning manages, designs, and constructs capital projects to meet the educational program requirements of the University. The office 1) coordinates the development of program statements with campus officials for facilities, 2) administers contracts with designers to design various projects, 3) administers contracts with contractors to construct various projects, 4) coordinates activities and obtains approvals from various agencies such as the State Building Commission, Tennessee Higher Education Commission, and the State Fire Marshall, 5) develops the University's capital outlay budget to be submitted to THEC, Department of Finance and Administration and the General Assembly, and 6) prepares and maintains budgets for capital projects and approves the disbursements of funds for such projects.</p> | |

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| COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS | | Continuation Sheet #3 PART VII – CENTRAL SYSTEMS OR GROUP EXPENSES |
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| Item No. | Item Description | |
| 7.2.0.(a) | <p><u>Cost Accumulation and Allocation - (Continued)</u></p> <p>The Office of Real Estate Management has the responsibility of managing the real property assets of the University. The office 1) manages all real property owned by the University obtained by gift or acquired for institutional use, 2) works with the Development Office in acquiring gift properties for the University, 3) acquires and disposes of real property for the University, 4) manages all real property leases for the University, 5) handles all less-than-fee property transactions for the University, and 6) coordinates activities and obtains approvals from various agencies such as the State Building Commission, the Tennessee Higher Education Commission, and the Department of Finance and Administration.</p> <p>The Office of Institutional Research assembles, verifies, and interprets a wide range of information concerning each campus and institute within the University of Tennessee System.</p> <p>The Vice President for Development and Alumni Affairs - (unallowable cost center) (Also President of UT Foundation) is responsible for the coordination of University-wide programs for the cultivation and solicitation of private gifts from individuals, corporations, and other organizations, and is responsible for coordinating alumni outreach activities throughout the University's campuses and units and for ensuring the solicitation of all reachable UT alumni for annual gifts. Cultivation and solicitation of selected major gift prospects and staffing and coordination activities of the University's volunteer fund raising organization are responsibilities of staff. Working relationships must be maintained with individual campuses, institutes, chancellors, vice presidents, vice chancellors, and other chief development officers to coordinate and implement the University's private fund raising programs.</p> <p>The Office of Finance is responsible for the administration of all financial operations at the University. This office is responsible for the development of financial and operational strategies; budgeting, accounting and reporting of all operations; enterprise resource planning; investment of University operating and endowment funds; and overseeing system-wide IT operations. The Office of Finance is led by the Chief Financial Officer.</p> <p>Departments included in this division are Accounts Payable, Budget, Controller, Flight Operations, Information Technology Services, Investment Office, IRIS Administrative Supprot, Payroll Office, Procurment Services, Risk Management, Trademark Licensing and Treasurer.</p> <p>The Office of Audit and Compliance provides objective, independent appraisals of accounting, financial and other operational systems in University departments and units and oversees institutional compliance.</p> | |

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| Item No. | Item Description | |
| 7.2.0.(a) | <p><u>Cost Accumulation and Allocation - (Continued)</u></p> <p>The Senior Vice President for Research, Outreach and Economic Development is responsible for overseeing the management of science and technology programs at Oak Ridge National Laboratory, the research and economic development programs for the UT system, the UT Research Foundation and Cherokee Fram Innovation Campus. .</p> <p>The Office of General Counsel provides legal advice and representation to the Board of Trustees and the University. The General Counsel is responsible for all legal matters of the University and represents the University in all legal actions. The General Counsel reviews and approves contracts and other legal obligations prior to execution except as otherwise provided in the Charter and By-Laws of the University.</p> <p>The Office of Government Relations and Advocacy (unallowable cost center) is chief liaison between the University and federal, state and local government offices and legislative bodies. The University also provides service and support to policymakers by engaging its numerous experts, capabilities and resources. The University's government relations office serves the interests of the University's 49,000 students statewide, 11,860 faculty and staff members, and 345,000 alumni in the U.S. and around the world by working closely with faculty, University leaders and the Student Government Association to improve understanding and support for the University's academic, research, and outreach goals.</p> | |

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| Item No. | Item Description | |
| 7.2.0 | <u>Cost Accumulation and Allocation - (Continued)</u> | |
| 7.2.0.A | How costs of the services are identified and accumulated. The costs for the services of each department that is listed above are identified and accumulated separately by account number and object code. | |
| 7.2.0.B | The basis used to allocate the accumulated costs to the benefiting segments. The basis used to allocate the costs for university system administration are a percentage tax on the previous fiscal years total current fund expenditures: unrestricted and restricted; educational and general and auxiliary. Each campus/institute pays the same percentage. FY 2016 Allocation basis – 0.86% FY 2017 Allocation basis – 0.91% | |
| 7.2.0.C | The following offices have been deemed unallowable and not allocated for F & A purposes: <div style="text-align: center;"><u>Cost Center</u></div> President Special Projects Tennessee Tomorrow Event Management President Emeritus Govt Relations & Advocacy Office of Federal Affairs UT Kingsport Center AA Special Projects UTRF UWA Publications Office of Communications Investment Counsel Trademark Licensing UTF Direct Support - Endow Special Events Athletic Tickets UT Press Subsidy Flight Ops Subsidy Capital Campaign UT Press King Air N-1794 | |

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| 7.2.0.D | D. Any costs that are transferred from a segment to the central office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state. None | |
| 7.2.0.E | 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. None | |
| -END OF PART- | | |

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