

**APPENDIX B - Disclosure Statement (DS-2) for Educational
Institutions**

Cost

Accounting

Standards

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

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

GENERAL INSTRUCTIONS

1. This Disclosure Statement has been designed to meet the requirements of Public Law 100-679, and persons completing it are to describe the educational institution and its cost accounting practices. For complete regulations, instructions and timing requirements concerning submission of the Disclosure Statement, refer to Section 9903.202 of Chapter 99 of Title 48 CFR (48 CFR 9903).
2. Part I of the Statement provides general information concerning each reporting unit (e.g., segments, business units, and central system or group (intermediate administration offices). Parts II through VI pertain to the types of costs 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 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 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.

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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EDUCATIONAL INSTITUTIONS**

GENERAL INSTRUCTIONS

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item and number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.
9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of the Government (also see 48 CFR 9903.202-3).
10. Amendments shall be submitted to the same offices to which submission would have to be made were an original Disclosure Statement being filed.
11. Each amendment should be accompanied by an amended cover sheet (indicating revision number and effective date of the change) and a signed certification. For all re-submissions, on each page, insert "Revision Number ___" and "Effective Date ___" in the Item Description block; and, insert "Revised" under each Item Number amended. Resubmitted Disclosure Statements must be accompanied by similar notations identifying the items which have been changed.

ATTACHMENT - Blank Continuation Sheet

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

CONTINUATION SHEET

NAME OF REPORTING UNIT

Item No.

Item description

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

COVER SHEET AND CERTIFICATION

0.1

Educational Institution

- (a) Name **Washington State University**
(b) Street Address **240P French Administration Bldg**
(c) City, State, and ZIP Code **PO Box 641025**
(d) Division or Campus of **Pullman WA 99164-1025**
(if applicable)

0.2

Reporting unit is: (Mark one)

- A. Independently Administered Public Institution
B. Independently Administered Nonprofit Institution
C. Administered as Part of a Public System
D. Administered as Part of a Nonprofit System
E. Other (Specify)

0.3

Official to Contact Concerning this Statement:

- (a) Name and Title **Barry Johnston, Director
Business Services/ Controller**
(b) Phone Number
(include area code and extension) **(509) 335-5703**

0.4

Statement Type and Effective Date:

A (Mark type of submission. If a revision, enter number)

- (a) Original Statement
(b) Amended Statement, Revision No. 2

B. Effective Date of this Statement: **December 16, 2004**

0.5

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

- A. Cognizant Federal Agency **Department of Health & Human Services
Division of Cost Allocation
330 Independence Avenue
S.W. Cohen Building, Room 10 - 67
Washington, DC 20201
Tel:(202) 401-2808 FAX:(202) 619-3379**
- B. Cognizant Federal Auditor **Department of Health & Human Services
50 UN Plaza, Room 347
San Francisco, CA 94102
Tel: (415) 437-7820 FAX: (415) 437-7823**

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

COVER SHEET AND CERTIFICATION

CERTIFICATION

I certify that to the best of my knowledge and belief this Statement is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. 422.

Date of Certification:

(Signature) _____

(Print or Type Name) **W. Glenn Ford**
(Title) **Associate Vice President**
Business and Finance

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

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

PART I - GENERAL INFORMATION

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.	Item description
1.1.0	<p style="text-align: center;">Part I</p> <p>Description of Your Cost Accounting System for recording expenses charged to Federally sponsored agreements (e.g. contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. _____ Accrual B. <input checked="" type="checkbox"/> Modified Accrual Basis C. <input checked="" type="checkbox"/> Cash Basis Y. _____ Other _____</p>
1.2.0	<p>Integration of Cost Accounting with Financial Accounting. The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records)</p> <p>A. _____ Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts) B. _____ Not integrated with financial accounting records. (Cost data are accumulated on memorandum records) C. <input checked="" type="checkbox"/> Combination of A and B</p>
1.3.0	<p>Unallowable Costs. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are : (Mark one)</p> <p>A. _____ Specifically identified and recorded separately in the formal financial accounting records.¹ B. _____ Identified in separately maintained accounting records or work papers.¹ C. _____ Identifiable through use of less formal accounting techniques that permit audit verification¹ D. <input checked="" type="checkbox"/> Combination of A, B, C¹ E. _____ Determined by other means¹ _____</p> <p>¹ Describe on a Continuation Sheet.</p>

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

PART I - GENERAL INFORMATION

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.	Item description
1.3.1	<p><u>Treatment of Unallowable Costs.</u> (Explain on a continuation sheet how allowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g. when allocating costs to a major function or activity; when determining indirect cost rates, or when a central office or group office allocates costs to a segment.)</p>
1.4.0	<p><u>Cost Accounting Period:</u> July 1- June 30 (Specify the twelve month period used for the accumulation and reporting costs under federally sponsored agreements e.g. 7/1 to 6/30. If the cost accounting period is other than the institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)</p>
1.5.0	<p><u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.</p>

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT
		WASHINGTON STATE UNIVERSITY
Item No.	Item description	
1.1.0	<p>Description of Your Cost Accounting System</p> <p>Direct costs are charged to sponsored agreements on the cash basis, except for monthly accruals of salaries* and charges for fringe benefits.</p> <p>WSU follows the National Institute for Health (NIH) guidelines in regards to the NIH salary cap. Should a salary exceed the NIH salary CAP, the difference must be covered with non-sponsored funds.</p> <p>Indirect cost rates are based on DHHS approval and acceptance of the F & A Proposal generated from the University's annual financial statements.</p> <p>Indirect costs are tracked by program sub-program code and fund-sub-fund code. Programs 01 through 05 are indirect, program 06 is instruction, programs 07 and 08 are typically indirect, programs 09 and 10 have both direct and indirect costs, programs 11 through 14 are sponsored accounts and programs 15 and 16 are other institutional activity (See BPPM 30.05 (Rev 11/02) Establishing, Naming and Terminating WSU Accounts).</p> <p>Cost share is recorded through the effort system for salaries and benefits. The effort system automatically updates University's accounting system through the cost share program when a WSU employee has cost share for a particular sponsored account. Non-salary related cost share such as cash and in-kind, are input through a manual system which also automatically updates the University's accounting system. The outcome of this activity results in the modified total direct cost base being increased. The cost share program tracks cost share to sponsored accounts and from the contributing account(s) (See BPPM section 40.36 (Rev 12/04) Cost Sharing Effort). The WSU BPPM web-site can be found at: http://www.wsu.edu/~forms/manuals.html.</p>	
1.2.0	<p>Integration of Cost Accounting with Financial Accounting</p> <p>Direct costs charged to sponsored agreements are fully integrated with the University's financial accounting system.</p> <p>Indirect cost rates are based upon the negotiated F & A Proposal generated from the Annual Financial Statements. Annual Financial Statements include both cash and accruals.</p> <p>Depreciation/use allowance, interest and State Central Services indirect costs are accumulated by the University's accounting system, but are not direct charged to Sponsored Projects.</p> <p>Departmental Administrative costs are accumulated in the University's accounting system but are not direct charged to Sponsored Projects.</p> <p>The salaries of administrative and clerical staff are typically treated as indirect costs unless they constitute unlike circumstances. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative and clerical services and individuals involved can be specifically identified with the project or activity.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET
		NAME OF REPORTING UNIT
		WASHINGTON STATE UNIVERSITY
Item No.	Item description	
1.3.0	<p>Unallowable Costs</p> <p>Unallowable costs are not directly or indirectly charged to federal projects, (See BPPM 40.09 (Rev 10/04) Cost Determination Guidelines, BPPM 30.05 (Rev 11/02) Establishing, Naming and Terminating WSU Accounts, 40.12 (Rev 03/00) Acquiring Equipment Under Federal Agreements and 30.25 (Rev 05/01) Expenditure Transfer Requests).</p> <p>Upon post review any direct charge considered unallowable is removed (See BPPM 30.25 (Rev 05/01) Expenditure Transfer Requests).</p> <p>Service (recharge) centers, when computing charge rates, eliminate unallowable costs in their rate calculations (See BPPM 30.15 (Rev 05/99) Service Centers).</p> <p>Indirect pools and direct bases are developed in accordance with guidelines from OMB Circular A-21. All accounts are reviewed so that each account can be assigned to the correct pool or base. Final costs for each indirect cost pool and direct base are shown on the appropriate schedules of the F & A Proposal.</p>	
1.3.1	<p>Treatment of Unallowable Costs</p> <p>Unallowable costs are excluded from charges to Federally sponsored agreements. Unallowable directly associated costs as defined in CAS 505 will also be excluded from charges to Federally sponsored agreements.</p> <p>As required by CAS 505, where unallowable costs would normally be part of a regular indirect cost allocation base; they will remain in that base. This is accomplished by moving unallowable costs to Other Institutional Activities.</p> <p>In the F&A Proposal all unallowable expense items (e.g. entertainment, flowers) were reclassified into a separate "Other Institutional Activity" direct base and were allocated their share of overhead. In addition, all unallowable departments (e.g. University Relations, Development) were also reclassified into the separate "Other Institutional Activity" direct base and were allocated their share of overhead.</p>	
1.5.0	<p>State Laws or Regulations</p> <p>State laws and regulations affect State central service costs and interest expenses allocated to the University. These areas are covered in Part III. These laws and regulations do not affect any University cost accounting practices.</p> <p style="text-align: center;">End of Part I</p>	

**COST ACCOUNTING STANDARDS BOARD
DISCLOSURE STATEMENT
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EDUCATIONAL INSTITUTIONS**

PART II – DIRECT COSTS

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.

Item description

Instructions for Part II

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

2.1.0

Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives. (For all major categories of cost under each major function or activity such, as instruction, organized research, other sponsored activities and other institutional activities, describe on a continuation sheet, your criteria for determining when costs incurred for the same purpose, in like circumstances, are treated either as direct costs only or as indirect costs only with respect to final cost objectives. Particular emphasis should be placed on items of cost that may be treated as either direct or indirect costs (e.g. Supplies, Materials, Salaries and Wages, Fringe Benefits, etc.) depending upon the purpose of the activity involved. Separate explanations on the criteria governing each direct cost category identified in this Part II are required. Also, list and explain if there are any deviations from the specified criteria.)

2.2.0

Description of Direct Materials. All materials and supplies directly identified with Federally sponsored agreements or similar cost objectives (Describe on a continuation sheet the principal classes of materials which are charged as direct materials and supplies.)

2.3.0

Method of Charging Direct Materials and Supplies (Mark the appropriate line (s) and if more than one is marked, explain on a continuation sheet)

2.3.1

Direct Purchases for Projects are Charged to Projects at:
 A. _____ Actual Invoiced Costs
 B. XX Actual Invoiced Costs Net of Discounts Taken
 Y. _____ Other (s) ¹
 Z. _____ Not Applicable

2.3.2

Inventory Requisitions from Central or Common, Institution Owned Inventory. (Identify the inventory valuation method used to charge projects.):

A. XX First In, First Out
 B. XX Last In, First Out
 C. XX Average Costs ¹
 D. _____ Predetermined Costs ¹
 Y. _____ Other (s) ¹
 Z. _____ Not Applicable

¹ Describe on a Continuation Sheet.

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PART II – DIRECT COSTS

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Item No.	Item description																																																																						
2.4.0	<p>Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)</p>																																																																						
2.5.0	<p>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.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th colspan="2"></th> <th colspan="3" style="text-align: center;"><u>Direct Personal Services</u></th> </tr> <tr> <th colspan="2" style="text-align: left;"><u>Category</u></th> <th></th> <th></th> <th></th> </tr> <tr> <th colspan="2" style="text-align: left;"><u>Faculty</u> <u>Staff</u> <u>Students</u> <u>Other</u></th> <th></th> <th></th> <th></th> </tr> <tr> <th colspan="2"></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td colspan="2">(4)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">A. Payroll Distribution Method</td> <td style="text-align: center;"><u>XX*</u></td> <td style="text-align: center;"><u>XX*</u></td> <td style="text-align: center;"><u>XX</u></td> </tr> <tr> <td colspan="2"><u>XX</u> (Individuals time card/actual hours and rates)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">B. Plan - Confirmation (Budgeted,</td> <td style="text-align: center;"><u>XX</u></td> <td style="text-align: center;"><u>XX</u></td> <td style="text-align: center;"><u> </u></td> </tr> <tr> <td colspan="2"><u> </u> planned or assigned work activity, updated to reflect significant changes)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">C. After-the-fact Activity Records</td> <td style="text-align: center;"><u>XX</u></td> <td style="text-align: center;"><u>XX</u></td> <td style="text-align: center;"><u>XX</u></td> </tr> <tr> <td colspan="2"><u> </u> (Percentage Distribution of employee activity)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">D. Multiple Confirmation Records</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">(Employee reports prepared each academic term , to account for employee's activities, direct and indirect charges are certified separately.)</td> <td></td> <td></td> <td></td> </tr> <tr> <td colspan="2">Other (s) ¹</td> <td></td> <td></td> <td></td> </tr> </tbody> </table> <p>1 Describe on a Continuation Sheet. *applicable to the Cooperative Extension Energy Office, Olympia, WA</p>			<u>Direct Personal Services</u>			<u>Category</u>					<u>Faculty</u> <u>Staff</u> <u>Students</u> <u>Other</u>							(1)	(2)	(3)	(4)					A. Payroll Distribution Method		<u>XX*</u>	<u>XX*</u>	<u>XX</u>	<u>XX</u> (Individuals time card/actual hours and rates)					B. Plan - Confirmation (Budgeted,		<u>XX</u>	<u>XX</u>	<u> </u>	<u> </u> planned or assigned work activity, updated to reflect significant changes)					C. After-the-fact Activity Records		<u>XX</u>	<u>XX</u>	<u>XX</u>	<u> </u> (Percentage Distribution of employee activity)					D. Multiple Confirmation Records					(Employee reports prepared each academic term , to account for employee's activities, direct and indirect charges are certified separately.)					Other (s) ¹				
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PART II – DIRECT COSTS

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.	Item description
2.5.1	<p><u>Salary and Wage Cost Distribution Systems.</u></p> <p>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p style="padding-left: 40px;"> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>
2.5.2	<p><u>Salary and Wage Cost Accumulation System.</u></p> <p>(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities . Indicate how the salary and wage cost distribution are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>
2.6.0	<p><u>Description of Direct Fringe Benefits Costs</u> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet all of the different types of fringe benefits which are classified and charged as direct costs, e.g. actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>
2.6.1	<p><u>Method of Charging Direct Fringe Benefits</u> (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0 is measured, assigned and allocated (for definitions, See 9903.302-1; first, to the major functions (e.g. instruction, research); and, then to individual projects or direct cost objectives within each function.</p>
2.7.0	<p><u>Description of Other Direct Costs.</u> All other items of cost directly identified with Federally sponsored agreements or similar costs objectives (List on a continuation sheet the principal classes of other costs which are charged directly, e.g. travel, consultants, services, sub grants, subcontracts, malpractice, insurance, etc.)</p>

**COST ACCOUNTING STANDARDS BOARD
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PART II – DIRECT COSTS

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.	Item description																												
2.8.0	<p>Costs Transfers. When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p><u>XX</u> Yes _____ No</p>																												
2.9.0	<p>Inter-organizational Transfers. This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line (s) in each column to indicate the basis used by you as transferee to charge the cost or price of inter-organizational 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" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Materials</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Supplies</u></th> <th style="text-align: center; border-bottom: 1px solid black;"><u>Services</u></th> </tr> <tr> <th></th> <th style="text-align: center;">(1)</th> <th style="text-align: center;">(2)</th> <th style="text-align: center;">(3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <i>excluding</i> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>B. At full cost <i>including</i> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Y. Other (s) ¹</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Z. Inter-organizational transfers are not applicable.</td> <td style="text-align: center;">_____ <u>XX</u> _____</td> <td style="text-align: center;">_____ <u>XX</u> _____</td> <td style="text-align: center;">_____ <u>XX</u> _____</td> </tr> </tbody> </table> <p>¹ Describe on a Continuation Sheet</p>		<u>Materials</u>	<u>Supplies</u>	<u>Services</u>		(1)	(2)	(3)	A. At full cost <i>excluding</i> indirect costs attributable to group or central office expenses.	_____	_____	_____	B. At full cost <i>including</i> indirect costs attributable to group or central office expenses.	_____	_____	_____	C. At established catalog or market price or prices based on adequate competition.	_____	_____	_____	Y. Other (s) ¹	_____	_____	_____	Z. Inter-organizational transfers are not applicable.	_____ <u>XX</u> _____	_____ <u>XX</u> _____	_____ <u>XX</u> _____
	<u>Materials</u>	<u>Supplies</u>	<u>Services</u>																										
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2.1.0	<p>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives</p> <p>The University follows the general guidelines in sections D. and E. of OMB Circular A-21 in determining the treatment of costs as direct or indirect. Accordingly, costs that can be identified specifically with a particular sponsored project, instructional activity, or other institutional activity, or can be directly assigned to such activities relatively easily with a high degree of accuracy, are treated as direct costs. Conversely, costs incurred for common or joint objectives which cannot be identified readily and specifically and/or for which a reasonable method of allocation cannot be made within a particular sponsored project, instructional activity, or other institutional activity, are treated as indirect costs.</p> <p>The University also follows the guidelines in section F.6.b. of Circular A-21 which specifies the normal treatment of certain costs commonly incurred by academic departments and organized research units.</p> <p>Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or indirect costs.</p> <p>Within academic departments and organized research units, major cost categories are treated as follows:</p> <ul style="list-style-type: none"> • Salaries* and fringe benefits of faculty, research associates, research assistants, post-doctoral and pre-doctoral fellows, technicians, lab assistants, and students assigned to research projects, instructional activities and other direct cost objectives, are treated as direct costs. Qualified Tuition Reduction provided to graduate students for work on research projects and teaching activities is also treated as a direct cost. Salaries and fringe benefits of faculty and professional staff associated with administrative activities are treated as indirect costs, except as otherwise described. • The salaries of administrative and clerical staff are treated as indirect costs unless they constitute unlike circumstances. Direct charging of these costs may be appropriate where a major project or activity explicitly budgets for administrative and clerical services and individuals involved can be specifically identified with the project or activity. • The costs of laboratory supplies such as chemicals and glassware, instructional supplies, animals and other specialized services, travel, consulting services, long distance telephone toll charges, equipment and equipment repair and maintenance, and the other items enumerated in 2.2.0 and 2.7.0 identifiable to research, instruction, or other direct cost objectives are treated as direct costs. • Special repair and maintenance requests involving internal building operations and equipment which are identifiable to research projects, instructional activities or other direct cost objectives, are treated as direct costs based on a work order system Interdepartmental Request and Invoice (IRI). The direct charges are credited against the Operations and Maintenance indirect cost pool. <p>(*Note: As used in this document, the term "salaries" includes both salaries and wages)</p>	

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2.1.0	<p>Special repair and maintenance requests direct charged to research projects are allowed with approval of the granting agency. Requests are directed to Construction Services in the Facilities Operations department who log the work order, perform the repair or maintenance and invoice the research account with an IRI. Special repair and maintenance requests for research that are not approved by the granting agency are charged against the operations and maintenance indirect cost pool.</p> <p>Criteria for Determining How Costs are Charged to Federally Sponsored Agreements or Similar Cost Objectives (continued)</p> <ul style="list-style-type: none"> • The costs of office supplies, local (basic) telephone costs, postage, memberships, and subscriptions are treated as indirect costs, except when the University considers these costs "unlike circumstances" under CAS 502. • For off-campus projects, rent, utilities, office supplies and local basic telephone costs identifiable to research, instructional activities or other direct cost objectives are treated as direct costs. Off-campus facilities are defined in the University's indirect cost rate agreement. <p>Capital expenditures are recorded in specific capital fund accounts. When the building is ready to be occupied, the total cost of the project (building) is capitalized and set up in the property inventory system. Buildings that have federal funding are identified in the property system. The proportional share of depreciation for federally funded buildings is excluded when calculating the F&A rate.</p> <p>There are two methods of depreciation:</p> <ol style="list-style-type: none"> 1. The University uses the process of componentization for its research intensive buildings. There are as many as 15 components utilized (e.g. HVAC, electrical, roof) with each component having a defined useful life. The component values are identified, accumulated, and divided by each component's useful life to calculate the depreciation for the building. This total building depreciation is reported in the University's financial statements. 2. The remaining buildings are depreciated using a 50-year useful life straight-line depreciation methodology for original construction and a 20-year useful life for renovations to existing buildings. <p>As discussed above, the University's policies permit direct charging for administrative and clerical salaries, office supplies, local telephone costs, memberships and subscriptions only under exceptional circumstances (unlike circumstances), consistent with section F.6.b. and Exhibit C of OMB Circular A-21. In implementing these policies, the University relies on the judgment of principal investigators and other responsible officials to determine whether these circumstances exist for a particular project, and requires that proposed direct charges for these costs be fully justified to sponsoring agencies in grant applications and contract proposals. If the sponsoring agency accepts the cost as part of the direct project budget (i.e., does not specifically disapprove the item in the award or other notification to the University), then the University will consider the cost an appropriate direct cost of the project. In the few instances where the sponsoring agency does not agree that the purpose and circumstances of the project justifies direct charging the cost, the University will reevaluate the cost to determine whether it should be treated as direct or indirect in accordance with its policies. If this reevaluation concludes that the cost should be classified as a direct cost, the sponsoring agency will be requested to reconsider its</p>	

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2.2.0	<p>decision not to accept the cost as a direct charge to the project. If the reevaluation concludes that the cost does not meet the criteria for direct charging in the University's policies, it will be treated as an indirect cost. For programs that do not require submission of a budget to the sponsoring agency, direct charges for these costs must be supported by a written justification of exceptional circumstances. If a need for these costs arises after a project's budget has been approved, a re-budgeting action to permit direct charging of the costs to the project also requires a written justification of unlike circumstances.</p> <p>Costs that are normally indirect may be charged directly to non-federal sponsored agreements if permitted by the sponsor's polices and practices or otherwise approved by the sponsor.</p> <p>Costs that are contributed to sponsored agreements as cost sharing are identified and documented in accordance with the above guidelines. Cost share is recorded through the effort system for salaries and benefits. The effort system automatically updates University's accounting system through the cost share program when a WSU employee has cost share for a particular sponsored account. Non-salary related cost share such as cash and in-kind, are input through a manual system which also automatically updates the University's accounting system. The outcome of this activity results in the modified total direct cost base being increased. The cost share program tracks cost share to sponsored accounts and from the contributing account(s) (See BPPM section 40.36 (Rev 03/04) Cost Sharing Effort).</p> <p>Description of Direct Materials</p> <p>The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include, but are not limited to, chemicals, laboratory supplies, drugs, animals, books, uniforms, computer software and supplies, photographic supplies, tools, equipment fabrication and component costs.</p>	
2.3.2	<p>Inventory Valuation Method</p> <p>The Feed Plant uses the weighted average inventory method. When additional feed is purchased, the type of feed, weight, and cost are entered into an inventory computer program. The program then takes the remaining inventory from prior purchases, adds the new inventory and calculates the average cost per pound for the combined inventory.</p>	

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2.4.0	<p>Description of Direct Personal Services - The principal classes of personal services costs direct charged to federally sponsored agreements or similar cost objectives include faculty, professional staff, research associates and assistants, post-doctoral and pre-doctoral fellows, lab technicians, lab assistants, and other hourly personnel. The direct charges include salaries and fringe benefits (in the case of graduate students this fringe benefit includes qualified tuition reduction). Salaries and fringe benefits of administrative and clerical staff may be direct charged under the conditions described in section 2.1.0</p> <p>The Payroll Services Office has the responsibility for releasing the payroll for posting to accounting. This posting records the expense to the appropriate federal, nonfederal, state, or other account(s) as appropriate. The payroll cycle is repeated on a semi-monthly lagged basis and includes all employees.</p>	
2.5.0	<p>Method of Charging Direct Salaries and Wages The planned effort for charging faculty, professional staff, research associates and assistants, post-doctoral and pre-doctoral fellows, lab technicians, and lab assistants to federally sponsored agreements and similar cost objectives is accomplished by submitting a personnel, position, or expense assignment action form. Except for the Cooperative Extension Energy Office (CEEEO), the actual effort rendered for the above is certified by an after-the-fact effort certification system.</p> <p>Administrative/Professional and Classified Staff at the CEEEO, Olympia WA, submit a "daily activity report" documenting hours and effort rendered for each cost objective. Actual hours worked and effort rendered is used to develop a fringe benefit proposal for CEEEO.</p> <p>Student and non-student hourly employees are paid by submission of a "daily activity report" documenting hours and effort rendered for each cost objective.</p>	
2.5.1	<p>Salary and Wage Cost Distribution System</p> <p>Salary and Wage Costs including paid leave and fringe benefits for the University, except Administrative/Professional and Classified Staff at the CEEEO, Olympia WA, are directly charged to each cost objective as incurred.</p> <p>CEEEO salaries and wages including fringe benefits are direct charged to cost objectives, while paid leave and fringe benefits associated with paid leave are charged based on an annual fringe benefit rate proposal, developed for the CEEEO (See BPPM 40.34 (Rev 03/04) Effort Certification System Overview and BPPM 40.35 Effort Certification Report (Rev 03/04)). This fringe benefit rate is bi-annually reviewed and approved by DHHS.</p>	
2.5.2	<p>Salary And Wage Cost Accumulation System</p> <p>Responsible individuals determine and record the initial distribution of each employee's salary to each cost objective on the personnel, position, or expense assignment form based on an estimate of the employee's planned effort distribution. These approved personnel, position, or expense assignment action forms are used to determine the initial charges for salary costs to each cost objective. After-the-fact activity reports, as described in section J.10 of Circular A-21, are produced at the end of each effort reporting period and are verified by an individual with first hand knowledge of the effort rendered while then being returned to Sponsored Programs Services. Where the actual distribution differs from the planned effort distribution, adjustments are made to the cost objectives within the payroll and accounting system.</p>	

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2.6.0

The after-the-fact "effort certification" system identifies and records the salaries directly charged to sponsored agreements as well as the salaries contributed to sponsored agreements as cost sharing (See BPPM 40.34 (Rev 03/04) Effort Certification System Overview).

Description of Direct Fringe Benefits Costs

Except for the Cooperative Extension Energy Office (CEEEO), Fringe benefits attributable to direct salaries and wages are charged to federally sponsored agreements or similar cost objectives based on the product of the actual percent of effort for a particular cost objective, divided by the total effort, then multiplied by the actual benefit expense. All cost objectives support their proportional fringe benefit expense based on the percent of effort to the whole. See the following WSU Benefits web-site for policies related to eligibility for fringe benefits: <http://www.wsu.edu/benefits/empben/eligibilityRules.htm>

Social Security & Medicare, or Federal Medicare costs are incurred in accordance with the provision of the Federal Insurance Contribution Act.

Medical Aid/Worker's Compensation costs are incurred by and for all employees working at Washington State University. (Department of Labor & Industries; Revised Code of Washington Chapter 51)

Medical and Dental Insurance- (Revised Code of Washington Chapter 41.05 and Washington Administrative Code 182-12) (Basic Graduate Assistant medical coverage provided under RCW 28B.10.660)

Retirement Programs: The university offers two basic categories of retirement programs: defined contribution (TIAA/CREF) and defined benefit (state retirement programs) (Revised Code of Washington Chapter 28B.10 and Chapter 41)

Unemployment Insurance: Covered by the Washington State Employment Security Department

Paid absence benefits (annual leave, sick leave, holidays) are included in salaries and wages and are charged to sponsored projects and other cost objectives as part of the normal charge for salaries and wages.

Qualified Tuition Reduction: Graduate Research Assistants, on appointment with a minimum 25% effort, receive a tuition reduction as fringe benefit entitlement.

Cooperative Extension Energy Office (CEEEO): For CEEEO, the cost of paid leave and fringe benefits associated with paid leave are not included in the direct charges for salaries and wages but are included in a fringe benefit rate which is developed annually for the CEEEO. Charges for salaries and wages must exclude those paid to CEEEO employees for periods in which they are in paid leave status. This fringe benefit rate is bi-annually reviewed and approved by DHHS.

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2.6.1	<p>Method of Charging Direct Fringe Benefits</p> <p>Measured: The measuring instrument for each fringe benefit cost identified in Item No. 2.6.0 is actual costs incurred for the reporting period. A reporting period is determined by state law RCW 42.16.010; e.g., semi-monthly pay periods.</p> <p style="padding-left: 40px;"><u>Assigned:</u> The employee's assignment to both major and minor functions is in accordance with how the effort was both planned and expended.</p> <p style="padding-left: 40px;"><u>Allocated:</u> The allocation of the actual benefit expense to the employees actual assignment of effort occurs in the following manner: fringe benefit costs which are attributable to direct salaries and wages are charged to federally sponsored agreements or similar cost objectives based on the product of the actual percent of effort divided by the total effort, then multiplied by the actual benefit expense. All accounts support their proportional benefit expense based on the percent of effort to the whole.</p>	
2.7.0	<p>Description of Other Direct Costs</p> <p>The following types of costs may be directly charged to federally sponsored agreements:</p> <ul style="list-style-type: none"> a) Agreements for Personal Services and Consultants. b) Travel, domestic and foreign. c) Telecommunication, Computer and Long Distance Telephone Calls. d) Sub-grants, task-orders, subcontracts. e) Capital Equipment - scientific, technical, motor vehicles. f) Stipends, participant training costs. g) Lease/rental off-site facilities. h) Scientific journals and scientific publications. i) Services (e.g. Technical Services, Biomedical Communication) j) Materials and Supplies used in the project. <p>Personnel costs and fringe benefits costs are covered in other sections of this Disclosure Statement.</p> <p style="text-align: center;">End of Part II</p>	

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PART III - INDIRECT COSTS

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	<p>Instructions for Part III</p> <p>Institutions should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to federally sponsored agreements or similar final cost objectives. A continuation 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. Other Z. Category or Pool not applicable <p>¹ List on a continuation sheet, the category and sub-grouping(s) of expense involved and the allocation base(s) used.</p>

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3.1.0 **Indirect Cost Categories - Accumulation and Allocation.** This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable 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 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.")

Indirect Cost Category Allocation Sequence	Accumulation Method	Allocation Base Code	
(a) Depreciation/Use Allowances/Interest Building	YES (1)	L	1
Equipment	YES (1)	L	2
Capital Improvements to Land	NO	P	1
Interest 1	YES (1)	L	3
(b) Operations and Maintenance	YES	P	4
(c) General Administration and General Expense	YES	D	5
(d) Departmental Administration	YES	D	6
(e) Sponsored Projects Administration	YES	D	7
(f) Library	YES	P	8
(g) Student Administration and Services	NO	Z	NA
(h) Other	NA	NA	NA

1 Describe on a Continuation Sheet.

(1) Describe on Continuation Sheet

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3.2.0

Service Centers. Service centers are department or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in Section J of Circular A-21. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of services. Enter "Z" in Column 1, if not applicable)

	(1)	(2)	(3)	(4)	(5)	(6)
(A) SCIENTIFIC COMPUTER OPERATIONS	C	B	C	B	A	B
(B) BUSINESS DATA PROCESSING	C	B	C	B	A	B
(C) ANIMAL CARE FACILITIES	A	B	C	B	A	B
(D) OTHER SERVICE CENTERS						
CENTRAL STORES	A	B	C	A	A	B
MOTOR POOL	A	C	C	A	A	B
PUBLICATIONS & PRINTING	A	B	C	A	A	B
WA. ANIMAL DISEASE LAB	A	B	C	B	A	B
COMPUTING SERVICES	C	B	C	A	A	B
TELECOMMUNICATIONS	C	B	C	B	A	B
PHYSICAL PLANT	C	B	C	A	A	B
VET CLINIC SERVICES-LABS	A	B	C	B	A	B

Note: (D) includes 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.

(1) Category Code: Use Code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.

(2) Burden Code: "A"--center receives an allocation of all applicable indirect costs; CODE "B"--partial allocation of indirect costs; Code "C"--no allocation of indirect costs.

(3) Billing Rate Code: Code "A"--billing rates are based on historical costs; Code "B"--rates are based on projected costs; Code "C"--rates are based on a combination of historical and projected costs; Code "D"--billings are based on the actual costs of the billing period; Code "Y"—other (explain on a Continuation Sheet)

(4) User Charges Code: Code "A"--all users are charged at the same billing rate; Code "B"--some users are charged at different rates than other users (explain on a Continuation Sheet).

(5) Actual Costs vs. Revenue Code: Code "A"--billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B"--billings are compared to actual costs less frequently than annually.

(6) Variance Code: Code "A"--Annual variances between billed and actual costs are prorated to users (as credits or charges); Code "B"--variances are carried forward as adjustments to billing rate of future periods; Code "C"--annual variances are charged or credited to indirect costs; Code Y--(explain on a Continuation Sheet).

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3.3.0

Indirect Cost Pools and Allocation Bases

(Identify all of the indirect cost pools established for the accumulation of indirect costs, excluding recharge centers, and the allocation bases used to distributed 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 Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to federally sponsored agreements to similar cost objectives.)

Indirect Cost Pools

Allocation
Base Code

A. Instruction

On-Campus	D
Off-Campus	D
Other ¹	Z

B. Organized Research

On-Campus	D
Off-Campus	D
Other ¹	Z

C. Other Sponsored Activities

On-Campus	D
Off-Campus	D
Other ¹	Z

D. Other Institutional Activities ¹— Z _____

3.4.0

Composition of Indirect Cost Pools. (For each pool identified under Items 3.1.0 and 3.2.0 describe on a continuation sheet the major organizational components, sub-groupings of expenses, and elements of cost included.)

¹ Describe on a Continuation Sheet

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3.5.0 **Composition of Allocation Bases.** (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the make-up 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., subcontract costs over first \$25,000. Where applicable, explain if recharge centers are included or excluded. Specify the benefiting and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.

3.6.0 **Allocation of Indirect Cost to Programs That Pay Less Than Full Indirect Costs.** Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?

- A. X Yes
- B. No ¹

1/ Describe on a Continuation Sheet

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3.1.0	<p><u>Indirect Cost Categories-Accumulation and Allocation:</u></p> <p>The following subsidiary systems are used to feed and support data reported through our formal accounting system. WSU maintains a Land System to record the historical cost of land and improvements to land; a Facilities System to record the historical cost of buildings; and a Property Inventory System to record equipment and historical cost of equipment. Bond Interest is recorded by the issuing State agency.</p> <p>Building values are accumulated in a facilities system and reconciled and verified with the building funds on the accounting system. Depreciation is calculated and the resulting amounts are posted to the general ledger. A download of building values and depreciation are imported into the CRIS software and allocated to the building depreciation cost objective. Federally funded building amounts are identified and the federally funded depreciation is excluded from the cost pool.</p> <p>Equipment values are accumulated in a property inventory system and reconciled with the WSU accounting system. Depreciation of equipment is calculated and the resulting amounts are posted to the general ledger. A download of equipment values and depreciation are imported into the CRIS software and allocated to the equipment depreciation cost objective. Federally and privately funded equipment amounts are identified and the federally and privately funded depreciation is excluded from the cost pool.</p> <p>Capital improvements to land values are accumulated in an improvement inventory database and reconciled with the capital improvements to land funds on the WSU accounting system. Depreciation is calculated and the resulting amounts are posted to the general ledger. A download of capital improvement to land values and depreciation are imported into the CRIS software to the capital improvement to land values depreciation cost objective.</p> <p>The state of Washington issues bonds for buildings on behalf of the University. The interest on buildings is accumulated by building and downloaded into the CRIS software to the building interest cost objective.</p> <p>Operations and maintenance (O&M) uses square footage applied to the functional use of space as its allocation methodology. The O&M allocation methodology consists of all University buildings (e.g. Pullman, Urban campuses, Ag Research Centers).</p> <p>Library uses faculty FTE's student FTE's and other users as the allocation methodology.</p> <p>The University does not deviate from OMB circular A-21 in its F&A rate calculation.</p>	

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3.2.0 **SERVICE CENTERS** - departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in Section J of Circular A-21. (The codes identified in sections 1 through 5 below should be inserted in columns 1 through 5 next to the service centers listed below. Explain on a continuation sheet if any of the services are charged on a basis other than usage of the service.)

(1) Category Code: Use Code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.

(2) Burden Code: "A"--center receives an allocation of all applicable indirect costs; Code "B"--partial allocation of indirect costs; Code "C"--no allocation of indirect costs.

(3) Billing Rate Code: Code "A"--billing rates are based on historical costs; Code "B"--rates are based on projected costs; Code "C"--rates are based on a combination of historical and projected costs; Code "D"--billings are based on the actual costs of the billing period; Code "Y"--other(explain on a Continuation Sheet)

(4) User Charges Code: Code "A"--all users are charged at the same billing rate; Code "B"--some users are charged at different rates than other users (explain on a Continuation Sheet).

(5) Actual Costs vs. Revenues Code: Code "A"--billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B"--billings are compared to actual costs less frequently than annually.

(6) Variance Code: Code "A"--Annual variances between billed and actual costs are prorated to users (as credits or charges); Code "B"--variances are carried forward as adjustments to billing rate of future periods; Code "C"--annual variances are charged or credited to indirect costs; Code Y--(explain on a Continuation Sheet).

	(1)	(2)	(3)	(4)	(5)	(6)
(A) SCIENTIFIC COMPUTER OPERATIONS	C	B	C	B	A	B
(B) BUSINESS DATA PROCESSING	C	B	C	B	A	B
(C) ANIMAL CARE FACILITIES	A	B	C	B	A	B
(D) OTHER SERVICE CENTERS						
CENTRAL STORES	A	B	C	A	A	B
MOTOR POOL	A	C	C	A	A	B
PUBLICATIONS & PRINTING	A	B	C	A	A	B
WA. ANIMAL DISEASE LAB	A	B	C	B	A	B
COMPUTING SERVICES	C	B	C	A	A	B
TELECOMMUNICATIONS	C	B	C	B	A	B
PHYSICAL PLANT	C	B	C	A	A	B
VET CLINIC SERVICES-LABS	A	B	C	B	A	B

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3.2.0

SERVICE CENTERS - (Continued)

A. SERVICE CENTERS-GENERAL

A service center is defined as any university operation which charges for goods, services, and/or use of equipment. Services provided by a service center must promote the education, research, or public service mission of the university. The university does not intend service centers to compete with private business.

1. EXCLUSIONS TO SERVICE CENTERS

- a. Services to non-university entities provided on a contractual basis.
- b. Sale of surplus equipment to other university departments.
- c. Instruction in regular, extension, evening, or continuing educational programs.
- d. Meals and lodging in university residence halls.
- e. Admittance to athletic events.
- f. Events put on by university groups to raise funds or to seek donations for university purposes.

2. COSTS INCLUDED IN SERVICE CENTER BUDGET

All direct costs associated with providing the services of the Service Center which include but are not limited to: salaries and wages, fringe benefits, equipment use, travel, supplies and materials, computing services, telephone, and maintenance fees.

3. DETERMINATION OF COSTS - GENERAL

Service centers develop their costs based on actual costs for supplies, materials, equipment, and other fixed costs. Estimates for salaries and wages based on actual salaries associated with the service center are projected for determining the rate for the year the rate is in effect. Estimates for billable units is based on historical use plus/minus variances anticipated during the year the rate is approved to be used. Rates are billed at an hourly or by piece rate.

4. UNIFORMITY OF USER CHARGES

All users are assessed costs based on a pre-determined set of rates for services. All users costs and units are included in the billing rates. Service centers can charge different rates to external users above what internal users are charged. External users are typically the public and private businesses. The federal government is charged internally through grants and contracts, so are not considered external and thus are charged the same rates as other internal users.

5. ANNUAL COMPARISON OF ACTUAL COSTS VS. REVENUE

An annual comparison is made of actual costs vs. actual revenue and adjustments are made to the rates based on this comparison. Service center rates must be approved by the central administration yearly.

6. FREQUENCY OF BILLING

Service centers bill their customers as services are provided via the on-line billing system. These charges should be processed within the month of their activity. Service centers may also use the

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3.2.0

SERVICE CENTERS - (Continued)

B. SIGNIFICANT SERVICE CENTERS CHARGING FEDERALLY SPONSORED GRANTS

Below is a listing of significant service centers that charge federally sponsored grants.

1. CENTRAL STORES

Central Store's function is to provide commonly used items and services at competitively low prices in support of the missions of the university. Central stores purchases commonly used items in quantity and passes along the savings to university departments.

COSTS INCLUDED IN SERVICE CENTER

The primary goal in setting rates for items purchased at central stores is to generate enough revenue to produce a gross margin total large enough to offset all direct expenses for each fiscal year. Direct expenses include: salaries, wages, goods and services, travel, computing services, computing equipment, benefits, and telephone services.

RATE DETERMINATION

Central Stores sets a markup objective that will achieve the total gross margin objective, then balance the markup for each category to match the overall goal. Markup percentages vary from item to item depending on low activity, price sensitive categories, multiple sales units, and special orders.

2. MOTOR POOL

The Motor Pool provides vehicles to authorized WSU faculty, staff, and students who travel on WSU business. Both daily and long term rates apply.

COSTS INCLUDED IN SERVICE CENTER

Direct costs included in the Motor Pool rates are: salaries, wages, goods and services, travel, equipment, benefits, debt service, and telephone.

RATE DETERMINATION

The purpose in rate determination is to be competitive with off-campus rental firms and to provide a service to the university community at a lower rate. Working from the estimated total expenditures for a fiscal year, individual rates are calculated per vehicle class to generate enough revenue to cover the anticipated costs.

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3.2.0	<p><u>SERVICE CENTERS - (Continued)</u></p> <p><u>3. PUBLICATIONS & PRINTING</u></p> <p>Publications & printing provides services to university departments for printing, photocopying, typesetting, assembly, and binding of printed materials and forms.</p> <p><u>COSTS INCLUDED IN SERVICE CENTER</u></p> <p>The costs for this service center are broken down by type of equipment used to perform the services. Each machine has its own rate and includes the following direct costs: salaries, fringe benefits, supplies, materials, and equipment maintenance / parts.</p> <p><u>RATE DETERMINATION</u></p> <p>Estimated salaries, fringe benefits, supplies and materials, and equipment based on historical costs and projected costs are used to derive the direct costs for each type of machine used in the service center.</p> <p><u>4. WASHINGTON ANIMAL DISEASE DIAGNOSTIC LAB-(WADDL)</u></p> <p>The Washington State Animal Disease Diagnostic Lab was created and funded by a legislative mandate in 1974. The laboratory functions solely on appropriated state dollars and monies generated by user's fees. Users are primarily Washington State agencies and veterinarians, but can also be federal agencies, other state agencies, and private enterprises. The lab is partially funded by the state to provide services for diagnostic investigation of disease outbreak as well as laboratory collaboration and instruction.</p> <p><u>COSTS INCLUDED IN SERVICE CENTER</u></p> <p>The rates are established based on the supplies, materials and services needed to perform the various diagnostic tests provided by the service center. A portion of the cost of services is subsidized by the State, thus, this portion is not included in the test rate calculation. The rates are kept competitive with the limited number of other labs across the United States.</p> <p><u>RATE DETERMINATION</u></p> <p>The rates are determined for each diagnostic test based on historical and projected costs of salaries, benefits, supplies, materials and services for each test. This is the published rate that is charged to users for testing procedures. A surcharge of 50% is assessed to all out-of-state or external users. Fees for requests from external users are billed at full cost recovery. Research requests from Washington State University Principal Investigators, diagnostic investigations and teaching projects are billed at less than full cost recovery. Approximately 67% of the salaries and benefits associated with the subsidized rate are covered by the State.</p>	

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3.2.0	<p><u>SERVICE CENTERS - (Continued)</u></p> <p><u>5. COMPUTING SERVICES</u></p> <p>Computing services are provided by the Information Technology Department, Washington State University. This department provides a variety of services and support to the university community including customer services, instructional support, communications, computing services, learning systems, production support, and maintenance and repair.</p> <p><u>COSTS INCLUDED IN SERVICE CENTER</u></p> <p>Costs included in this service center include direct costs for salaries, wages, fringe benefits, travel, goods and services, equipment, telephone, and all other costs associated with providing the services of the center.</p> <p><u>RATE DETERMINATION</u></p> <p>Computing services sets a markup objective that will achieve the total gross margin objective of revenues covering expenses for a fiscal year. All users are charged the same rate and rates are set for each service provided by covering the costs associated with that service and taking into account what the market will bear for that service. Markup percentages vary from service to service.</p> <p><u>6. TELECOMMUNICATIONS</u></p> <p>Telecommunications provides a variety of services that includes telephone service to the students, and to the university business community.</p> <p><u>COSTS INCLUDED IN SERVICE CENTER</u></p> <p>The primary goal in setting rates for services provided by telecommunications is to generate enough revenue to offset the direct costs for each fiscal year. Direct expenses include: salaries, wages, goods and services, travel, equipment, benefits, telephone, and all other direct costs associated with providing telecommunication Services.</p> <p><u>RATE DETERMINATION</u></p> <p>Telecommunications has two separate customer bases. They are separated as either student residential or business, which includes anyone that is not student related. The rates are slightly different for the two customer bases. The criteria used in setting the rates is a relationship between what telecommunications is charged by the vendor company and what telecommunications charges its users. Also, the rates are set to be competitive with other sellers of the same services. Telecommunications sets a markup that will achieve the total revenue figure needed to cover all costs during the fiscal year. The charges on federal grants are for long-distance dialing and if approved for given grants, monthly per line charges.</p>	

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3.2.0	<p><u>SERVICE CENTERS</u> - (Continued)</p> <p><u>7. PHYSICAL PLANT CONSTRUCTION</u></p> <p>Physical plant operates a construction service center to support minor capital improvements, renewal projects, and other minor construction needs of the university community.</p> <p><u>COSTS INCLUDED IN SERVICE CENTER</u></p> <p>Direct costs included in this service center include salaries, fringe benefits, supplies and materials.</p> <p><u>RATE DETERMINATION</u></p> <p>Supplies and materials for minor construction are charged at cost. The per unit labor rate has labor classifications and is calculated as follows:</p> <p>Base Rate = Average Classification of Salary and Benefits / Monthly Productive Hours.</p>	

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3.3.0	<p><u>Other Institutional Activities:</u></p> <p>OIA contains an unallowable cost group associated with federal projects. This account is accumulated during the determination of the Modified Total Direct Cost analysis. Costs include Litigation expenses; alumni expenses; President and Provost travel; President's house maintenance; scholarships and fellowships; University relations; University development costs; museum costs; van pool costs; and accrued expenses.</p>	
3.4.0	<p><u>Composition of Indirect Cost Pools</u></p> <p>a) -1 Building Depreciation Cost Pool: This section includes the supporting information for the allocation of building charges. Building depreciation is composed of depreciation expense for all University owned buildings. The depreciation expense is allocated to direct cost pools based on a space utilization study categorized as instruction, departmental research, organized research, other sponsored activity, department administration, operation and maintenance, and other institutional activity. Federally funded depreciation is excluded from the calculation.</p>	

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3.4.0	<p><u>Composition of Indirect Cost Pools (Continued)</u></p> <p>a.)- 2 Equipment This section includes the supporting information for the allocation of equipment charges. Equipment depreciation is composed of depreciation expense for all University wide equipment. Equipment is assigned to a room and building, and the depreciation expense for the piece of equipment is allocated to the direct cost pools based on the functional use of that room. Federally and privately funded equipment is excluded from the calculation.</p> <p>a.)- 3 Interest: This section includes the supporting information for the allocation of interest expense. The State of Washington issues bonds on behalf of the University to assist in funding the construction of buildings. Bond interest is allocated based on the functional use of buildings.</p>

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Composition of Indirect Cost Pools (Continued)

b) Operations and Maintenance Cost Pool: This section includes the supporting information for the expense and allocation of the operations and maintenance (O&M) cost pools. Operations and maintenance is accumulated in its own program code, so is easily identified. Expenses are mapped to the indirect cost pools identified on page III-6 by Urban campus code, department code or account number. Operations and maintenance (O&M) uses square footage applied to the functional use of space as its allocation methodology.

Department paid operations and maintenance are identified by each account's object sub-object code and allocated to the department assigned to the account. Only University paid costs are included in this cost group.

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3.4.0

Composition of Indirect Cost Pools (Continued)

c.) General and Administration: This section includes the supporting information for the allocation of the general and administration (G&A) cost pool. General administration is accumulated primarily in one program code. The departments identified in this cost group are comprised of, but not limited to, payroll, accounts payable, human resource services, budget office, graduate school, and general accounting. All unallowable expense items and functions as defined in A-21 were removed from the G&A pool.

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3.4.0 **Composition of Indirect Cost Pools (Continued)**

d) Departmental Administration: This section includes the supporting information for the allocation of the Departmental Administration (DA) cost pool group. Departmental administration is accumulated in several program codes as well as the direct cost pools of instruction, research, other sponsored activity and other institutional activities. Unallowable expense items and functions as defined in A-21 were removed from the DA pool.

Description of Direct Charge Equivalent Methodology

A formula driven methodology was used to calculate Departmental Administration. Rather than calculate DA costs for each academic department using effort reports, the calculation is fully automated and formula driven. A unique DA cost pool is established for each academic department. Within each of these cost pools, five separate components are calculated:

- 1) 100 % Administrative salaries and wages
- 2) DCE General Support salaries and wages
- 3) 3.6% Faculty and Professional salaries and wages
- 4) Pro-rated share of employee benefits
- 5) Pro-rated charge of other general expenditures.

Administrative and General Support Salaries and Wages

The first two components, Administrative and General Support salaries and wages were determined through a review of the institution's payroll system. Job positions for each academic department that are defined as pure administrative (e.g. business managers, accountants, etc.) and have been charged to the general operating accounts of the department are categorized as 100 percent departmental administration. Those pure administrative positions, which are charged directly to a sponsored agreement, are treated as faculty and professional and are not included in the DA pool.

Job positions per each academic department which are defined as General Support (e.g. secretaries, laboratory aides, student help, etc.) and Faculty and Professional (e.g. professors, departmental chairmen, laboratory directors, scientists, graduate and research assistants, etc.), and have been direct charged to sponsored agreements, are used to calculate a direct charge equivalent (DCE).

The DCE ratio is defined as General Support salaries and wages charged to sponsored agreements, divided by Faculty and Professional salaries and wages charged to sponsored agreements. The DCE ratio is computed on a department basis.

The DCE ratio is then compared against the actual General Support salaries and wages and the actual Faculty and Professional salaries and wages (less the 3.6 percent Faculty Administrative Allowance) which have been charged to each department's general operating account.

When the DCE ratio is less than the ratio calculated for the general operating account for a given department, an excess or residual of General Support salaries and wages exists within the general operating account. This excess is treated as pure Departmental Administration and is transferred to the DA cost pool. When the DCE ratio is greater than the ratio calculated for the general operating account, no excess General Support salaries and wages exists and no transfer is made to the DA cost pool.

The important assumption underlying this methodology is that the General Support salaries which support the Faculty and Professional salaries within the general operating account be in the same proportion

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3.4.0	<p><u>Composition of Indirect Cost Pools (Continued)</u></p> <p>d) Departmental Administration(Cont):</p> <p style="text-align: center;">Faculty and Professional Salaries and Wages</p> <p>The next component, Faculty and Professional (F&P) salaries and wages is determined by taking the modified total direct costs (MTDC), less the Administrative salaries and wages, General Support salaries and wages, and all other DA items, and multiplying the result by the 3.6 percent Faculty Administrative Allowance (FAA). The salary and wage portion of F&P is then calculated by dividing the FAA by one plus the academic employee benefit rate. The resulting amount of Faculty and Professional salaries and wages is then transferred from the general operating account to the DA cost pool.</p> <p style="text-align: center;">Employee Benefits and Other General Expenditures</p> <p>The final two components, Employees Benefits and Other General Expenditures are determined by taking a prorated share of each. Benefits are determined by applying an average of the actual department benefit rate to salaries that were reclassified to the DA pool. Other General Expenditures are determined by dividing DA salaries by non-sponsored salaries, and then applying this ratio to non-sponsored other general expenditures. These calculations are also done on a department-by-department basis.</p> <p style="text-align: center;">State Appropriated Funds</p> <p>The State legislature appropriates funds each year to Washington State University for the purpose of funding program costs associated with research (e.g. Wine and Grape Research, Pesticide Research, Ag Research Center, Advanced Technology Initiative) and the related administrative support costs.</p>

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Composition of Indirect Cost Pools (Continued)

e) Sponsored Projects Administration: This section includes the supporting information for the allocation of the Sponsored Projects Administration (SPA) cost pool. Sponsored projects administration is identified by the pre-award grants and contracts department and the post-award grants and contracts department and assigned to this cost group. The SPA pool includes costs that support sponsored programs at Washington State University.

f) Library: This section includes the supporting information for the allocation of the library cost pool. Library costs are accumulated in its own program code so are easily identified. Costs are allocated based on faculty FTE and student FTE and other users.

g) Student Services Administration: This section includes the supporting information for the allocation of the student services administration (SSA) cost pool. Student services administration is accumulated in its own program code. All of the costs are an indirect component of instruction. All unallowable expense items were removed from SSA, however none of the allowable costs that remained were allocated to organized research.

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3.5.0	<p>Composition of Allocation Bases</p> <p>Enclosed in the F & A rate proposal are schedules which support the composition of allocation bases used to establish the F & A rate. The rate schedules are based on the actual costs reported in the audited financial statements for the fiscal year used in the base. The format of the schedules is based upon the Documentation Requirements for OMB Circular A-21 Long Form – Indirect Cost Proposals as established by the West Coast Region Field Office.</p> <p>Allocation bases for Instruction: MTDC for instruction (direct charged instructional expenditures) are used for general administration, departmental administration, student services administration and all facilities components.</p> <p>Allocation bases for Research: on and off campus MTDC for research (sponsored and university expenditures) are used for general administration and department administration; on and off campus MTDC of sponsored research accounts are used for sponsored projects administration; on campus MTDC for research are used for all facilities components.</p> <p>Allocation bases for Other Sponsored Activity: on and off campus MTDC for all other sponsored activity (non-research sponsored expenditures) are used for general administration and department administration; on and off campus MTDC of other sponsored activity accounts are used for sponsored projects administration; on campus MTDC for other sponsored activity are used for all facilities components. The rate schedules for Instruction, Organized Research and Other Sponsored Activities can be found in Section A of the F & A proposal. Each rate schedule has been subdivided by the Administrative and Facilities components in recognition of the 26-point administrative cap.</p> <p>The Reconciliation Schedules in Section B of the F & A proposal document the flow of costs through the rate calculation. The reconciliation of costs used in the F & A proposal for the base year audited financial statements is included in schedule B-1.</p> <p>Indirect pools and direct bases were developed in accordance with guidelines from OMB Circular A-21. All accounts were reviewed so that each account could be assigned to the correct pool or base.</p> <p>All unallowable expense items (e.g. flowers, entertainment) were reclassified into a separate Other Institutional Activity direct base and were allocated their share of overhead. In addition, all unallowable departments (e.g. University Relations, Development) were also reclassified into the separate Other Institutional Activity direct base and were allocated their share of overhead.</p> <p>Building Depreciation, Interest, and Operations and Maintenance related costs are allocated to cost pools based upon the functional use (e.g. instruction, organized research, etc.) of space. In order to make these allocations, university personnel conduct a space survey to reflect A-21 functional use of space.</p> <p>Salaries and Wages consist of all salaries and wages associated with a given function extracted from the general ledger system.</p> <p>Faculty Full-time Equivalent: The number of faculty FTE 's is calculated as the number of full time faculty plus the proportional share of part-time faculty and the equivalent proportional share of full time salary of adjunct appointments.</p> <p>Student Full-time Equivalent: Undergraduate students have an FTE of 1 if they have completed a full - time course of academic credits, i.e. 32 credit hours. Part -time students are rated in their proportionate share. Graduate FTE' s are computed upon a 24 credit hour standard.</p>
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**PART - IV DEPRECIATION AND USE
ALLOWANCE**

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4.1.0 Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining the useful life; a code from A through C in Column (3) describing how depreciation methods of use or allowance 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.)

Residual Value	Depreciation Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)
<u>Asset Category</u>				
(a) Land Improvements	A	C	A	B
(b) Buildings	A	C	A	B
(c) Building Improvements	A	C	A	B
(d) Leasehold Improvements	A	B	A	B
(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 to enumerate on a continuation sheet each such category and the applicable codes. (Otherwise enter Code Z).	Z			

Column (1) -Depreciation Method Code
A. Straight Line
B. Expensed at Acquisition
C. Use Allowance
Y. Other or more than one method 1

Column (2)-Useful Life Code
A. Replacement Experience
B. Term of Lease
C. Estimated Service Life
D. As prescribed for use allowance by Office of Management and Budget Circular No A-21
Y. Other or more than one method 1

Column (3) - Property Unit Code
A. Individual units are accounted for separately
B. Applied to groups of assets with similar service lives
C. Applied to groups of assets with varying service lives
Y. Other or more than one method 1

Column (4) - Residual Value Code
A. Residual value is deducted
B. Residual value is not deducted
Y. Other or more than one method 1

1 Describe on a Continuation Sheet

4.1.0 **Asset Valuations and Useful Lives.** Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's financial statements? (Mark one.)

- A. Yes
B. No¹

4.2.0 **Fully Depreciated Assets.** Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)

- A. Yes
B. No

4.3.0 **Treatment of Gains and Losses on Disposition of Depreciable Property.** Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)

- A. Excluded from determination of sponsored agreement costs
B. Credited or charged currently to the same pools to which the depreciation of the assets was originally charged.
C. Taken into consideration in the depreciation cost basis of the new items, where the trade-in is involved.
D. Not accounted for separately, but reflected in the depreciation reserve account
Y. Other(s)¹
Z. Not Applicable

4.4.0 **Criteria for Capitalization** (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or sub-category of assets involved which differs from those for the majority of assets.)

- A. Minimum Dollar Amount **\$5,000.00**
B. Minimum Life Years **1**

4.5.0 **Group or Mass Purchase.** Are group or mass purchases (initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one)

- A. Yes¹
B. No

¹ Describe on a Continuation Sheet.

CONTINUATION SHEET

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4.4.0

CRITERIA FOR CAPITALIZATION -

Equipment items purchased with a unit cost of \$5,000.00 or more and a useful life of more than one year are to be capitalized.

All weapons, firearms, and signal guns, laptop computers and titled property (Trailers, etc.) are inventoried regardless of cost.

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PAR V – OTHER COSTS AND CREDITS

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PART V

5.1.0

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

- A. Cash
- B. Accrual ¹

5.2.0

Applicable Credits. This item is directed at the treatment of “applicable credits” as defined in Section C of OMB Circular A-21 and other incidental reports (e.g. purchase discounts, insurance refunds, library fees and fines, parking fees, etc.) (Indicate how the principle types of credits and incidental receipts the institution receives are usually handled.)

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

¹ Describe on a continuation sheet

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Item description

Instructions for Part VI

This part covers the measurement and assignment of costs for employee pensions, post retirement benefits other than pensions (including post retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the government unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page (I), General Instructions)

6.1.0 **Pension Plans**

6.1.1 **Defined-Contribution Pension Plans.** Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark the applicable line(s) and enter number of plans.)

Type of Plan

Number of Plans

A. _____ Institution employees participate in State/Local Government Retirement Plan(s) _____

B. 403 (b) Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution _____ 1 _____

C. _____ Institution has its own Defined-Contribution Plan(s)¹ _____

6.1.2 **Defined-Benefit Pension Plan.** (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actual assumptions and computations, the amortization periods for prior service costs, the amortization periods for actual gains and losses, and the funding policy.)

WASHINGTON DEPARTMENT OF RETIREMENT SYSTEM PLANS (a State pension plan) provide the Defined Benefit Plans for the University. Public Employee Retirement System (PERS 1, PERS 2, PERS 3).

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**

NAME OF REPORTING UNIT

WASHINGTON STATE UNIVERSITY

Item No.

Item description

6.2.0 **Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).** (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)

Z. Not Applicable

6.2.1 **Determination of Annual PRB Costs.** (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)

6.3.0 **Self Insurance Programs (Employee Group Insurance).**Cost of the self -insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)

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

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

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

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

¹ Describe on a Continuation Sheet

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

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NAME OF REPORTING UNIT

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

- A. When losses are incurred (no provision for reserves)
- B. When provisions for reserves are recorded based on replacement costs
- C. When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructible.
- D. Losses are charged to fund balance with no charge to contracts and grants (no provisions for reserves)
- Y. Other or more than one method ¹
- Z. Not Applicable

^{1/} Describe on a Continuation Sheet

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT		PART VII - CENTRAL SYSTEM OR GROUP EXPENSES	
REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		NAME OF REPORTING UNIT WASHINGTON STATE UNIVERSITY	
Item No.	Item description		
	DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE		
	Instructions for Part VII This part should be completed only by the central system office or a group office of an educational system when that office is responsible for administrating two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement. The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover all of the subordinate organizations administered by that group office.		
7.1.0	<u>Organizational Structure</u> On a continuation sheet list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.		
7.2.0	<u>Cost Accumulation and Allocation</u> On a continuation sheet, please provide a brief description of: <ul style="list-style-type: none"> A. The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief. B. How the costs of the services are identified and accumulated. C. The basis used to allocate the accumulated costs to the benefiting segments. D. Any costs that are transferred from a segment to the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state. E. Any fixed management fees that are charged to a segment(s) in lieu of a pro rata or allocation basis and the basis of such charges. If none, so state. 		