



DEPARTMENT OF HEALTH & HUMAN SERVICES

Program Support Center
Financial Management Service
Division of Cost Allocation

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May 11, 2009

Ms. Karen S. Steele
Associate Director of Business Affairs
Oregon State University
P.O. Box 1086
Corvallis, OR 97339-1086

Dear Ms. Steele:

This is in response to your recent transmission of revision #5 to Oregon State University's approved Disclosure Statement (CASB Form DS-2). We have reviewed the changes and compared them to the approved DS-2. Based on our review, we have determined that the University's Disclosure Statement continues to adequately disclose the cost accounting practices required to be disclosed by CASB's rules, regulations, and standards, and that those practices are compliant with applicable Federal cost accounting principles.

Should you have any questions, please contact Jay Mervis of my staff on (202) 260-2381.

Sincerely,

A handwritten signature in black ink that reads "Darryl W. Mayes".

Darryl W. Mayes
National Director
Division of Cost Allocation

OREGON STATE UNIVERSITY

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT

(CASB DS-2)



REVISION NUMBER 5

EFFECTIVE DATE JULY 1, 2008

Oregon State University

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EFFECTIVE DATE JULY 1, 2008

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

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

0.1 EDUCATIONAL INSTITUTION

- (a) Name Oregon State University
(b) Street Address 15th & Jefferson Streets
(c) City, State and ZIP Code Corvallis, OR 97331
(d) Division or Campus of N/A

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 Karen S. Steele
Associate Director, Office of Business Affairs
(b) Phone Number (include area code and extension) (541) 737-2294

0.4 STATEMENT TYPE AND EFFECTIVE DATE:

Revised

- A. (Mark type of submission. If a revision, enter number)
(a) Original Statement
(b) Amended Statement; Revision No. 5
B. Effective Date of this Statement: (Specify) July 1, 2008

0.5 STATEMENT SUBMITTED TO (Provide office name, location and telephone number, include area code and extension):

- A. Cognizant Federal Agency: Department of Health and Human Services
Division of Cost Allocation
Cohen Building - Room 1067
330 Independence Ave., S.W.
Washington, D.C. 20201
(202) 401-2808
- B. Cognizant Federal Auditor: Department of Health and Human Services
Office of Inspector General
Office of Audit Services
1055 Corporate Center Drive, Suite 110
Monterey Park, CA 91754
(323) 261-7218
- C. Western Region Office: DHHS Division of Cost Allocation
DCA Western Field Office
90 Seventh Street
Federal Building, Suite 4-600
San Francisco, CA 94103
(415) 437-8500

CERTIFICATION

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

Date of Certification: March 2, 2009

(Signature)

Mark E. McCambridge

(Print or Type Name)

Vice President for Finance and Administration
Oregon State University

(Title)

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

Oregon State University

Part I

ITEM NUMBER	ITEM DESCRIPTION	Revision Number 5 Effective Date July 1, 2008
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1.1.0 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.)

- A. Accrual
- B. Modified Accrual Basis 1/
- C. Cash Basis
- Y. Other 1/

1.2.0 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.)

- 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. Combination of A and B

1.3.0 Unallowable Costs. Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)

- A. Specifically identified and recorded separately in the formal financial accounting records. 1/
- B. Identified in separately maintained accounting records or workpapers. 1/
- C. Identifiable through use of less formal accounting techniques that permit audit verification. 1/
- D. Combination of A, B or C 1/
- E. Determinable by other means. 1/
1/ Describe on a Continuation Sheet.

Oregon State University

ITEM NUMBER	ITEM DESCRIPTION	Revision Number 5 Effective Date July 1, 2008
1.3.1	Treatment of Unallowable Costs. (Explain on a continuation sheet how unallowable costs and directly associated costs are treated in each allocation base and indirect expense pool, e.g., when allocating costs to a major function or activity; when determining indirect cost rates; or, when a central office or group office allocates costs to a segment.)	
1.4.0	<u>Cost Accounting Period:</u> <u>7/1 to 6/30</u> (Specify the twelve month period used for the accumulation and reporting of costs under Federally sponsored agreements, e.g., 7/1 to 6/30. If the cost accounting period is other than the Institution's fiscal year used for financial accounting and reporting purposes, explain circumstances on a continuation sheet.)	
1.5.0	<u>State Laws or Regulations.</u> Identify on a continuation sheet any State laws or regulations which influence the institution's cost accounting practices, e.g., State administered pension plans, and any applicable statutory limitations or special agreements on allowance of costs.	

1/ Describe on a Continuation Sheet.

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1.1.0
 Revised

Description of Your Cost Accounting System

The Oregon State University (OSU) cost accounting system is maintained within the financial accounting system, Banner Finance, also known as the Financial Information System (FIS), which operates on a modified accrual basis. The financial records of the University are maintained in accordance with generally accepted accounting principles (GAAP) as prescribed by Financial Accounting Standards Board (FASB), the American Institute of Certified Public Accountants (AICPA) in *“Audits of Colleges and Universities”*, applicable pronouncements of the Governmental Accounting Standards Board (GASB), and the National Association of College and University Business Officers (NACUBO). These standards require that financial transactions be recorded within separate funds and that similar funds be categorized into fund groups for purposes of accounting and financial reporting.

The OSU policies and procedures manuals can be found at <http://oregonstate.edu/dept/budgets/app/webapp.htm>. As a member institution, OSU also follows Oregon University System (OUS) policies found at <http://www.ous.edu/cont-div/fpm/>.

Throughout most of the fiscal year, income and expenses are recorded on a cash basis. Under FIS, items entered into the disbursement system are recognized as expense when entered rather than when the disbursement is made. At year end however, OSU account balances are adjusted to the accrual basis and consolidated with the other institutions of the Oregon University System (OUS), formerly the Oregon State System of Higher Education (OSSHE), for the purpose of presenting annual financial statements. Account codes are established, defined, and maintained by OUS (see Part II, Item 2.2.0). The financial statements are prepared on the accrual basis with the following exceptions:

- Interest income is not recorded until received in the Loan Funds. Most outstanding loans don’t accrue interest until after the student leaves school.
- Current Restricted Fund revenues are recognized only to the extent expended; advances received are reclassified to deferred income at year end.
- Pledges are not recorded as revenue or receivables. There are no known material pledges receivable.

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1.2.0 Integration of Cost Accounting with Financial Accounting

- A. Integrated with financial accounting records.
 The financial accounting system (FIS) accumulates costs according to funding source, organization function, program purpose, and account code categories. Sponsored program costs are recorded directly against individual awards, each represented by an individual fund. This includes costs such as payroll, materials, and services. All direct cost categories are recorded and accumulated in FIS. All indirect costs, except interest on bonds and other debt service, are recorded and accumulated in FIS.

- B. Not integrated in financial accounting records. Interest on bonds and other debt service is recorded at the OUS System Chancellor’s Office. See section 3.1.0.

1.3.0 Unallowable Costs

- A. Specifically Identified and Recorded Separately in the Formal Financial Accounting Records.

Expressly unallowable costs as defined by OMB Circular A-21, Section J, are identified and accumulated in the formal accounting records of the University using designated fund, organization, program, or account codes, or a combination thereof.

The Grant, Contract, & Gift Accounting Manual, Sections 204 and 205, identify expenditure types that are allowable or unallowable as a direct cost.

Costs which are generally allowable may be unallowable as a direct cost on sponsored awards, due to formal cost sharing agreements with a sponsoring agency. Committed cost sharing expenses and cost overruns are charged to separate Funds established in the University’s accounting system, in accordance with the Cost Sharing and Cost Overruns policies. The Cost Overrun Policy, issued August 26, 1996 and revised August 8, 2003 (Grant, Contract, and Gift

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Accounting Manual, section 209-03) treats those costs which are over and above the authorized expenditure limitation (budget) of a sponsored agreement—and thus not reimbursable by the sponsor—as cost sharing.

The Cost Sharing Policy, effective July 1995 (Grant, Contract & Gift Accounting Manual, section 212) requires that appropriate cost sharing funds be established to record cost sharing when a sponsored agreement is received that has cost sharing indicated—either in the agreement itself or in the proposal which becomes a part of the agreement; all cost sharing expenses for the sponsored agreement are recorded in the unrestricted cost share fund. Treatment of cost sharing is described in Part I, Item 1.3.1.

Direct costs allowable under OMB Circular A-21, but which will not be funded due to the specific terms of a sponsored agreement, are treated as cost share and funded from unrestricted University sources.

B. Identified in Separately Maintained Accounting Records or Workpapers.

OMB Circular A-21, Section J, identifies specific activities that are unallowable and which must be excluded during the preparation of the University's Facilities and Administrative rate proposal. Many of these activities are necessary for the operation of an educational institution and are supported by the University's operations and recognized in the accounting records. These types of unallowable activities, such as university marketing costs, are excluded in their entirety by classifying them with the other unallowable expenses in Other Institutional Activities. These adjustments are made as part of the indirect cost rate study. Appropriate accounting records and supporting documents are maintained for audit and review purposes.

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C. Use of Less Formal Accounting Techniques

During the preparation of OSU’s indirect cost proposal, the formal accounting records are further reviewed to ensure that all unallowable costs have been properly identified and excluded.

1.3.1 **Treatment of Unallowable Costs**

Cost Pools.

Unallowable costs are identified as described in Part I, Item 1.3.0 (see listing of Unallowable Account Codes under FIS) and, as required, reclassified from the functional activity classification used in the financial statements to “Other Institutional Activities,” a direct cost objective identified in A-21. The costs of unallowable activities are not charged to any sponsored agreement as either a direct or indirect cost. Unallowable expenses of allowable indirect activities are excluded from indirect cost pools. Unallowable costs (including directly associated costs) are removed from the indirect cost pools prior to the allocation to benefiting functions as discussed in Part I, Item 1.3.0.

The limitation on administrative cost reimbursement described in OMB Circular A-21, Section G.7.a. does not affect the allocation of administrative costs in the University’s cost accounting system; however, it does affect the indirect cost reimbursement rates applied to sponsored agreements.

Allocation Bases.

Costs which are normally included in an indirect allocation base (as described in Part III, Item 3.5.0) will remain in that base for rate calculations and allocations, without regard to their allowability on sponsored agreements. This includes research expenses incurred under cost sharing agreements, and cost overruns which are treated as cost sharing; such costs are treated as university research and are, therefore, included in the Organized Research MTDC base.

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1.5.0 State Laws or Regulations

State of Oregon Revised Statutes and Administrative Rules place restrictions on the use of State funds and also establish financial reporting requirements for various funds. The OUS Fiscal Policy Manual is found at <http://www.ous.edu/cont-div/fpm/>. Other areas of State regulations which influence OSU's cost accounting practices include:

- The State mandates the fiscal year used by the University.
- Public Employees Retirement System (PERS) contribution/benefits expense to retirees is mandated by the State of Oregon. The State also authorizes OUS to offer a defined contribution retirement plan as an alternative to PERS. Additional plans affect other employees. (See Part VI, Item 6.1.0 which describes the University's pension plans)
- As a member institution of OUS, the University follows OUS Board purchasing regulations and pertinent other State of Oregon purchasing regulations. These regulations have been incorporated into the operating procedures of the University (Procurement, Contracting, and Construction Contracting Manual, revised April, 2005). However, any changes to the regulations made by the OUS Board could influence the activities of the Purchasing Department and the acquisition of goods and services.
- As a member institution of the OUS follows OUS Board travel regulations. These regulations have been incorporated into the operating procedures of the University for all travel expenses including the cost of airfare, mileage, lodging, and other subsistence expenses (Travel Manual, revised March, 2005). However, any changes to the regulations made by the OUS Board could influence the travel of employees as it relates to State or University contracts for airline travel and/or the use of other travel services.
- As a member of the Oregon University System, the University follows the OUS Board's accounting and budgeting procedures as required for depreciation on capital assets. Depreciation policies can be found in the OUS Fiscal Policy Manual, Fixed Asset section 55.xxx.

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The following asset classes are not depreciated: land and easements, non-depreciable land improvements, collections (museum, art and historical treasures, library special collections) and construction-in-progress. State law allows the issuance of certain debt instruments to finance the acquisition of buildings and equipment. (OUS Fiscal Policy Manual, Debt Financing section 35.001).

- The State Risk Pool covers exposure to various risks of loss related to torts; theft, damage, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The University is billed for services provided through OUS and the State of Oregon Department of Administrative Services. (State of Oregon Liability Self-Insurance Policy manual, Department of Administrative Services, Risk Management Division, issued January 1996 and State of Oregon Property Self-Insurance Policy manual, Department of Administrative Services, Risk Management Division, issued July 1997)
- Unemployment compensation claims are administered by the Oregon Employment Division pursuant to Oregon Revised Statutes. Actual benefits paid are reimbursed to the State’s Unemployment Compensation Trust Fund. (See Part II, Item 2.6.0 which describes direct fringe benefit costs)
- State sponsored benefit plans for health, dental, and life insurance allow employee choices in coverage selection (See Part II, Item 2.6.0 which describes direct fringe benefit costs).

“End of Part”

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Part II

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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 or materials which are charged as direct materials and supplies.)

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

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

- 2.3.2 Inventory Requisitions from Central or Common, Institution-owned Inventory. (Identify the inventory valuation method used to charge projects):
 - A. First In, First Out
 - B. Last In, First Out
 - C. Average Costs 1/
 - D. Predetermined Costs 1/
 - Y. Other(s) 1/
 - Z. Not Applicable

1/ Describe on a Continuation Sheet.

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2.4.0 Description of Direct Personal Services. All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services costs within each major institutional function or activity that are charged as direct personal services.)

2.5.0 Method of Charging Direct Salaries and Wages. (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)

		Direct Personal Services Category			
		Faculty (1)	Staff (2)	Students (3)	Other 1/ (4)
A.	Payroll Distribution Method (Individual time card/actual hours and rates)		x	x	x
B.	Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	x	x		
C.	After-the-fact Activity Records (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.)				
Y.	Other(s) <u>1/</u>				

1/ Describe on a Continuation Sheet.

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2.5.1 Salary and Wage Cost Distribution Systems

Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)

Yes
 No

2.5.2 Salary and Wage Cost Accumulation System.

(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)

2.6.0 Description of Direct Fringe Benefits Costs. 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.)

2.6.1 Method of Charging Direct Fringe Benefits. (Describe on a continuation sheet, how each type of fringe benefit cost identified in item 2.6.0. is measured, assigned and allocated (for definitions, See 9903.302-1); first, to the major functions (e.g., instruction research); and, then to individual projects or direct cost objectives within each function.)

2.7.0 Description of Other Direct Costs. All other items of cost directly identified with Federally sponsored agreements or similar cost objectives. (List on a continuation sheet the principal classes of other costs which are charged directly, e.g., travel, consultants, services, subgrants, subcontracts, malpractice insurance, etc.)

1/ on a Continuation Sheet.

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- 2.7.1 Employee Travel Expenses for lodging and subsistence charged directly to Federally sponsored agreements or similar cost objectives are based on:
- A. Charges normally allowed in regular operations as a result of an established institutional employee travel cost policy that is applied consistently to all employees or groups of employees.
 - B. The rates and amounts established under Subchapter I of Chapter 57 of Title 5, United States Code, or by the Administrator of General Services or the President (or his designee (Section 24 of 41 U.S.C. § 420), as amended.
 - C. Combination of A and B ^{1/}.
 - Y. Other Method ^{1/}
- 2.8.0 Cost Transfers. When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)
- Yes
 No

^{1/} Describe on a Continuation Sheet.

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2.9.0 Interorganizational Transfers. This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)

		Materials (1)	Supplies (2)	Services (3)
A.	At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.			
B.	At full cost <u>including</u> indirect costs attributable to group or central office expenses.			
C.	At established catalog or market price or prices based on adequate competition.			
Y.	Others(s) <u>1/</u>			
Z.	Interorganizational transfers are not applicable.	N/A	N/A	N/A

1/ Describe on a Continuation Sheet.

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

The primary direct cost functions of Oregon State University include Instruction, Organized Research, Vessel Operations, Other Sponsored Activities, Specialized Service Facilities, and Other Institutional Activities. Costs incurred to support these major functions are items such as materials and supplies, personal services, salaries and wages, fringe benefit costs, and other direct costs. The cost accounting criteria described in the following paragraphs apply to all major functions.

The procedures used for identification of direct costs by function to benefiting projects and activities apply to sponsored, cost sharing, and institutionally supported projects and activities. Companion cost share funds are established in the financial accounting system (FIS) to facilitate the recording of these expenditures. Budgets for the committed cost sharing expenses, as identified in the approved award from the sponsoring agency, are maintained within a Banner Finance table. Several reports are available from the university's data warehouse which compare actual cost share expenditures with cost share commitment to ensure that obligations are fully met. Cost share policy is located in the Grant, Contract, and Gift Accounting Manual, section 212.

Cost sharing expenditures are included in the appropriate direct cost bases by function (see Part I, Item 1.3.1). Accounting procedures are designed to ensure that all costs incurred are reasonable, necessary, allowable, and in accordance with the terms and conditions of the sponsored agreements.

Identification with a particular activity, rather than the nature of the cost, is the determining factor in distinguishing a direct cost from an indirect cost. Costs are considered direct when they can be identified specifically with a particular sponsored project, instructional activity, or similar cost objective, or if the costs can be measured and assigned to the specific benefiting activities relatively easily with a high degree of accuracy. If a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost is allocated to the projects or activities based on the proportional benefit.

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Costs incurred for common or joint objectives that cannot be specifically identified with a particular sponsored project, instructional activity, or other institutional activity, nor assigned to specific benefiting activities relatively easily with a high degree of accuracy, are charged as indirect costs.

Costs incurred for administrative and support services that benefit departmental instructional and general activities and costs incurred by separate departments and organizations established primarily to administer sponsored projects are identified separately in the accounting records and recognized as indirect expenses. These accounts, required to recognize the expenses incurred for general departmental and institutional business, include charges for administrative and clerical salaries, related fringe benefits, supplies, postage, telecommunications, equipment, and other general costs. Specific account numbers are used to identify these activities within each department and organization.

Academic departments and other organizational units often incur costs for both direct and indirect purposes. Costs may be charged as either direct or indirect, depending upon the circumstances under which they are incurred. Costs that are normally considered indirect may be treated as direct costs if the purposes and circumstances for which the costs are incurred are different and they meet the following conditions:

- the cost is required by the project scope,
- the cost can be specifically identified with the project,
- the specific type and nature of the services are not provided by the indirect expense accounts, and
- the cost is explicitly budgeted in the approved award.

When an agency permits rebudgeting (expanded authority) for these items, if the need arises after the agreement is awarded, and the cost meets the first three criteria, the fourth criteria is not required.

A different purpose and circumstance occurs when a particular project requires specific and identifiable support that is over-and-above the level of support provided and charged indirectly to all activities. Such costs are charged as direct

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costs since they are incurred for a different purpose than the common costs which are incurred as indirect costs. These types of situations include, but are not limited to, the examples provided in the following paragraphs.

The need to charge administrative and clerical support costs as a direct charge to a sponsored project will occur for projects that involve:

- extensive data accumulation, analysis, and tabulation, or
- the preparation and production of manuals, large reports or books (beyond the usual technical report requirements), or
- extensive travel and meeting arrangements for conferences and seminars, or
- management of multiple subawards, or
- management of projects in locations that are remote from campus.

Clerical and Administrative Salaries Policy, issued August 6, 1993 and updated April 1, 1994, requires preaward review of proposal; documentation to identify staff position and description of work to be performed in direct accomplishment of project objectives; and position description as part of award file documentation to support treating such costs as direct costs to sponsored agreements. (Grant, Contract, and Gift Accounting Manual, section 209-7). The University follows these procedures to ensure costs are charged consistently in accordance with Section F.6.b. of OMB Circular A-21 and CAS 502.

Other special circumstances for direct charging of costs occur when sponsored projects require specific support costs that are not provided by the indirect administrative accounts. Examples of instances where sponsored projects will be charged directly for support services (in accordance with the approved budget and the scope of the project) include:

- Facility alterations. If a program requires the creation of new secure facilities, including the acquisition of alarm equipment, special construction, or other project-specific facilities costs, these will be charged to the program.
- Telecom charges. Telecommunications required for general and institutional business are indirect costs. Exceptions are made for long distance charges, equipment for field work, and calls made while traveling on project business.
- Postage. All postage required for general institutional business is an indirect cost. If a program requires substantial mailing expenses in the performance of the project, postage is charged as a direct cost.

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- Utility cost. If a program requires exceptional use of a utility to complete its objectives over and above that provided to all activities, this cost will be identified and justified in the proposal. Examples are costs for water or electricity to run the reactor, wave tank, and fish tank research projects. The cost of hauling and disposing of radioactive waste paid to an outside vendor is considered a direct cost of the activity generating the waste.

In each instance, the costs that are considered direct remain in the appropriate base and are excluded from any indirect cost pool.

2.2.0 Description of Direct Materials

The principal classes of materials and supplies that are charged to federally sponsored agreements or similar cost objectives include:

- General supplies and materials
- Laboratory supplies
- Data processing supplies
- Books, periodicals, and other reference material
- Minor equipment - noncapitalized
- Software
- Supplies related to agriculture
- Other materials and supplies

Such charges are accumulated in FIS according to account code classifications. Account codes are established, defined, and maintained by OUS (see Part I, Item 1.1.0). Detail account listings and descriptions are provided and available on the OUS website (<http://www.ous.edu/cont-div/fasom/toc2.htm>).

2.3.2 Inventory Requisitions from Central or Common, Institution-owned Inventory

The University manages the following inventories that may have withdrawals charged to sponsored projects:

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- Chemistry Stores inventory is costed using Average Costs and inventory is charged out at actual cost, plus a material handling fee.
- Motor Pool parts and supplies inventory is costed using First In, First Out (FIFO) and inventory is charged out at actual cost, plus a material handling fee.
- Printing and Mailing inventory is costed using First In, First Out (FIFO) and inventory is charged out at actual cost, plus a material handling fee.
- Facilities Services inventory is costed using Average Costs and inventory is charged out at actual costs, plus a material handling fee. Average cost is recalculated when purchases are added to inventory.
- Telecommunications Supplies inventory is costed using Average Costs and inventory is charged out at actual costs, plus a material handling fee. Average cost is recalculated when purchases are added to inventory.
- Veterinary Medicine laboratory supplies inventory is costed using First In, First Out (FIFO) and inventory is charged out at actual cost, plus a material handling fee.
- Veterinary Medicine pharmacy inventory is costed at list using First In First Out (FIFO) and inventory is charged out at list plus a material handling fee.
- Hatfield Marine Science Center bookstore inventory is costed using First In-First Out (FIFO) and inventory is charged out at actual cost plus a material handling fee.
- Student Health Center Pharmacy inventory is costed using First In-First Out (FIFO) and inventory is charged out at actual cost plus a material handling fee.
- Extension Experiment Station Communication publications are costed using First In-First Out (FIFO) and inventory is charged out at actual cost plus a material handling fee.
- College of Forestry field supplies inventory is costed using First In-First Out (FIFO) and inventory is charged out at actual cost.

The material handling fee, a markup percentage computed based upon the costs incurred by the respective operations to maintain the inventories, is added to the inventory billings.

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2.4.0 Description of Direct Personal Services

Direct personal services costs consist of salaries and wages plus fringe benefits of faculty (including administrators, instructors, researchers, and graduate assistants), staff (including administrative and clerical), temporaries, and student employees. Direct technical effort applicable to sponsored agreements is charged to such agreements by specific identification in FIS (see Part II, Item 2.1.0). Salaries and wages are charged directly to the benefiting cost objectives (instruction, organized research, other sponsored activities, and other institutional activities) using the Human Resources Information System (HRIS)—initiated by Labor Distribution forms—and supported by information derived from the effort reports (PAR forms). Consultants are paid through the accounts payable system (see Part II, Item 2.7.0). Administrative and Clerical costs may only be direct charged to a sponsored agreement if the criteria outlined in Part II, Item 2.1.0 are met.

2.5.0 Method of Charging Direct Salaries and Wages

Direct Personal Services Category - Other:
 Temporary employees are paid using the Payroll Distribution Method (Individual time card/actual hours and rates).

Two Lines Marked in column (2) Staff:

- Payroll Distribution Method (Individual time card/actual hours and rates)—Line A—is used to pay staff members assigned to irregular work schedules and those staff members due additional compensation (overtime, differential, etc.).
- Plan - Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)—Line B—is used to pay all staff, except those earnings paid under the Payroll Distribution Method.

2.5.2 Salary and Wage Cost Accumulation System

The specific accounting records and reports used to accumulate, record, and confirm the share of the total salary and wage costs attributable to each employee’s direct cost objectives and indirect activities are detailed in the

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following paragraphs. These forms and procedures are used to charge salaries and wages to the benefiting cost objectives (instruction, organized research, other sponsored activities, and other institutional activities).

Faculty and Staff.

The University uses the Plan - Confirmation Method as the basis for distribution of salaries and wages for faculty (including graduate assistants) and staff. Under the Payroll System, the distribution of salaries and wages is based on budgeted, planned, or assigned work activity, updated to reflect any significant changes in work distribution. A secure online task website facilitates the preparation of payroll documentation and forms, such as:

- Job Form- This form provides the initial authorization and entry of the employee into the payroll system and establishes the rate of pay.
- Labor Distribution Form - This form reflects the distribution of payroll charges to each cost objective and indirect activity for the current appointment and once entered into the system controls the distribution of payroll charges. Any changes in the distribution require a newly approved Labor Distribution form. Procedures are found in the Payroll Manual, section 401, October 2004).
 Any redistribution of previously paid payroll charges for all personnel working on sponsored agreements requires an approved Labor Distribution form, supported by a revised Personnel Activity Report Form (PAR Form) described below. Journal Vouchers may not be used to redistribute or transfer payroll costs.
- Personnel Activity Report Form (PAR Form) (Grant, Contact, & Gift Accounting Manual, section 211). This form is used to obtain quarterly after-the-fact confirmation of activities to ensure that the salary and wages charged to both direct and indirect cost categories are reasonable in relation to work performed and as reflected on the Labor Distribution for all personnel working on federally sponsored agreements.
- Hourly Time Entry (Time Sheet) (Payroll Manual, section 501-03). This on-line method is used to pay a limited number of staff members as described in Part II, Item No. 2.5.0; it establishes the number of hours to be paid and identifies the distribution of payroll charges.

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Students and Temporaries.

The University uses the Payroll Distribution Method as the basis for distribution of salaries and wages for students and temporaries. Under the Human Resource Information System, the distribution of salaries and wages is based on approved time sheets. The accounting records used to accumulate and record the salary and wages include:

- Job Form — This form provides the initial authorization and entry of the employee into the payroll system and establishes the rate of pay.
- Hourly Time Entry (Time Sheet) (Payroll Manual, section 201-03). This form establishes the number of hours to be paid and identifies the distribution of payroll charges.
- Labor Distribution Form (Payroll Manual, section 201-02). This form is used to record any redistribution of pay to students or temporaries. (See faculty and staff above.) All redistributions require an approved Labor Distribution Form. Journal Vouchers may not be used to transfer payroll costs.

Reconciliation of Salary and Wage Costs to Payroll Records

At the end of each month, the payroll data are transferred (posted) to the financial accounting records (FIS) in accordance with the accounting distribution specified in the HRIS System as based on the Labor Distribution forms and Hourly Time Entry (Time Sheets). Any items which create exceptions in the posting process are investigated and corrected by the Payroll Department. All financial managers, including Principal Investigators (PIs), have access to reports from FIS (and a data warehouse of FIS) which provide information on salary and wage costs charged to sponsored agreements.

2.6.0
 Revised

Description of Direct Fringe Benefits Costs

Fringe benefits are treated in two categories: (A) those direct charged with payroll and (B) those included in administrative expenses. Item (C) below describes non-recurring benefits.

A. Fringe benefits that are attributable to direct salaries and wages and charged directly to federally sponsored agreements or similar cost objectives include:

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- Compensated Personal Absences — charged directly as part of salaries and wages
 - Vacation
 - Sick Leave
 - Holidays
 - Jury Duty
- Fringe Benefits (Other Payroll Expense, or OPE) — charged directly along with salary and wages
 - Retirement Plans
 - Oregon Public Employees Retirement System (PERS)
 - Optional Retirement Plan (ORP)
 - Teacher’s Insurance and Annuity Association/College Retirement Equities Fund (TIAA-CREF)
 - Federal Civil Service Retirement System (CSRS)
 - Federal Employees Retirement System (FERS)
 - Thrift Savings Plan (FERS component)
 - FICA
 - Medical Insurance
 - Dental Insurance
 - Life Insurance
 - State Accident Insurance Fund (Worker’s Compensation)
 - Unemployment Insurance
 - Mass Transit Tax (except for federally sponsored agreements)
 - State Employee Relations Board Assessment

B. The University makes the following additional fringe benefits and programs available; they are not charged directly to federally sponsored agreements or similar cost objectives. Any costs incurred by the University are treated as administrative costs:

- Insurance
 - Short-Term Disability Insurance (employee paid)
 - Long-Term Disability Insurance (employee paid)
 - Additional Employee Life Insurance (employee paid)

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Spouse Life Insurance (employee paid)
 Dependent Life Insurance (employee paid)
 Long Term Care Insurance (employee paid)
 Accidental Death and Dismemberment Insurance (AD&D) (employee paid)
 Employee
 Spouse
 Dependent

- Employee Developmental Programs
 - Sabbatical Leave
 - Professional Training & Travel
 - Faculty Leaves/Professional Development
 - Tuition Reimbursement (development courses or seminars)
 - Tuition Discount
- Employer Administered programs (expense of administration and literature)
 - COBRA
 - Section 125 Flexible Spending Plan
 - Benefits Counseling
 - Family Medical Leave
 - Affirmative Action Program
 - Women’s Advocate Issues
- Other
 - Child Care Facility (Faculty, Staff, Student—fee based)
 - Child Care Center (Faculty, Staff, Student—fee based)
- Employee Support Programs
 - Wellness (Faculty and Staff Fitness Program)
 - Accident Prevention and Safety
 - Alcohol and Substance Abuse Counseling
 - Psychological Counseling
 - Employee Morale Programs
 - Discounted Flu Shots

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2.6.1 Method of Charging Direct Fringe Benefits

Fringe benefits are estimated in proposal budgets using a rate table which reflects benefit costs within salary ranges. The table is based on actual costs; rates for future periods are adjusted for anticipated changes and estimated inflation. The University charges actual costs for each type of fringe benefit listed in Part II, Item 2.6.0, section A, at the time salary and wages are paid and processed through the Payroll System, to direct cost objectives (instruction, organized research, other sponsored activities, and other institutional activities) and indirect activities in FIS. Individual projects (e.g., sponsored agreements) are charged directly in this process (Payroll Manual, Other Payroll Expenses, section 1000).

2.7.0 Description of Other Direct Costs

The principal classes of other costs which are treated as direct costs when they can be identified specifically with a particular sponsored project, instructional activity, or similar cost objective, or can be directly assigned to such activities relatively easily with a high degree of accuracy, include:

- Communications - telephone (long distance), fax
- Shipping - postage, freight, express services
- Utilities (off-campus)
- Radioactive waste disposal and hauling
- Equipment maintenance and repairs
- Equipment rental
- Off campus facility rental
- Consulting and professional services
- Commercial services
- Scientific computing services
- Service Center charges
- Printing
- Scientific services and supplies
- Employee relocation costs

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- Subcontracts / Subgrants
- Fellowship administration fee (Institutional Educational Allowances - Graduate and Post Doctoral)
- Tuition remission (Graduate Assistants)
- Other services and supplies
- Hosting groups and guests
- Conference expenses
- Travel - transportation, lodging, per diem, other approved costs
- Equipment (assets meeting inventory definition)
- Participant support
- Travel - transportation, lodging, per diem, other approved items (Part I, Item 1.5.0)
- Equipment (items meeting inventory definition)
- Participant support

“End of Part”

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Instructions for Part III

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 sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.

The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.

- A. Direct Charge or Allocation
- B. Total Expenditures
- C. Modified Total Cost Basis
- D. Modified Total Direct Cost Basis
- E. Salaries and Wages
- F. Salaries, Wages and Fringe Benefits
- G. Number of Employees (head count)
- H. Number of Employees (full-time equivalent basis)
- I. Number of Students (head count)
- J. Number of Students (full-time equivalent basis)
- K. Student Hours—classroom and work performed
- L. Square Footage
- M. Usage
- N. Unit of Product
- O. Total Production
- P. More than one base (Separate Cost Groupings) 1/
- Y. Other(s) 1/
- Z. Category or Pool not applicable

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

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Part III

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3.1.0
Revised

Indirect Cost Categories - Accumulation and Allocation.

This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")

<u>Indirect Cost Category</u>	<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>
(a) Depreciation/Use Allowances/Interest			<u>1</u>
Building	<u>yes</u>	<u>P</u>	
Equipment	<u>yes</u>	<u>P</u>	
Capital Improvements to Land ^{1/}	<u>yes</u>	<u>P</u>	
Interest ^{1/}	<u>no</u>	<u>L</u>	
(b) Operation and Maintenance	<u>yes</u>	<u>P</u>	<u>2</u>
(c) General Administration and General Expense	<u>no</u>	<u>C</u>	<u>3</u>
(d) Departmental Administration	<u>yes</u>	<u>C</u>	
(e) Sponsored Projects Administration	<u>yes</u>	<u>C</u>	
(f) Library	<u>yes</u>	<u>Y</u>	
(g) Student Administration and Services	<u>yes</u>	<u>Y</u>	
(h) Other ^{1/}	<u>n/a</u>	<u>n/a</u>	

^{1/} Describe on a Continuation Sheet

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3.2.0

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

	(1)	(2)	(3)	(4)	(5)	(6)
(a) Transportation Services	<u>C</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
(b) Printing and Mailing	<u>C</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
(c) Animal Care Facilities	<u>A</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
(d) Other Service Centers						
Telecommunications	<u>C</u>	<u>A</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
Info Services Desktop Support	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
Vet Animal Isolation Lab	<u>A</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
Forestry Quant LAN Services	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
Chemistry Stores	<u>A</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>
Surplus Property Services	<u>C</u>	<u>B</u>	<u>C</u>	<u>A</u>	<u>A</u>	<u>B</u>

Note: (d) Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary)

- (1) Category Code: Use Code “A” if the service center costs are billed only as direct costs of final cost objectives; code “B” if billed only to indirect cost categories or indirect cost pools; code “C” if billed to both direct and indirect cost objectives.
- (2) Burden Code: Code “A” - center receives an allocation of all applicable indirect costs; Code “B” - partial allocation of indirect costs; “Code “C” - no allocation of indirect costs.

“Codes Continued on Next Page”

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3.2.0 Contd.

- (3) Billing Rate Code: Code "A" - billing rates are based on historical costs; Code "B" - rates are based on projected costs; Code "C" - rates are based on a combination of historical and projected costs; Code "D" - billings are based on the actual costs of the billing period; Code "Y" - other (explain on a Continuation Sheet).
- (4) User Charges Code: Code "A" - all users are charged at the same billing rates; Code "B" - some users are charged at different rates than other users (explain on a Continuation Sheet)
- (5) Actual Costs vs. Revenues Code: Code "A" - billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" - billings are compared to actual costs less frequently than annually.
- (6) Variance Code: Code "A" - Annual variances between billed and actual costs are prorated to users (as credits or charges); Code "B" - variances are carried forward as adjustments to billing rate of future periods; Code "C" - annual variances are charged or credited to indirect costs; Code "Y" - other (explain on a Continuation Sheet).

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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 service centers, and the allocation bases used to distribute accumulated indirect costs to Federally sponsored agreements or similar cost objectives within each major function or activity. For all applicable indirect cost pools, enter the applicable Allocation Base Code A through P, Y, or Z, to indicate the basis used for allocating accumulated pool costs to Federally sponsored agreements or similar cost objectives.)

	<u>Indirect Cost Pools</u>	<u>Allocation Base Code</u>
A.	Instruction	
	<input checked="" type="checkbox"/> On-Campus	<u> Z </u>
	<input type="checkbox"/> Off-Campus	<u> </u>
	<input type="checkbox"/> Other <u>1/</u>	<u> </u>
B.	Organized Research	
	<input checked="" type="checkbox"/> On-Campus	<u> D </u>
	<input checked="" type="checkbox"/> Off-Campus	<u> D </u>
	<input type="checkbox"/> Other <u>1/</u>	<u> </u>
C.	Other Sponsored Activities	
	<input checked="" type="checkbox"/> On-Campus	<u> D </u>
	<input checked="" type="checkbox"/> Off-Campus	<u> D </u>
	<input type="checkbox"/> Other <u>1/</u>	<u> </u>
D.	Other Institutional Activities <u>1/</u>	<u> E </u>

1/ Describe on a Continuation Sheet.

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, subgroupings of expenses, and elements of cost included.)

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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 makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over the first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.)

3.6.0 Allocation of Indirect Costs to 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. Yes

B. No ^{1/}

^{1/} Describe on a Continuation Sheet.

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3.1.0
 Revised

Indirect Cost categories - Accumulation and Allocation

Indirect costs are recorded and accumulated in the financial accounting system (FIS), except for the indirect cost category “Interest” explained below, and the University’s share of Centralized Activities costs included in the indirect cost category “General Administration and General Expense,” which are recorded in the financial records of the OUS Chancellor’s Office, explained in Item 3.4.0 below.

(a) Depreciation/Interest

Capitalized values are based on acquisition costs. Acquisition costs include: freight, if charges exceed \$25, installation costs, and the cost of modifications that increase the equipment’s value by more than \$5,000. Capitalization policy is provided and available on the OUS Fiscal Policy Manual, section 55.xxx. Fabricated items include the cost of materials and labor (Property Manual, section 210). Assets which are owned by proprietary units (auxiliaries and service centers) are recorded in their individual funds. All other capital assets are recorded in FIS in the university plant fund.

- Buildings.

Capitalized values (acquisition cost) are recorded in FIS as part of the plant fund in detail, as is the corresponding depreciation cost. The depreciation computation excludes the cost of land and any portion funded with sponsored projects. The detail record for buildings is maintained in an OSU FIS subsidiary ledger.

- Equipment.

Capitalized values (acquisition cost) are recorded in FIS in the equipment inventory as part of the plant fund; depreciation is also recorded in FIS. Depreciation on equipment purchased with sponsored project funds and cost share is excluded from the calculation. A subsidiary Fixed Asset ledger is maintained in FIS, which provides the detail record of each piece of equipment and its depreciation.

- Capital Improvements to Land.

Improvements Other Than Buildings, Infrastructure, and Land Improvements include streets, sidewalks, landscaping, fencing, light standards, and similar improvements not part of the land or building itself. Detailed capitalized values (acquisition cost) are re-

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corded in a FIS subsidiary ledger, as is the related depreciation cost. The depreciation computation excludes any sponsored project funded improvements.

- Interest.

External debt, including interest, incurred for the acquisition of buildings is issued by OUS, under authority granted by the State of Oregon, and the related transactions are recorded in the financial records of the OUS Chancellor’s Office. The debt principal and accreted interest payable are recorded on the university financial system only in total. Funds are transferred to the Oregon University System (OUS) where the debt service payment is made. The University identifies its share of the resulting interest costs related to specific OSU buildings as provided by OUS.

3.2.0 Service Centers

(d) Other Service Centers (continued)

Service Centers are required to operate under the University’s Service Center Fiscal Operating Policy; and they must comply with the Policy on Sales of Goods and Services. These policies are located in the OSU Fiscal Operations Manual.

“Recharge Centers” at OSU are set up as recharge operations at the departmental level and are required to follow the Recharge Activities Policy. These recharge operations submit an annual fee schedule which is consistently applied and in effect for the entire fiscal year.

3.3.0 Indirect Cost Pools and Allocation Bases

D. Other Institutional Activities—Vessel Operations

In addition to the Organized Research indirect cost rate, OSU negotiates a separate indirect cost rate for Vessel Operations. Vessel Operations use direct salaries and wages, including vacation (shore leave), holiday, and sick pay, but exclude other fringe benefits (OPE), as the allocation base.

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3.4.0
 Revised

Composition of Indirect Cost Pools

A. The major organizational components, subgroupings of expenses, and elements of cost composing the indirect cost pools identified under Item 3.1.0 are detailed below.

(a) Depreciation/Interest

The costs under this heading include depreciation and interest.

- **Building Depreciation**
 The building depreciation is calculated on the basis of the capitalized values recorded in FIS as part of the plant fund; cost of land and any sponsored project funded portions of building costs are excluded. Componentization is used in accord with OUS policy 55.110.
- **Equipment Depreciation**
 The equipment depreciation is calculated on the basis of capitalized values recorded in FIS as part of the plant fund. Any sponsored project-funded equipment and required cost share-purchased equipment are excluded. Also excluded in the calculation is any depreciation associated with any lost or missing equipment items.
- **Capital Improvements to Land Depreciation**
 The capital improvements depreciation is calculated on the basis of capitalized values recorded in FIS as part of the plant fund; any sponsored project funded improvements are excluded.
- **Interest.**
 Interest cost incurred on external loans associated with the capitalized value of buildings recorded in FIS as part of the plant fund of the University is included.

(b) Operation and Maintenance

The costs under this heading are incurred for the administration, operation, maintenance, preservation, and protection of the University's physical plant. The major components and costs include:

- Facilities Services Administration
- Facilities Services Fiscal Management

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- Preventive Maintenance
- Grounds Maintenance
- Facility Planning, Design, and Inspection
- Remodeling and Major Repair
- Custodial Services
- Building and Equipment Maintenance
- Utilities and Recycling
- Maintenance of Improvements Other Than Buildings
- Campus Safety and Security
- Environmental Health, Occupational Health, and Hazardous Waste
- Property Insurance

Operation and maintenance costs are recorded in FIS and are reviewed to eliminate any costs that are unallowable or more properly capitalizable. The operation and maintenance costs pool includes its allocable share of building and equipment depreciation and interest cost which are cross-allocated in the indirect cost rate proposal.

(c) General Administration and General Expense

The costs under this heading are incurred for the general executive and administrative offices of the University and other costs of a general nature. The major components and costs include:

- President's Office
- Provost and Executive Vice President
- Vice-President Finance and Administration
- Budgets and Planning
- Business Affairs
- Property Administration
- Business Centers
- Business Services/Risk Management
- Human Resources
- Graduate School Administration
- University Honors College Administration
- International Program Administration
- Administrative Computing

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- Information Services Management
- Centralized Purchasing
- Affirmative Action
- Multicultural Affairs
- State Services Assessments
- General Institutional Expenses
- OSU's Share of Centralized Activities

The University's share of centralized activities costs allocated by the Chancellor's Office of OUS is not recorded in FIS, rather it is maintained in ancillary records as part of the indirect cost rate negotiation. Such costs are reviewed and approved by the Division of Cost Allocation of the Department of Health and Human Services.

All other general administration and general expenses are recorded in FIS and are reviewed to eliminate any costs that are unallowable. The general administration and general expense costs pool includes its allocable share of building depreciation, equipment depreciation, interest cost, and operation and maintenance costs.

(d) Departmental Administration

The costs under this heading are incurred for administrative and support services that benefit common or joint departmental activities or objectives in academic deans' offices, academic departments, organized research units, centers, Distance and Continuing Education Administration, and Summer Term administration. Salaries and fringe benefit costs of professorial and professional employees who perform administrative activities and direct research and/or instruction activities are excluded from the departmental administration expenses for rate determination purposes. The DCE Direct Charge Equivalent ratio method is used to calculate academic department support for salaries, employee benefits and operating supplies. DCE is computed on a department-by-department basis. A separate faculty and other professional personnel allowance equal to 3.6 percent of the modified total direct costs base is recognized in the rate calculation in lieu of the excluded costs.

Departmental administration costs are recorded in FIS and are reviewed to eliminate any costs that are unallowable. The departmental administration costs pool includes its

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allocable share of building depreciation, equipment depreciation, interest costs, operation and maintenance costs, and general administration and general expenses.

(e) Sponsored Projects Administration

The costs under this heading are incurred by separate units established for the purpose of administering sponsored agreements—both Federal and non-Federal. The primary components include:

- Research Office Administration/Office of Sponsored Programs and Compliance
- Office of Post Award Administration

Sponsored projects administration costs are recorded in FIS and are reviewed to eliminate any costs that are unallowable. The sponsored projects administration costs pool includes its allocable share of building depreciation, equipment depreciation, interest costs, operation and maintenance costs, and general administration and general expenses.

(f) Library

The costs under this heading are incurred for the operation of the university libraries. The primary components include:

- Library Administration
- Library Operations
- Library Books and Binding

Library costs are recorded in FIS and are reviewed to eliminate any costs that are unallowable. The library costs pool includes its allocable share of building depreciation, equipment depreciation, interest costs, operation and maintenance costs, and general administration and general expenses.

(g) Student Administration and Services

The costs under this heading are incurred for the administration of student affairs and for services to students. The primary components include:

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- Dean of Students
- Advising
- Educational Opportunities Programs
- International Exchange Program Administration
- Students With Disabilities Program
- Counseling Center
- Career Placement Office
- Student Financial Aid
- Registrar
- Admissions

Student administration and services costs are recorded in FIS and are reviewed to eliminate any costs that are unallowable. The student administration and services costs pool includes its allocable share of building depreciation, equipment depreciation, interest costs, operation and maintenance costs, and general administration and general expenses.

B. The major organizational components, sub-groupings of expenses, and elements of cost composing the costs of service centers, (identified under Part III, Item 3.2.0), used to calculate the service center rates include operating expenses, salaries, fringe benefits, materials, supplies, and other costs necessary to provide the designated materials and supplies or services.

**3.5.0
Revised**

Composition of Allocation Bases

The Allocation Base codes reported in Item 3.1.0 include “P,” which represents “More than one Base” or “Y” which represents “Other”. The following paragraphs describe the makeup of the bases, indicated in Items 3.1.0 and 3.3.0, which are used to allocate indirect costs among “Indirect Cost Categories,” which are allocated to the “Indirect Cost Pools,” which in turn are distributed to Federally sponsored agreements or similar cost objectives within each major function or activity of the University.

Throughout the description, where the term “Modified Total Direct Cost” (MTDC)—code “D,” which represents “Modified Total Direct Cost Basis”— is used, the following definition applies:

“Modified total direct costs consist of all salaries and wages, fringe benefits,

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materials and supplies, services, travel, and subgrants and subcontracts up to the first \$25,000 of each subgrant or subcontract (regardless of the period covered by the subgrant or subcontract). Equipment, capital expenditures, charges for tuition remission, rental costs, scholarships, and fellowships as well as the portion of each subgrant and subcontract in excess of \$25,000 are excluded from modified total direct costs.”

Charges for services or supplies provided by Service Centers (“recharge centers” and “specialized service facilities”) are accounted for as either materials and supplies or services and included in the MTDC.

Allocation Base Codes applicable to Indirect Cost Categories (Item 3.1.0) and Indirect Cost Pools (Item 3.3.0) are explained as follows:

(a) Depreciation/Use Allowance/Interest

- **Building Depreciation—Allocation Base Code “P” (more than one base)**
 The primary Allocation Base used to distribute the Building Depreciation is Code “L,” Square Footage. Each functional activity receives an allocation as follows:

Building depreciation is calculated on the capitalized value of buildings used for each functional activity based on the net assignable square feet of space utilized. Net assignable square feet utilized by function is determined on a building-by-building basis using the University’s Annual Space Inventory.

The Annual Space Inventory identifies each room by “type” and “use” of space. Type of space identification is used to assign or prorate the total area of a room according to the type of facility. Use of space is according to the activity performed in the space. Common areas such as hallways, stairwells, and rest-rooms are excluded.

Depreciation on buildings used exclusively in the conduct of a single function are allocated to that single function. Buildings owned and operated by auxiliary enterprises are allocated entirely to Other Institutional Activities.

Depreciation on buildings located as remote locations are allocated only to the functions at that location. This includes buildings such as those supporting the vessel operations at Newport, Oregon.

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Depreciation on all other buildings are allocated on the individual functions performed in each building as identified through the space inventory process on the basis of usable square footage by function. Space used jointly by more than one function is allocated to the benefiting functions on the departmental salary and wages. Final allocation to cost groups is on a building-by-building basis.

- Equipment Depreciation—Allocation Base Code “P” (more than one base)

The primary allocation base used to distribute the equipment depreciation is the function of the room in which the equipment is located. The function is determined by the annual space inventory.

Depreciation for equipment not identified to specific space is allocated to cost groups on a department-by-department basis.

- Capital Improvements to Land Depreciation—Allocation Base Code “P” (more than one base)

Capital Improvements to Land depreciation is computed on the capitalized value of Improvements Other Than Buildings, Infrastructure, and Land Improvements.

Depreciation of Campus-wide improvements is allocated based on FTE of student and employee users. The amount allocated to the student category is assigned to the instruction function. The amount allocated to the employee category is assigned to all functions of the university.

Depreciation of capital improvements directly attributable to auxiliary enterprises, service centers, or experiment stations is assigned to the function of that unit.

- Interest—Allocation Base Code “L” (Square Footage)

Interest costs are associated with the capitalized value of specific buildings. As such, interest costs are allocated on the functional use of the square footage of the building.

- (b) Operation and Maintenance—Allocation Base Code “P” (more than one base)

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The primary allocation of operation and maintenance costs is to functional activities based on square footage serviced according to the University’s Annual Space Inventory—Allocation Base Code “L,” Square Footage.

Allocation of security, grounds and other O&M costs associated with all operations at the Corvallis campus is on a building-by-building basis and functional use of each room within the building.

Allocation of O&M, utilities, custodial, and garbage pickup for academic/administrative buildings at the Corvallis campus is on a building-by-building basis and functional use of each room within the building.

Allocation of Auxiliary, Service Center, and Forestry Operations O&M is assigned entirely to Other Institutional Activities.

Allocation of O&M paid directly out of academic and administrative college or departmental budgets is to cost groups on a department-by-department basis based on the functional use of the unit’s space.

Allocation of maintenance and repairs identified with specific buildings is on the functional use of the rooms in that building.

Allocations of O&M for locations at Hatfield Marine Science Center, Agricultural Experiment Stations, and Cascade campus are on a building-by-building basis at those locations and the functional use of the rooms in those buildings.

(c) General Administration and General Expense—Allocation Base Code “C” (Modified Total Cost Basis)

Modified Total Costs consist of all salaries and wages, fringe benefits, materials and supplies, services, travel, and other costs incurred and recorded in FIS, net of similar costs reclassified and/or transferred from and to other Indirect Cost Categories in the process of preparing the indirect cost rate proposal. Equipment and capital expenditures are excluded.

Allocation of General Administration and General Expense Modified Total Costs, along with amounts allocated from other Indirect Cost Categories, are allocated to functional activities benefiting from the services provided on the basis of the relative Modified Total Costs of the functional activities.

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General Administration costs are those that support the entire university, including the central administration allocation from the Oregon University System. Cost is allocated based on MTC to all university activities.

Academic Administration costs are those that support only academic units, not auxiliaries or other non-academic activities. These costs are allocated to all academic units based on MTC.

Business Center Administration costs are incurred for the personnel, budgeting, and accounting functions of more than one college, department, or unit. Cost is allocated to the specific units supported based on their MTC.

(d) Departmental Administration—Allocation Base Code “C” (Modified Total Cost Basis)

Modified Total Costs are defined in (c) above.

Departmental Administration Modified Total Costs, along with amounts allocated from other Indirect Cost Categories, are allocated to functional activities benefiting from the services provided on the basis of the relative Modified Total Costs of the functional activities.

Allocation Base Code “C” (Modified Total Cost Basis) is used to distribute Departmental Administration to other Indirect Cost Categories and Indirect Cost Pools.

(e) Sponsored Projects Administration—Allocation Base Code “C” (Modified Total Cost Basis)

Modified Total Costs are defined in (c) above.

Sponsored Projects Administration Modified Total Costs, along with amounts allocated from other Indirect Cost Categories, are allocated to functional activities benefiting from the services provided on the basis of the relative Modified Total Costs of the functional activities.

Allocation Base Code “C” (Modified Total Cost Basis) is used to distribute Sponsored Projects Administration to Indirect Cost Pools.

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(f) Library—Allocation Base Code “Y” (Other)

Library Modified Total Costs, along with amounts allocated from other Indirect Cost Categories, are allocated to functional activities benefiting from the services provided. Costs include cross-allocations of building depreciation, equipment depreciation, operations and maintenance, and general administrative expenses.

A cost analysis study is conducted to appropriately allocate the library expenditures to benefiting direct cost functions of the university which recognizes the total manner in which the libraries serve the University and the community. Library surveys are conducted throughout the entire twelve-month period of the study year at both the main campus library and the library located at Hatfield Marine Science Center. These surveys include walk-in physical library use, as well as, electronic surveys of the use of the many network services available. The organization of the library, space used, and costs incurred within each operating section are reviewed and allocated per survey results.

(g) Student Administration and Services—Allocation Base Code “Y” (Other)

Student Administration is allocated 100% to instruction.

Composition of Allocation of Indirect Cost Pools in 3.3.0

Indirect Cost Pools in Item 3.3.0 B, and C.— Organized Research and Other Sponsored Activities—are allocated using Allocation Base Code “D,” Modified Total Direct Cost Basis defined above.

Item 3.3.0 D. — Other Institutional Activities (Vessel Operations)—is allocated using Allocation Base Code “E,” Salaries and Wages. Direct salaries and wages include vacation, holiday and sick pay but exclude other fringe benefits.

“End of Part”

Oregon State University
Part IV

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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 useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)

Asset Category	Depreciation Method (1)	Useful Life (2)	Property Unit (3)	Residual Value (4)
(a) Land Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(b) Buildings	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(c) Building Improvement	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(d) Leasehold Improvements	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(e) Equipment	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(f) Furniture & Fixtures	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(g) Automobiles & Trucks	<u>A</u>	<u>C</u>	<u>A</u>	<u>B</u>
(h) Tools	<u>Z</u>	<u> </u>	<u> </u>	<u> </u>
(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category and the applicable codes. (Otherwise enter Code Z.)	<u>Y</u>	<u>C</u>	<u>A</u>	<u>B</u>

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 lines
- C. Applied to groups of assets with varying service lines
- 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.

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

- A. Yes
 B. No 1/

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

- A. Yes
 B. No

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

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

1/ Describe on a Continuation Sheet.

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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 subcategory of assets involved which differs from those for the majority of assets.)

- A. Minimum Dollar Amount \$5,000
B. Minimum Life Years >1 year

See additional information on continuation sheet.

4.5.0

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

- A. _____ Yes 1/
B. x No

1/ Describe on a Continuation Sheet.

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4.1.0 Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives

Asset Category	Depreciation Method	Useful Life	Property Unit	Residual Value
Vessels	A	C	A	B

4.1.1 Asset Valuations and Useful Lives

OSU calculates building depreciation as specified in the componentization policy established by the Oregon University System (OUS) effective July 2003. This policy applies to those buildings that are substantially used for or support organized research. The policy is located in the OUS Fiscal Policy Manual, section 55.110. Useful lives are based on the estimated service life of the component.

4.3.0 Treatment of Gains & Losses on Disposition of Depreciable Property

Gains and losses are only recorded for those assets that are owned and recorded on proprietary funds (auxiliaries and service centers). There is no gain or loss reflected on university plant fund assets when sale or trade-in.

4.40 Criteria for Capitalization

Sponsoring agencies may require capitalization of items which either cost less than \$5000 or are defined by the agency as “sensitive” equipment.

4.5.0 Group or Mass Purchase

Costs for items under construction are identified and accumulated in a separate account and may include component parts which cost less than \$5,000; however, the costs of completed items are capitalized only if the total cost meets the \$5,000 threshold.

“End of Part”

Oregon State University
Part V

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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. x Cash
- B. x Accrual 1/

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

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

1/ Describe on a Continuation Sheet.

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5.1.0 Method of Charging Leave Costs

With the exception of “shore leave,” all leave costs are recorded on the cash basis during the fiscal year. Shore leave, the equivalent of vacation for personnel employed on vessels, is calculated, accrued, and paid according to the union contract covering employees assigned to vessels. The shore leave is accounted for on the calendar year; any leave earned and taken during the year is paid on the cash basis. At year-end, any earned leave that has not been used is recorded on the accrual basis. Shore leave is specifically identified in the affected sponsored agreement budgets.

Sabbatical leave costs are not charged directly to sponsored agreements. Such costs are included in administrative costs and allocated to benefiting cost objectives, including sponsored agreements, as indirect costs.

5.2.0 Applicable Credits

Credits and Refunds.

- Discounts, allowances, or refunds related to expenditures are offset against the specific direct or indirect costs to which they relate.

Incidental Receipts.

- Amounts received for fees, fines, and other miscellaneous services are recorded as income and are not offset against costs.

“End of Part”

Oregon State University
Part VI

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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 governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.

Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, the reporting unit should require that entity to complete the applicable portions of this Part 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 applicable line(s) and enter number of plans.)

	<u>Type of Plan</u>	<u>Number of Plans</u>
A.	<u> x </u> Institution employees participate in State/Local Government Plan(s)	<u> 2 </u>
B.	<u> x </u> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u> 1 </u>
C.	<u> </u> Institution has its own Defined-Contribution Plan(s) <u>1/</u>	<u> </u>

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

1/ Describe on a Continuation Sheet

Oregon State University
Part VI

ITEM NUMBER	ITEM DESCRIPTION	Revision Number 5 Effective Date July 1, 2008
6.2.0	<p><u>Post Retirement Benefits Other Than Pensions (including post retirement health care benefits) (PRBs).</u> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the plan name and indicate the approximate number and type of employees covered by each plan.)</p> <p>A. <input checked="" type="checkbox"/> Not applicable</p>	
6.2.1	<p><u>Determination of Annual PRB Costs.</u> (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on a 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.)</p>	
6.3.0	<p><u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When accrued (book accrual only)</p> <p>B. <input type="checkbox"/> When contributions are made to a nonforfeitable fund</p> <p>C. <input type="checkbox"/> When contributions are made to a forfeitable fund</p> <p>D. <input type="checkbox"/> When the benefits are paid to employee</p> <p>E. <input type="checkbox"/> When amounts are paid to an employee welfare plan</p> <p>Y. <input type="checkbox"/> Other or more than one method <u>1/</u></p> <p>Z. <input checked="" type="checkbox"/> Not applicable</p>	
6.4.0	<p><u>Self-Insurance Programs.</u> (Worker's Compensation, Liability and Casualty Insurance.)</p>	
6.4.1	<p><u>Worker's Compensation and Liability.</u> Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. <input type="checkbox"/> When claims are paid or losses are incurred (no provision for reserves)</p> <p>B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability</p> <p>C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability</p> <p>D. <input type="checkbox"/> When funds are set aside or contributions are made to a fund</p> <p>Y. <input type="checkbox"/> Other or more than one method <u>1/</u></p> <p>Z. <input checked="" type="checkbox"/> Not applicable</p>	

1/ Describe on a Continuation Sheet.

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6.1.1 **Defined Contribution Pension Plans**

In addition to a State Plan (The Optional Retirement Plan, or ORP), the University contributes to a Federal plan. Some Extension Service employees at Oregon State University hold Federal appointments. As Federal appointees, these employees participate in a Thrift Savings Plan connected with their participation in the Federal Employees Retirement System (FERS) noted in item 6.1.2. The University is required to contribute to the thrift plan.

6.1.2 **Defined Benefit Pension Plan**

In addition to a State Plan (Oregon Public Employees Retirement System, or PERS), the University contributes to two Federal plans. Some Extension Service employees at Oregon State University hold Federal appointments. As Federal appointees, these employees participate in either the Federal Civil Service Retirement System (CSRS) or the Federal Employees Retirement System (FERS). The University is required to contribute to these plans. FERS employees are not eligible for membership in PERS.

“End of Part”

**Oregon State University
 Part VII**

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**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 administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.

The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.

Note: Part VII is not applicable to Oregon State University.

- 7.1.0 Organizational Structure.
 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 Cost Accumulation and Allocation.
 On a continuation sheet, provide a description of:
 - 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 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 prorated or allocation basis and the basis of such charges. If none, so state.