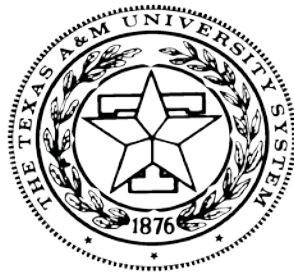


# **THE TEXAS A&M UNIVERSITY SYSTEM**

## **COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT**

**(CASB DS-2)**



**Effective Date: September 1, 1997**

Revised: March 1, 2004

Second Revision: June 1, 2008

Third Revision August 31, 2016

Fourth Revision August 31,  
2019

Fifth Revision March 15, 2020

<p>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>	<p>INDEX  (FORM APPROVED OMB NUMBER 0348-0055)</p>																				
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<p>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>	<p>GENERAL INSTRUCTIONS</p>
<ol style="list-style-type: none"> <li>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).</li> <li>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.</li> <li>3. Each segment or business unit required to disclose its cost accounting practices should complete the Cover Sheet, the Certification, and Parts I through VI.</li> <li>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.</li> <li>5. The Statement must be signed by an authorized signatory of the reporting unit.</li> <li>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.</li> <li>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.</li> </ol>	

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

GENERAL INSTRUCTIONS

8. Where the cost accounting practice being disclosed is clearly set forth in the institution's existing written accounting policies and procedures, such documents may be cited on a continuation sheet and incorporated by reference. In such cases, the reporting unit should provide the date of issuance and effective date for each accounting policy and/or procedures document cited. Alternatively, copies of the relevant parts of such documents may be attached as appendices to the pertinent Disclosure Statement Part. Such continuation sheets and appendices should be labeled and cross-referenced with the applicable Disclosure Statement item number. Any supplementary comments needed to fully describe the cost accounting practice being disclosed should also be provided.

9. Disclosure Statements must be amended when disclosed practices are changed to comply with a new CAS or when practices are changed with or without agreement of the Government (Also see 48 CFR 9903.202-3).

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

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS) COVER SHEET AND CERTIFICATION	
0.1	<p>Educational Institution</p> <p>(a) Name Texas A&amp;M University System *</p> <p>(b) Street Address Office of Budgets and Accounting 301 Tarrow Street, 3<sup>rd</sup> Floor</p> <p>(c) City, State and ZIP Code College Station, TX 77840-7896</p>		
0.2	<p>Reporting Unit is: (Mark one.)</p> <p>A. _____ Independently Administered Public Institution</p> <p>B. _____ Independently Administered Nonprofit Institution</p> <p>C. <input checked="" type="checkbox"/> Administered as Part of a Public System</p> <p>D. _____ Administered as Part of a Nonprofit System</p> <p>E. _____ Other (Specify) _____</p>		
0.3	<p>Official to Contact Concerning this Statement:</p> <p>(a) Name and Title Ms. Teresa Edwards, Comptroller</p> <p>(b) Phone Number (include area code and extension) (979) 458-6080</p>		
0.4	<p>Statement Type and Effective Date:</p> <p>A. (Mark type of submission. If a revision, enter number)</p> <p>(a) _____ Original Statement</p> <p>(b) <input checked="" type="checkbox"/> Amended Statement; Revision No. 5_</p>		
0.5	<p>B. Effective Date of this Statement: (Specify) March 15, 2020</p> <p>Statement Submitted To (Provide office name, location and telephone number, include area code and extension):</p> <p>A. Cognizant Federal Agency: Cost Allocation Services Department of Health and Human Services 1301 Young St - Room 732 Dallas, TX 75202 (214) 767-3600</p> <p>B. Cognizant Federal Auditor: <del>Office of the Inspector General</del> <del>Department of Health and Human Services</del> <del>1100 Commerce, RM 4A5</del> Dallas, TX 75242 (214) 767-8414</p> <p>* See next page</p> <p>_____</p> <p>_____</p> <p>_____</p>		

<p>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</p>	<p>THE TEXAS A&amp;M UNIVERSITY SYSTEM (TAMUS) COVER SHEET AND CERTIFICATION</p>
	<p style="text-align: center;">CERTIFICATION</p> <p>I certify that to the best of my knowledge and belief this Statement, as amended in the case of a Revision, is the complete and accurate disclosure as of the date of certification shown below by the above-named organization of its cost accounting practices, as required by the Disclosure Regulations (48 CFR 9903.202) of the Cost Accounting Standards Board under 41 U.S.C. § 422.</p> <p style="text-align: center;">Date of _____</p> <p style="text-align: center;">_____ Joseph Duron _____ (Print or Type Name)</p> <p style="text-align: center;"><u>Executive Director, Budgets and Accounting</u> (Title)</p> <p style="text-align: center;">THE PENALTY FOR MAKING A FALSE STATEMENT IN THIS DISCLOSURE IS PRESCRIBED IN 18 U.S.C 1001</p>

\* The Texas A&M Research Foundation (TAMRF) and twelve members of The Texas A&M University System (TAMUS) are covered in this Disclosure Statement. The members are as follows:

- System Administrative and General Offices (SAGO)
- Texas A&M University (TAMU)
- Texas A&M University at Galveston (TAMUG)
- Texas A&M University Health Science Center (TAMHSC)
- Texas A&M AgriLife Research
- Texas A&M AgriLife Extension Service
- Texas A&M Engineering Experiment Station
- Texas A&M Engineering Extension Service
- Texas A&M Forest Service
- Texas A&M Transportation Institute
- Texas A&M Veterinary Medical Diagnostic Laboratory
- Texas Department of Emergency Management

These members and the Texas A&M Research Foundation receive the preponderance of Federally sponsored agreements subject to OMB Code of Federal Regulations, Part 200 awarded to TAMUS, and are covered by the TAMUS facilities and administrative (F&A) cost proposal. See Part VII of this Disclosure Statement for additional information on the overall Texas A&M University System.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART 1 - GENERAL INFORMATION THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
1.1.0	<p style="text-align: center;">Part I</p> <p><u>Description of Your Cost Accounting System</u> for recording expenses charged to Federally sponsored agreements (e.g., contracts, grants and cooperative agreements). (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <input type="checkbox"/> Accrual</p> <p>B. <input checked="" type="checkbox"/> Modified Accrual Basis <u>1/</u></p> <p>C. <input type="checkbox"/> Cash Basis</p> <p>Y. <input type="checkbox"/> Other <u>1/</u></p>	
1.2.0	<p><u>Integration of Cost Accounting with Financial Accounting.</u> The cost accounting system is: (Mark one. If B or C is marked, describe on a continuation sheet the costs which are accumulated on memorandum records.)</p> <p>A. <input type="checkbox"/> Integrated with financial accounting records (Subsidiary cost accounts are all controlled by general ledger control accounts.)</p> <p>B. <input type="checkbox"/> Not integrated with financial accounting records (Cost data are accumulated on memorandum records.)</p> <p>C. <input checked="" type="checkbox"/> Combination of A and B</p>	
1.3.0	<p><u>Unallowable Costs.</u> Costs that are not reimbursable as allowable costs under the terms and conditions of Federally sponsored agreements are: (Mark one)</p> <p>A. <input checked="" type="checkbox"/> Specifically identified and recorded separately in the formal financial accounting records. <u>1/</u></p> <p>B. <input type="checkbox"/> Identified in separately maintained accounting records or work papers. <u>1/</u></p> <p>C. <input type="checkbox"/> Identifiable through use of less formal accounting techniques that permit audit verification. <u>1/</u></p> <p>D. <input type="checkbox"/> Combination of A, B or C <u>1/</u></p> <p>E. <input type="checkbox"/> Determinable by other means. <u>1/</u></p> <p><u>1/</u> Describe on a Continuation Sheet.</p>	



COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART 1 - GENERAL INFORMATION THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
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> 9/1 - 8/31      (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.	
<u>1/</u> Describe on a Continuation Sheet.		

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description	

### 1.1.0 Description of Cost Accounting System.

Direct costs are charged to sponsored agreements on a cash basis. Material year end expenses are estimated and accrued for the annual financial report but estimated accruals are not charged to sponsors. Charges are based on actual expenditures.

Indirect costs are based on the amounts reported in the annual financial report, which includes normal year end accruals for salaries, wages, accounts payable, etc.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016		

1.2.0 Integration of Cost Accounting with Financial Accounting.  
(Revised)

Direct costs charged to sponsored agreements are fully integrated in the formal financial accounting system.

Costs included in facilities and administrative (F&A) cost pools are based on cost information as reported in the formal accounting system. However, adjustments and reclassifications are made to distribute the information in the financial statements into the cost pools required by Code of Federal Regulations, Part 200. Also, as indicated in 3.1.0, interest and some of the costs in the general administration and general expense pool and the departmental administration pool are not accumulated by the formal accounting system. These costs are accumulated through cost finding techniques or other calculations. The allocation of indirect costs and the development of F&A cost rates are also derived outside the formal financial accounting system.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016	

### 1.3.0 Unallowable Costs.

Unallowable costs must be charged to specific expense object codes in the accounting system. The costs recorded in these expense object codes are excluded from direct costs charged to sponsored agreements. All accounts assigned to unallowed purposes (i.e., alumni relations and entertainment) are identified by the accounting system. Both specific expense object codes for unallowable costs and accounts assigned to unallowable purposes are excluded from F&A cost pools allocated to sponsored agreements.

All TAMUS members covered by this DS-2 perform some post payment reviews to ensure allowability of costs and/or yearly reviews to ensure unallowable costs are not charged to sponsored agreements.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016	

### 1.3.1 Treatment of Unallowable Costs.

Unallowable costs are excluded from charges to Federally sponsored agreements. Directly associated costs of unallowed activities as defined in CAS 505 will also be excluded from charges to Federally sponsored agreements.

As required by CAS 505, where unallowable costs would normally be part of a regular F&A cost allocation base, they will remain in the base. This will be accomplished by reclassifying unallowable costs as "Other Institutional Activities" and allocating F&A costs to these activities as part of the normal F&A cost allocation process. The classification of unallowable activities as Other Institutional Activities is required by section A.1.d, Appendix III, of Code of Federal Regulations, Part 200. TAMUS will treat all unallowable costs in this manner if the unallowable costs are the types of costs that would be included in the Modified Total Direct Cost (MTDC) base specified in section C.2, Appendix III, of Code of Federal Regulations, Part 200. An exception to this treatment will be made for cost overruns and other unallowable direct costs of sponsored agreements. These costs will remain in the direct cost base of the sponsored projects if they are the types of costs that would be included in the MTDC base required by Code of Federal Regulations, Part 200.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016		

#### 1.5.0 State Laws or Regulations.

(Revised)

The Texas A&M University System (TAMUS) is composed of eleven universities, nine state agencies, and a comprehensive health science center. The State of Texas appropriates funds to TAMUS for education, research, public service, and extension work in the broad fields of agriculture and engineering. The financial records of TAMUS reflect compliance with applicable state statutes and regulations. The General Appropriations Act, Vernon's Civil Statutes Annotated, The Texas Government Code, The Texas Education Code, The Texas Constitution, and The Texas Comptroller of Public Account's various guidelines all affect our cost accounting practices, including the equipment capitalization threshold. Additionally, the significant accounting policies followed by all members of TAMUS are in substantial conformity with the Financial Accounting and Reporting Manual for Higher Education published by the National Association of College and University Business Officers (NACUBO) and GASB Statements.

The Texas A&M Research Foundation (TAMRF) was organized by and operates exclusively for the benefit of TAMUS members. It is a nonprofit, 501(c) 3 organization chartered under the laws of the State of Texas. As an independent non-profit corporation, TAMRF has no knowledge of state laws or regulations that materially affect TAMRF's cost accounting practices.

- END OF PART -

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

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS			
		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)			
Item No.	Item Description				
2.4.0	<u>Description of Direct Personal Services.</u> All personal services directly identified with Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet the personal services compensation costs, including applicable fringe benefits costs, if any, within each major institutional function or activity that are charged as direct personal services.)				
2.5.0	<u>Method of Charging Direct Salaries and Wages.</u> (Mark the appropriate line(s) for each Direct Personal Services Category to identify the method(s) used to charge direct salary and wage costs to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, fully describe on a continuation sheet, the applicable methods used.)				
		<u>Direct Personal Services Category</u> <u>Faculty</u> <u>Staff</u> <u>Students</u> <u>Other 1/</u> (1)        (2)        (3)        (4)			
	A. Payroll Distribution Method (Individual time card/actual hours and rates)	_____	_____X_____	_____X_____	_____
	B. Plan-Confirmation (Budgeted, planned or assigned work activity, updated to reflect significant changes)	_____	_____	_____	_____
	C. After-the-fact Activity Records (Percent Distribution of employee activity)	_____X_____	_____X_____	_____X_____	_____
	D. Multiple Confirmation Records (Employee Reports prepared each academic term, to account for employee's activities, direct and indirect charges are certified separately.)	_____	_____	_____	_____
	Y. Other(s) 1/	_____	_____	_____	_____
	1/ Describe on a Continuation Sheet.				



COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II - DIRECT COSTS
		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
2.5.1	<p>Salary and Wage Cost Distribution Systems.</p> <p>Within each major function or activity, are the methods marked in Item 2.5.0 used by all employees compensated by the reporting unit? (If "NO", describe on a continuation sheet, the types of employees not included and describe the methods used to identify and distribute their salary and wage costs to direct and indirect cost objectives.)</p> <p style="text-align: center;"> <input checked="checked" type="checkbox"/> Yes  <input type="checkbox"/> No </p>	
2.5.2	<p>Salary and Wage Cost Accumulation System.</p> <p>(Within each major function or activity, describe, on a continuation sheet, the specific accounting records or memorandum records used to accumulate and record the share of the total salary and wage costs attributable to each employee's direct (Federally sponsored projects, non-sponsored projects or similar cost objectives) and indirect activities. Indicate how the salary and wage cost distributions are reconciled with the payroll data recorded in the institution's financial accounting records.)</p>	
2.6.0	<p><u>Description of Direct Fringe Benefits Costs.</u> All fringe benefits that are attributable to direct salaries and wages and are charged directly to Federally sponsored agreements or similar cost objectives. (Describe on a continuation sheet <u>all</u> of the different types of fringe benefits which are classified and charged as direct costs, e.g., actual or accrued costs of vacation, holidays, sick leave, sabbatical leave, premium pay, social security, pension plans, post-retirement benefits other than pensions, health insurance, training, tuition, tuition remission, etc.)</p>	
2.6.1	<p>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.)</p>	
2.7.0	<p><u>Description of Other Direct Costs.</u> All other items of cost directly identified with Federally sponsored agreements or similar 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.)</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART II-DIRECT COSTS THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)																									
Item No.	Item Description																										
2.8.0	<p><u>Cost Transfers.</u> When Federally sponsored agreements or similar cost objectives are credited for cost transfers to other projects, grants or contracts, is the credit amount for direct personal services, materials, other direct charges and applicable indirect costs always based on the same amount(s) or rate(s) (e.g., direct labor rate, indirect costs) originally used to charge or allocate costs to the project (Consider transactions where the original charge and the credit occur in different cost accounting periods). (Mark one, if "No", explain on a continuation sheet how the credit differs from original charge.)</p> <p style="text-align: center;"> <u>  X  </u>      Yes  <u>      </u>      No </p>																										
2.9.0	<p><u>Interorganizational Transfers.</u> This item is directed only to those materials, supplies, and services which are, or will be transferred to you from other segments of the educational institution. (Mark the appropriate line(s) in each column to indicate the basis used by you as transferee to charge the cost or price of interorganizational transfers or materials, supplies, and services to Federally sponsored agreements or similar cost objectives. If more than one line is marked in a column, explain on a continuation sheet.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 15%; text-align: center;"><u>Materials</u> (1)</th> <th style="width: 15%; text-align: center;"><u>Supplies</u> (2)</th> <th style="width: 10%; text-align: center;"><u>Services</u> (3)</th> </tr> </thead> <tbody> <tr> <td>A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> </tr> <tr> <td>B. At full costs <u>including</u> indirect costs attributable to group or central office expenses.</td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> </tr> <tr> <td>C. At established catalog or market price or prices based on adequate competition.</td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> </tr> <tr> <td>Y. Other(s) <u>1/</u></td> <td style="text-align: center;"><u>  X  </u></td> <td style="text-align: center;"><u>  X  </u></td> <td style="text-align: center;"><u>  X  </u></td> </tr> <tr> <td>Z. Interorganizational transfers are not applicable</td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> <td style="text-align: center;"><u>      </u></td> </tr> </tbody> </table> <p>1/ Describe on a Continuation Sheet.</p>				<u>Materials</u> (1)	<u>Supplies</u> (2)	<u>Services</u> (3)	A. At full cost <u>excluding</u> indirect costs attributable to group or central office expenses.	<u>      </u>	<u>      </u>	<u>      </u>	B. At full costs <u>including</u> indirect costs attributable to group or central office expenses.	<u>      </u>	<u>      </u>	<u>      </u>	C. At established catalog or market price or prices based on adequate competition.	<u>      </u>	<u>      </u>	<u>      </u>	Y. Other(s) <u>1/</u>	<u>  X  </u>	<u>  X  </u>	<u>  X  </u>	Z. Interorganizational transfers are not applicable	<u>      </u>	<u>      </u>	<u>      </u>
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
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## 2.1.0 Criteria for Determining How Costs Are Charged To Federally Sponsored Agreement or Similar Cost Objectives.

TAMUS follows the provisions of Subpart E in Code of Federal Regulations, Part 200 in determining the treatment of costs as direct or indirect (F&A). Costs that can be identified specifically with a particular sponsored project, an instructional activity, or any other institutional activity, or that can be directly assigned to such activities relatively easily with a high degree of accuracy are treated as direct costs. Costs that are incurred for common or joint objectives and, therefore, cannot be identified readily and specifically with a particular sponsored agreement, instructional activity, or any other institutional activity are treated as F&A costs. TAMUS' F&A costs are consistent with the definitions of specific F&A cost categories in section E of Code of Federal Regulations, Part 200.

TAMUS also follows the guidelines in section 200.413 of Code of Federal Regulations, Part 200 which specify the normal treatment of certain costs commonly incurred by academic departments and organized research units.

Every effort is made to classify costs incurred for the same purpose, in like circumstances, consistently as either direct or F&A costs. Section 7 of System Regulation 15.01.01, Cost Sharing of Sponsored Agreements specifically addresses this issue to help accomplish this objective.

Within academic departments and organized research units, major cost categories are treated as follows:

- Salaries and fringe benefits of faculty, professional staff (e.g., research associates), technicians, and students associated with effort on research projects, instructional activities and other direct cost objectives, are treated as direct costs. Tuition remissions provided to graduate students for work on research projects and teaching activities is also treated as a direct cost. Salaries and fringe benefits of faculty and professional staff associated with administrative activities are treated as F&A costs.
- Salaries and fringe benefits of administrative and clerical staff are normally treated as F&A costs, as required by section 200.413 of Code of Federal Regulations, Part 200. However, in accordance with supplementary guidance on this subject issued by the Federal Office of Management and Budgets (OMB), these costs are treated as direct costs when the nature of the work performed under a particular project requires an extensive amount of administrative or clerical support and the costs meet the general criteria for direct charging in the OMB Uniform Guidance (i.e., can be identified specifically with the project). These situations are considered "unlike circumstances" under CAS 502. TAMUS has established specific policies on this subject in section 7 of System Regulation 15.01.01 which parallel the supplementary OMB guidance.

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2.1.0 Criteria for Determining How Costs Are Charged To Federally Sponsored Agreement or Similar Cost Objectives (Continued).

- The charges for laboratory supplies (e.g., chemicals, glassware, etc.), instructional supplies, animals, animal care and other specialized services, travel, contractual services, long distance telephone toll charges and the other items, enumerated in DS-2 answers 2.2.0 and 2.7.0, identifiable to research, instruction, or other direct cost objectives are treated as direct costs.
- Special repair and maintenance requests involving internal building operations and equipment which are identifiable to research projects, instructional activities or other direct cost objectives, are treated as direct costs based on a work order system. Rent and other facility costs of off-campus facilities used to conduct research or other direct cost objectives are also treated as direct costs.
- The costs of office supplies, postage, local (basic) telephone costs, and memberships are treated as F&A costs, except under the conditions specified in section 7 of TAMUS System Regulation 15.01.01, which TAMUS considers "unlike circumstances" under CAS 502.

As indicated above, TAMUS' policy permits direct charges for administrative and clerical salaries, office supplies, postage, local telephone expenses, and memberships only under exceptional circumstances consistent with the OMB Uniform Guidance and supplemental guidance issued by OMB. In implementing these policies, TAMUS relies on the judgment of principal investigators and other responsible officials to determine whether these circumstances exist for a particular project, and requires that proposed direct charges for these costs be fully justified to sponsoring agencies in grant applications and contract proposals. If the sponsoring agency accepts the cost as part of the direct proposal budget (i.e., does not specifically disapprove the item in the award or other notification to the member of TAMUS) then the member of TAMUS will consider the cost an appropriate direct cost of the project. Conversely, if the sponsoring agency specifically disapproves the cost, the TAMUS member will rely on the sponsoring agency's judgment that the cost did not meet the criteria for direct charging and will treat the cost as an F&A cost, unless circumstances arise at a later date that justify direct charging of the costs.

To assure consistent treatment of costs between sponsored agreements and non-sponsored activities, "Direct Charge Equivalents" (DCE's) are used to assign an appropriate amount of departmental general fund expenses directly to instruction and other non-sponsored direct cost objectives. DCE's are mathematical formulas which estimate the portion of general fund expenses that should be assigned directly to non-sponsored activities, and the portion that should be included in the Departmental Administration F&A cost pool. (See description of the accumulation of Departmental Administration expenses in answer 3.1.0.). The use of

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2.1.0 Criteria for Determining How Costs Are Charged To Federally Sponsored Agreement or Similar Cost Objectives (Continued).

DCE's is a long established accounting convention at academic institutions that is designed to help achieve consistent treatment of costs as required by Code of Federal Regulations, Part 200 and CAS 502, and at the same time recognize the generally accepted accounting practices of the institutions.

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### 2.2.0 Description of Direct Materials.

The principal types of materials and supplies charged directly to sponsored agreements and other direct cost objectives include:

Research supplies (e.g., beakers and flasks, batteries, gaskets, enzymes)  
Non-capitalized medical, scientific, and laboratory equipment  
Chemicals and gases  
Parts for machinery and equipment  
Farm, ranch, and nursery supplies  
Computer parts and supplies  
Computer software  
Utilities

### 2.3.2 Inventory from Central or Common, Institution-Owned Inventory.

The inventory evaluation method used is the average-cost method. Average-cost is computed by dividing the total cost of the inventory available by the total units. This gives a weighted-average unit cost that is applied to the units in the ending inventory. The average-cost method tends to level out the effects of cost increases and decreases because the cost for the ending inventory calculated under the method is influenced by all the prices paid during the year and by the beginning inventory price.

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#### 2.4.0 Description of Direct Personnel Services.

Personnel services charged directly to sponsored research agreements include the salary and related benefits for the following classifications of employees:

Faculty  
 Extension faculty equivalent  
 Graduate research assistant  
 Post-doctoral research associate  
 Research scientist  
 Research engineer  
 Research associate  
 Research support staff (e.g., machinists, scientific instrument makers, farm equipment operators)  
 Technician  
 Undergraduate student worker

The direct charges include salaries or wages and fringe benefits. In the case of graduate research assistants, direct charges may also include tuition remissions. Salaries or wages and fringe benefits of administrative and clerical staff are charged directly only under the conditions described in answer 2.1.0. For a complete description of fringe benefits, please see answer 2.6.0.

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2.5.0 Method of Charging Direct Salaries and Wages.  
(Revised)

After-the-fact activity records are used for full-time and monthly paid faculty, staff, and student employees. The Payroll department uses a Budgeted or planned work activity to charge expenses initially. However, after-the-fact activity sheets are used to verify activity for efforts charged to sponsored projects.

Individual time sheets are used for hourly staff and student employees.



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### 2.5.2 Salary and Wage Cost Accumulation System.

Using an estimate provided by monthly employees, responsible personnel record the planned distribution of each employee's salary on a payroll distribution form. The payroll distribution forms are used to process the monthly payroll and allocate the salary costs to sponsored agreements. After-the-fact activity reports, as described in Code of Federal Regulations, Part 200.430, are used to determine the actual distribution of employee salaries. Should the actual level of effort differ from the estimated distribution, a salary adjustment is initiated and reflected in the salary charges to sponsored agreements. A similar process applies to hourly employees, except that time sheets instead of activity reports, are used.

The salary distribution system identifies the salaries directly charged to sponsored agreements as well as the salaries TAMUS contributes to sponsored agreements as cost sharing. TAMUS' policies on cost sharing are in System Regulation 15.01.05.

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## 2.6.0 Description of Direct Fringe Benefit Costs.

(Revised)

Certain classes of employees do not get full fringe benefits. Graduate research assistants are provided health insurance, basic life insurance, worker's compensation insurance, unemployment compensation insurance, OASI and Medicare matching contribution. Undergraduate student workers receive worker's compensation insurance, and unemployment compensation insurance. Undergraduate student workers have the option to receive OASI and Medicare matching contribution.

All fringe benefits are available for employees classified as regular (also called full-time). A regular employee is one who works 20 hours or more a week, and is employed in a position budgeted for a definite period during the year of at least 4 1/2 months or for a semester of more than four months, excluding students holding positions for which student status is a requirement for employment. In cases where undergraduate students are employed for 30 hours or more a week, and employed in a position budgeted for a definite period during the year of more than 90 days, they will become eligible for fringe benefits. In addition, in cases where employees of any type have worked an average of 30 hours per week or more over the past plan year, such employees will become eligible for fringe benefits for the next plan year if such employees are still employed during the coming plan year.

### Insurance

The State of Texas annually sets a rate to cover a portion of medical, disability and term life insurance for employees. This premium is shared with the employees who pay the remainder of their insurance premiums.

### Worker's Compensation Insurance

Texas law provides for worker's compensation insurance for all TAMUS employees. This plan is self-insured by TAMUS.

### Unemployment Compensation Insurance

As prescribed by Texas law, employees of TAMUS are covered by unemployment compensation insurance. A revolving fund for unemployment compensation insurance is maintained to provide reimbursement to the State of Texas for benefits paid to former TAMUS employees, where such reimbursement is required by law.

### Retirement

The State of Texas has joint contributory retirement plans for full-time faculty and staff (excludes student positions). The primary plan in which TAMUS employees participate is a defined benefit pension plan administered by the Teacher Retirement System of Texas. This is a shared cost, multiple employer, public retirement system governed by the State of Texas for teachers and employees of educational institutions.

The State has also established an Optional Retirement Program for institutions of higher education. Participation in the Optional Retirement Program is in lieu of participation in the Teacher Retirement System. It is available to faculty, certain staff, and high level

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2.6.0 Description of Direct Fringe Benefit Costs (Continued).  
(Revised)

Retirement (continued)

administrative positions. The Optional Retirement Program provides for more employee control over investment options. It is a defined contribution retirement program.

Some employees of the Texas AgriLife Extension Service are enrolled in the Federal Civil Service Retirement System and have related federal insurance coverage. This retirement program and insurance coverage is available only to Texas AgriLife Extension employees employed before 1984 with federal appointments in the agency. This is a shared cost program with the federal Office of Personnel Management.

Social Security and Medicare

This rate is set for employers and employees by the Federal government. However, some Texas AgriLife Extension employees with Federal Civil Service appointments are enrolled in the Civil Service Retirement System in lieu of Social Security. Only certain Texas AgriLife Extension employees employed before 1984 participate in this program.

Paid Leave

Leave costs (annual, sick, holiday, etc.) are included in the normal charges for salaries or wages.

Longevity Pay

Longevity pay is a benefit available to regular employees who have been with TAMUS for two years or more. According to Texas state law, it is only available for employees who are not engaged in academic instruction.

Accrued Compensated Absences

Assessments range from .08% to 1.39% based on previous years' experience. Each member determines the rate to use for their institution/agency/health science center. An appropriate adjustment for over and under recovery is made in future years.

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### 2.6.1 Method of Charging Direct Fringe Benefits.

Fringe benefit costs are identified to each employee. The amount charged to each sponsored agreement is proportional to the percentage of effort or time devoted to the sponsored agreement by the employee.

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### 2.7.0 Description of Other Direct Costs.

Other items of cost directly identified with Federally sponsored agreements or similar cost objectives may include:

Contractual services (e.g., soil analysis, cyclotron services, photographers, video taping services)

Travel

Rent and other facility costs of off-campus facilities

Other professional services (e.g., architectural and engineering services)

Reproduction services

Service charges for the proving grounds

Maintenance and repairs (primarily machinery and equipment)

Long distance telephone expenses

Sub recipient Costs

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### 2.9.0 Interorganizational Transfers.

Most interorganizational transfers involve subawards under sponsored agreements. The subawards are awarded by a TAMUS member covered by this Disclosure Statement to another TAMUS member not covered by this Disclosure Statement for services required by the project. The costs of the subaward usually include direct costs and applicable indirect costs. In some cases, the transfers are limited to direct costs or standard rate schedule charges.

- END OF PART -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS	PART III - INDIRECT COSTS
	THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
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	<p style="text-align: center;">Instructions for Part III</p> <p>Institutions should disclose how the segment's total indirect costs are identified and accumulated in specific indirect cost categories and allocated to applicable indirect cost pools and service centers within each major function or activity, how service center costs are accumulated and "billed" to users, and the specific indirect cost pools and allocation bases used to calculate the indirect cost rates that are used to allocate accumulated indirect costs to Federally sponsored agreements or similar final cost objectives. A continuation sheet should be used wherever additional space is required or when a response requires further explanation to ensure clarity and understanding.</p> <p>The following Allocation Base Codes are provided for use in connection with Items 3.1.0 and 3.3.0.</p> <ul style="list-style-type: none"> <li>A. Direct Charge or Allocation</li> <li>B. Total Expenditures</li> <li>C. Modified Total Cost Basis</li> <li>D. Modified Total Direct Cost Basis</li> <li>E. Salaries and Wages</li> <li>F. Salaries, Wages and Fringe Benefits</li> <li>G. Number of Employees (head count)</li> <li>H. Number of Employees (full-time equivalent basis)</li> <li>I. Number of Students (head count)</li> <li>J. Number of Students (full-time equivalent basis)</li> <li>K. Student Hours – classroom and work performed</li> <li>L. Square Footage</li> <li>M. Usage</li> <li>N. Unit of Product</li> <li>O. Total Production</li> <li>P. More than one base (Separate Cost Groupings) <u>1/</u></li> <li>Y. Other(s) <u>1/</u></li> <li>Z. Category or Pool not applicable</li> </ul> <p><u>1/</u> List on a continuation sheet, the category and subgrouping(s) of expense and the allocation base(s) used.</p>

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Item No.	Item Description																																																						
3.1.0	<p><u>Indirect Cost Categories – Accumulation and Allocation.</u> This item is directed at the identification, accumulation and allocation of all indirect costs of the institution. (Under the column heading, "Accumulation Method," insert "Yes" or "No" to indicate if the cost elements included in each indirect cost category are identified, recorded and accumulated in the institution's formal accounting system. If "No," describe on a continuation sheet, how the cost elements included in the indirect cost category are identified and accumulated. Under the column heading "Allocation Base," enter one of the allocation base codes A through P, Y, or Z, to indicate the basis used for allocating the accumulated costs of each indirect cost category to other applicable indirect cost categories, indirect cost pools, other institutional activities, specialized service facilities and other service centers. Under the column heading "Allocation Sequence," insert 1, 2, or 3 next to each of the first three indirect cost categories to indicate the sequence of the allocation process. If cross-allocation techniques are used, insert "CA." If an indirect cost category listed in this section is not used, insert "NA.")</p> <p><u>Indirect Cost Category</u></p> <table> <thead> <tr> <th></th> <th><u>Accumulation Method</u></th> <th><u>Allocation Base Code</u></th> <th><u>Allocation Sequence</u></th> </tr> </thead> <tbody> <tr> <td>(a) Depreciation/Interest</td> <td></td> <td></td> <td><u>1</u></td> </tr> <tr> <td>    Building</td> <td><u>YES</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>    Equipment</td> <td><u>YES</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>    Capital Improvements to Land <u>1/</u></td> <td><u>YES</u></td> <td><u>P</u></td> <td></td> </tr> <tr> <td>    Interest <u>1/</u></td> <td><u>NO</u></td> <td><u>L</u></td> <td></td> </tr> <tr> <td>(b) Operation and Maintenance</td> <td><u>YES</u></td> <td><u>L</u></td> <td><u>2</u></td> </tr> <tr> <td>(c) General Administration and General Expense</td> <td><u>YES</u></td> <td><u>C</u></td> <td><u>3</u></td> </tr> <tr> <td>(d) Departmental Administration</td> <td><u>NO</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(e) Sponsored Projects Administration</td> <td><u>YES</u></td> <td><u>D</u></td> <td></td> </tr> <tr> <td>(f) Library</td> <td><u>YES</u></td> <td><u>P</u></td> <td></td> </tr> <tr> <td>(g) Student Administration and Services</td> <td><u>YES</u></td> <td><u>Y</u></td> <td></td> </tr> <tr> <td>(h) Other <u>1/</u></td> <td><u>      </u></td> <td><u>      </u></td> <td></td> </tr> </tbody> </table> <p><u>1/ Describe on a Continuation Sheet</u></p>				<u>Accumulation Method</u>	<u>Allocation Base Code</u>	<u>Allocation Sequence</u>	(a) Depreciation/Interest			<u>1</u>	Building	<u>YES</u>	<u>L</u>		Equipment	<u>YES</u>	<u>L</u>		Capital Improvements to Land <u>1/</u>	<u>YES</u>	<u>P</u>		Interest <u>1/</u>	<u>NO</u>	<u>L</u>		(b) Operation and Maintenance	<u>YES</u>	<u>L</u>	<u>2</u>	(c) General Administration and General Expense	<u>YES</u>	<u>C</u>	<u>3</u>	(d) Departmental Administration	<u>NO</u>	<u>D</u>		(e) Sponsored Projects Administration	<u>YES</u>	<u>D</u>		(f) Library	<u>YES</u>	<u>P</u>		(g) Student Administration and Services	<u>YES</u>	<u>Y</u>		(h) Other <u>1/</u>	<u>      </u>	<u>      </u>	
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		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)																																															
Item No.	Item Description																																																
3.2.0	<p><u>Service Centers.</u> Service centers are departments or functional units which perform specific technical or administrative services primarily for the benefit of other units within a reporting unit. Service Centers include "recharge centers" and the "specialized service facilities" defined in the OMB Uniform Guidance. (The codes identified below should be inserted on the appropriate line for each service center listed. The column numbers correspond to the paragraphs listed below that provide the codes. Explain on a Continuation Sheet if any of the services are charged to users on a basis other than usage of the services. Enter "Z" in Column 1, if not applicable.)</p> <table border="0"> <tr> <td></td> <td>(1)</td> <td>(2)</td> <td>(3)</td> <td>(4)</td> <td>(5)</td> <td>(6)</td> </tr> <tr> <td>(a) Scientific Computer Operations Computing &amp; Information Services (CIS)</td> <td><u>C</u></td> <td><u>A</u></td> <td><u>C</u></td> <td><u>B</u></td> <td><u>A</u></td> <td><u>Y</u></td> </tr> <tr> <td>(b) Business Data Processing ALSO: Computing &amp; Information Services (CIS)</td> <td><u>C</u></td> <td><u>A</u></td> <td><u>C</u></td> <td><u>B</u></td> <td><u>A</u></td> <td><u>Y</u></td> </tr> <tr> <td>(c) Animal Care Facilities Laboratory Animal Resources &amp; Research (LARR)</td> <td><u>A</u></td> <td><u>A</u></td> <td><u>C</u></td> <td><u>B</u></td> <td><u>A</u></td> <td><u>Y</u></td> </tr> <tr> <td>(d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary) <u>SEE CONTINUATION SHEET</u></td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> <td>_____</td> </tr> <tr> <td colspan="7">_____</td> </tr> </table> <p>(1) <u>Category Code:</u> Use code "A" if the service center costs are billed only as direct costs of final cost objectives; code "B" if billed only to indirect cost categories or indirect cost pools; code "C" if billed to both direct and indirect cost objectives.</p> <p>(2) <u>Burden Code:</u> Code "A" -- center receives an allocation of all applicable indirect costs; Code "B" -- partial allocation of indirect costs; Code "C" -- no allocation of indirect costs.</p> <p>(3) <u>Billing Rate Code:</u> Code "A" -- billing rates are based on historical costs; Code "B" -- rates are based on projected costs; Code "C" -- rates are based on a combination of historical and projected costs; Code "D" -- billings are based on the actual costs of the billing period; Code "Y" -- other (explain on a Continuation Sheet).</p> <p>(4) <u>User Charges Code:</u> Code "A" -- all users are charged at the same billing rates; Code "B" -- some users are charged at different rates than other users (explain on a Continuation Sheet).</p> <p>(5) <u>Actual Costs vs. Revenues Code:</u> Code "A" -- billings (revenues) are compared to actual costs (expenditures) at least annually; Code "B" -- billings are compared to actual costs less frequently than annually.</p> <p>(6) <u>Variance Code:</u> Code "A" -- Annual 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).</p>								(1)	(2)	(3)	(4)	(5)	(6)	(a) Scientific Computer Operations Computing & Information Services (CIS)	<u>C</u>	<u>A</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>Y</u>	(b) Business Data Processing ALSO: Computing & Information Services (CIS)	<u>C</u>	<u>A</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>Y</u>	(c) Animal Care Facilities Laboratory Animal Resources & Research (LARR)	<u>A</u>	<u>A</u>	<u>C</u>	<u>B</u>	<u>A</u>	<u>Y</u>	(d) Other Service Centers with Annual Operating Budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect cost. (Specify below; use a Continuation Sheet, if necessary) <u>SEE CONTINUATION SHEET</u>	_____	_____	_____	_____	_____	_____	_____						
	(1)	(2)	(3)	(4)	(5)	(6)																																											
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART III - INDIRECT COSTS
		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
3.5.0	<p><u>Composition of Allocation Bases.</u> (For each allocation base code used in Items 3.1.0 and 3.3.0, describe on a continuation sheet the makeup of the base. For example, if a modified total direct cost base is used, specify which of the elements of direct cost identified in Part II, Direct Costs, that are included, e.g., materials, salaries and wages, fringe benefits, travel costs, and excluded, e.g., subcontract costs over first \$25,000. Where applicable, explain if service centers are included or excluded. Specify the benefiting functions and activities included. If any cost objectives are excluded from the allocation base, such cost objectives and the alternate allocation method used should be identified. If an indirect cost allocation is based on Cost Analysis Studies, identify the study, and fully describe the study methods and techniques applied, the composition of the specific allocation base used, and the frequency of each recurring study.</p>	
3.6.0	<p><u>Allocation of Indirect Costs to Programs That Pay Less Than Full Indirect Costs.</u> Are appropriate direct costs of all programs and activities included in the indirect cost allocation bases, regardless of whether allocable indirect costs are fully reimbursed by the sponsoring organizations?</p> <p>A.    <u>  X  </u> Yes</p> <p>B.    <u>      </u> No <u>  1  </u></p>	
	1/ Describe on a Continuation Sheet.	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016		

3.1.0 Indirect Cost Categories - Accumulation and Allocation. \*  
(Revised)

\* Note: All responses to Part III of this Disclosure Statement are for TAMUS' F&A cost proposal covering base year ending August 31, 2013.

I. ACCUMULATION

Depreciation on Building, Equipment and Land Improvements

The acquisition costs of buildings, equipment, and land improvements are recorded in the formal accounting system. This information is used to calculate depreciation.

Interest

The interest expense in this cost pool is interest on debt associated with buildings, equipment, and capital improvements as defined in Code of Federal Regulations, Part 200.449. Interest on outstanding construction and improvement related debt is reported in the institution's formal accounting records. However, only a portion of this amount is included in the F&A cost calculation. A report listing all building and improvement construction projects completed since July 1, 1982 is obtained from the facilities planning department. The portion of each construction project that is financed by bond proceeds is identified and accumulated. Interest costs associated with the bond issues are allocated to individual construction projects in proportion to their share of the bond proceeds. This amount of interest expense is included in the F&A cost allocation. The amount of any federal funds used to finance a portion of the building, is excluded from the calculation. This accumulation is not maintained in the institution's formal accounting records.

General Administration and General Expense

All general administration and general expense of TAMUS are identified in the formal accounting records. This cost pool also includes state central service costs allocated to TAMUS by the state of Texas. This is done through the state-wide cost allocation plan developed by the state and approved by HHS.

Departmental Administration

Departmental administration expenses are only partially identified by the accounting system. This cost pool consists of the administrative costs of deans' offices; costs associated with the

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### 3.1.0 Indirect Cost Categories - Accumulation and Allocation (Continued). (Revised)

#### Departmental Administration (Continued)

administrative work of department heads, faculty and other professional research and academic staff; and other departmental support services. The costs of deans' offices are identified by the accounting system. The costs associated with administrative activities of department heads, faculty and other professional academic staff are covered by the standard allowance of 3.6% of modified total direct costs specified in the OMB Uniform Guidance.

The remaining departmental support costs include the salaries and fringe benefits of administrative and clerical staff (excluding direct charges for administrative and clerical services under the conditions discussed in answer 2.1.0), departmental business managers, office supplies, postage, travel associated with administrative activities, etc. This portion of departmental administration expenses is accumulated through an analysis of department operating accounts and the application of "Direct Charge Equivalents" (DCE's). As discussed in 2.1.0, DCE's are mathematical formulas which estimate the portion of department operating account expenses that should be assigned directly to instruction and other non-sponsored direct cost objectives and the portion that should be included in the departmental administration cost pool.

#### All Other Indirect Cost Categories

The remaining indirect cost categories are identified in the formal accounting system. As noted in answer 1.2.0, adjustments and reclassifications are made to the information in the financial statements to develop the cost pools required by Code of Federal Regulations, Part 200.

## II. ALLOCATION BASE CODE

#### Depreciation on Land Improvements

Depreciation on land improvements is allocated based on the standard method described in the OMB Uniform Guidance, which uses a combination of full-time equivalent student and employee data and salary data in a multi-step allocation process.

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3.1.0 Indirect Cost Categories - Accumulation and Allocation (Continued).  
(Revised)

Library

Library costs are allocated based on the standard method described in the OMB Uniform Guidance, which uses a combination of full-time-equivalent student and employee data and salary data in a multi-step allocation process.

Student Administration and Services

The Student Administration and Services indirect cost pool is allocated entirely to the instruction function in accordance with the standard allocation base in Appendix III Code of Federal Regulations, Part 200.

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### 3.2.0 Service Centers.

D) Other service centers with annual operating budgets exceeding \$1,000,000 or that generate significant charges to Federally sponsored agreements either as a direct or indirect charge.

Name of Service Center	(1)	(2)	(3)	(4)	(5)	(6)
Cyclotron Operations	A	A	C	B	A	Y
Transportation Center	C	A	C	A	A	Y
Centrex	C	A	C	A	A	Y
Facilities Maintenance	C	A	C	A	A	Y
Custodial Services	C	A	C	A	A	Y
Repair & Maintenance	C	A	C	A	A	Y
University Utilities System	C	A	C	A	A	Y

#### Items that need further explanation for 3.2.0

#### Computing & Information Services (CIS).

This service center performs both scientific computer operations and business data processing.

#### 4B Users are charged different rates as follows:

1. TAMUS members and federal customers are charged a subsidized rate which is the lowest rate.
2. Non-TAMUS members and Auxiliary customers are charged a full recovery rate. Non-TAMUS customers are external customers which are not members of the Texas A&M University System. Non-TAMUS customers include but are not limited to: Association of Former Students, 12<sup>th</sup> Man Foundation and other independent organizations. Auxiliary customers include but are not limited to residence halls, athletics and food services.
3. Contract or subscription rates are specially calculated fixed rates and are charged whenever the result of the charges is favorable to both the customer and the service center.

Federal programs are charged the lowest rates. However, the level of Federal expenditures is low. Historically, the CIS academic/research rates were reviewed annually by the Dallas Regional Office of the Department of Health and Human Services. After the 1991 rate proposal, HHS determined that the level of Federal expenditures had dropped to a point where it was no longer necessary to review CIS rates on a regular basis.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
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### 3.2.0 Service Centers (Continued).

#### Laboratory Animal Resources and Research (LARR).

- 4B Some users are charged at different rates than other users. Industrial users are charged a higher rate in order to recover full costs. Federal users are charged the lowest rate at all times.
- 6Y This service center operates at a deficit every year. LARR is heavily subsidized and does not charge for the full cost of its services. Therefore, deficits are absorbed by Texas A&M University.

#### Cyclotron Operations.

- 4B Some users are charged at different rates than other users. Industrial users are charged a higher rate in order to recover full costs. Federal users are charged the lowest rate at all times.

#### All Service Centers.

- 6Y Per TAMU System Regulation 21.01.05, service centers are allowed to retain a working capital fund balance equivalent to 90 days of service center expenditures. Once the 90 day limit is reached, all variances between billed and actual costs are carried forward to billing rates of future periods.



COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
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### 3.4.0 Composition of Indirect Cost Pools.

(Revised)

#### Depreciation

This cost pool is composed of depreciation on buildings, equipment, and land improvements computed in accordance with Code of Federal Regulations, Part 200.436. See Part IV for additional information on depreciation.

#### Interest

This cost pool consists of interest on debt associated with buildings, equipment, and capital improvements computed in accordance with Code of Federal Regulations, Part 200.449.

#### Operations and Maintenance (O&M)

The O&M cost pool consists of expenses incurred for the administration, supervision, operation, maintenance, preservation, and protection of the institution's physical plant. It includes utilities, maintenance of buildings, repairs and normal alterations of buildings, care of grounds, custodial services, environmental safety, and campus security. It also includes its allocable share of fringe benefit costs, depreciation and interest costs.

#### General Administration and General Expenses (G&A)

The G&A cost pool consists of expenses for the general executive and administrative offices and other expenses of a general character which do not relate solely to any major function of the institution. This cost pool at TAMUS encompasses member's functions such as: payroll; business offices; human resources; and internal audit. In addition, a variety of other central administrative functions such as expenses in the offices of the Chancellor, Deputy Chancellors, Vice Chancellors, President, Provost, and Agency Directors are included in this cost pool. This expense category also includes its allocable share of fringe benefits, operation and maintenance expense, depreciation, and interest costs.

#### Departmental Administration (DA)

The DA cost pool consists of expenses for the administrative and support services that benefit common or joint departmental activities or objectives in the academic deans' offices, academic departments and divisions, and organized research units. DA expenses also include an appropriate share of fringe benefits, general administration and general expenses, operation and maintenance expenses, depreciation, and interest costs. See answer 3.1.0 for additional information on the composition of DA expenses.

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### 3.4.0 Composition of Indirect Cost Pools (Continued). (Revised)

#### Sponsored Project Administration

Sponsored project administration represents separate organizations within the institution that have been established to administer sponsored agreements, regardless of the funding source. The primary elements in this pool are the costs associated with the offices of grant and contract accounting and grant and contract services. This category also includes an allocable share of fringe benefits, general administration and general expenses, operation and maintenance expenses, depreciation, and interest costs.

#### Library Costs

This pool consists of the cost of operating the university's libraries, including the cost of books and library materials purchased for the library, less any items of library income that qualify as applicable credits. This category also includes an appropriate share of fringe benefits, general administration and general expenses, operation and maintenance expenses, depreciation, and interest costs.

#### Student Administration and Services

The student administration and services cost pool consists of expenses for the administration of student affairs and for services to students, including expenses of such activities as dean of students, admissions, registrar, student counseling and placement services, student advisers, and a portion of the costs of the executive director of graduate students and the associate provost for undergraduate programs. This cost pool also includes an appropriate share of fringe benefits, general administration and general expenses, operation and maintenance expenses, depreciation, and interest costs.

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### 3.5.0 Composition of Allocation Bases. \*

(Revised)

\* Note: Allocation bases include sponsored projects administered by TAMUS as well as sponsored projects administered by The Texas A&M Research Foundation (RF), except for the allocation of sponsored project administration. Sponsored project administration is allocated only to sponsored agreements administered by TAMUS.

#### Depreciation on Buildings, Equipment, and Land Improvements

Building depreciation is allocated on a building-by-building basis among the functions performed in each building (e.g., organized research, instruction, etc.) based on the amount of net assignable square feet occupied by each function. Functional usage is determined on a room-by-room basis through a space inventory and functional use survey, which assigns a specific percentage of use to each function performed in each room.

Equipment depreciation is allocated based on the functional use(s) of the building in which the equipment is located.

Land improvement depreciation is allocated based on the standard method.

#### Interest

Interest costs are allocated on the same basis as depreciation on the buildings, equipment, and land improvements to which the interest relates.

#### Operation and Maintenance

Operation and Maintenance expenses are allocated based on square footage. The specific allocation methodology for these expenses is the same as depreciation, except that campus-wide square footage, rather than building-by-building square footage, is used to allocate the expenses.

#### General Administration and General Expenses

General Administration and General Expenses are allocated based on Modified Total Costs. Modified Total Costs consist of salaries and wages, fringe benefits, materials and supplies, services, travel, and subawards up to the first \$25,000 of each subaward (regardless of the period covered by the subaward). The following cost elements are excluded from the Modified Total Costs base: equipment that meets TAMUS' capitalization threshold, other

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### 3.5.0 Composition of Allocation Bases (Continued). (Revised)

capital expenditures, charges for tuition remissions, space rental costs, scholarships and fellowships, and the portion of each subaward in excess of \$25,000.

#### Departmental Administration Expenses

Departmental Administration expenses are allocated based on Modified Total Direct Costs (MTDC), which consist of the same cost elements as the Modified Total Costs base used to allocate General Administration and General Expenses. As stipulated in Appendix III of Code of Federal Regulations, Part 200, the administrative expenses of the dean's office of each college and school are allocated to the academic departments and other organizational units within that college or school. The administrative expenses of each department, plus the department's share of the dean's office costs, are allocated to the direct functions within that department.

#### Sponsored Projects Administration

Sponsored Projects Administration is allocated based on the MTDC of the sponsored projects within each major function of the institution. MTDC for this purpose consists of the same cost elements as the allocation base for General Administration and General Expenses and Departmental Administration.

#### Library

Library costs are allocated based on the standard method in Appendix III Code of Federal Regulations, Part 200.

#### Student Administration and Services

The Student Administration and Services cost pool is allocated entirely to the instruction function in accordance with the standard base in Appendix III Federal Regulations, Part 200.

#### Final Distribution Base

The final distribution base (i.e., the base used to allocate the accumulated F&A costs of each major function to sponsored agreements within that function) is also MTDC and consists of the same cost elements as the base for allocating the administrative cost pools noted above.

- END OF PART -

<b>COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS</b>	<b>PART IV - DEPRECIATION AND USE ALLOWANCES THE TEXAS A&amp;M UNIVERSITY SYSTEM (TAMUS)</b>																																																		
<b>Item No.</b>	<b>Item Description</b>																																																		
<b>4.1.0</b>	<p style="text-align: center;"><b>Part IV</b></p> <p><b><u>Depreciation Charged to Federally Sponsored Agreements or Similar Cost Objectives.</u></b> (For each asset category listed below, enter a code from A through C in Column (1) describing the method of depreciation; a code from A through D in Column (2) describing the basis for determining useful life; a code from A through C in Column (3) describing how depreciation methods or use allowances are applied to property units; and Code A or B in Column (4) indicating whether or not the estimated residual value is deducted from the total cost of depreciable assets. Enter Code Y in each column of an asset category where another or more than one method applies. Enter Code Z in Column (1) only, if an asset category is not applicable.)</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;"><u>Asset Category</u></th> <th style="text-align: center;"><u>Depreciation Method*</u> (1)</th> <th style="text-align: center;"><u>Useful Life*</u> (2)</th> <th style="text-align: center;"><u>Property Unit*</u> (3)</th> <th style="text-align: center;"><u>Residual Value*</u> (4)</th> </tr> </thead> <tbody> <tr> <td>(a) Land Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(b) Buildings</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">A</td> </tr> <tr> <td>(c) Building Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">A</td> </tr> <tr> <td>(d) Leasehold Improvements</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(e) Equipment</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(f) Furniture and Fixtures</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(g) Automobiles and Trucks</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(h) Tools</td> <td style="text-align: center;">A</td> <td style="text-align: center;">C</td> <td style="text-align: center;">A</td> <td style="text-align: center;">B</td> </tr> <tr> <td>(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category (Otherwise enter Code Z.)</td> <td style="text-align: center;">Z</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> <td style="text-align: center;">—</td> </tr> </tbody> </table> <p style="text-align: right; margin-right: 50px;">* see continuation page</p> <div style="display: flex; justify-content: space-between;"> <div style="width: 48%;"> <p><u>Column (1)--Depreciation Method Code</u></p> <p>A. Straight Line B. Expensed at Acquisition C. Use Allowance Y. Other or more than one method 1</p> </div> <div style="width: 48%;"> <p><u>Column (2)--Useful Life Code</u></p> <p>A. Replacement Experience B. Term of Lease C. Estimated service life D. As prescribed for use allowance by Office of Management and Budget Uniform Guidance Y. Other or more than one method 1/</p> </div> </div> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <div style="width: 48%;"> <p><u>Column (3)--Property Unit Code</u></p> <p>A. Individual units are accounted for separately B. Applied to groups of assets with similar service lives C. Applied to groups of assets with varying service lives Y. Other or more than one method 1/ 1/ Describe on a Continuation Sheet</p> </div> <div style="width: 48%;"> <p><u>Column (4)--Residual Value</u></p> <p>A. Residual value is deducted B. Residual value is not deducted Y. Other or more than one method 1/</p> </div> </div>	<u>Asset Category</u>	<u>Depreciation Method*</u> (1)	<u>Useful Life*</u> (2)	<u>Property Unit*</u> (3)	<u>Residual Value*</u> (4)	(a) Land Improvements	A	C	A	B	(b) Buildings	A	C	A	A	(c) Building Improvements	A	C	A	A	(d) Leasehold Improvements	A	C	A	B	(e) Equipment	A	C	A	B	(f) Furniture and Fixtures	A	C	A	B	(g) Automobiles and Trucks	A	C	A	B	(h) Tools	A	C	A	B	(i) Enter Code Y on this line if other asset categories are used and enumerate on a continuation sheet each such asset category (Otherwise enter Code Z.)	Z	—	—	—
<u>Asset Category</u>	<u>Depreciation Method*</u> (1)	<u>Useful Life*</u> (2)	<u>Property Unit*</u> (3)	<u>Residual Value*</u> (4)																																															
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COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART IV - DEPRECIATION AND USE ALLOWANCES THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item. No	Item Description	
4.1.1	<p>Asset Valuations and Useful Lives. Are the asset valuations and useful lives used in your indirect cost proposal consistent with those used in the institution's Financial statements? (Mark one.)</p> <p>A. <u>  X  </u> Yes <u>1/</u></p> <p>B. <u>      </u> No <u>1/</u></p>	
4.2.0	<p><u>Fully Depreciated Assets.</u> Is a usage charge for fully depreciated assets charged to Federally sponsored agreements or similar cost objectives? (Mark one. If yes, describe the basis for the charge on a continuation sheet.)</p> <p>A. <u>      </u> Yes</p> <p>B. <u>  X  </u> No</p>	
4.3.0	<p><u>Treatment of Gains and Losses on Disposition of Depreciable Property.</u> Gains and losses are: (Mark the appropriate line(s) and if more than one is marked, explain on a continuation sheet.)</p> <p>A. <u>      </u> Excluded from determination of sponsored agreement costs</p> <p>B. <u>      </u> Credited or charged currently to the same pools to which the depreciation of the assets was originally charged</p> <p>C. <u>  X  </u> Taken into consideration in the depreciation cost basis of the new items, where trade-in is involved</p> <p>Y. <u>      </u> Other(s) <u>1/</u></p> <p>Z. <u>      </u> Not applicable</p>	
4.4.0	<p><u>Criteria for Capitalization.</u> (Enter (a) the minimum dollar amount of expenditures which are capitalized for acquisition, addition, alteration, donation and improvement of capital assets, and (b) the minimum number of expected life years of assets which are capitalized. If more than one dollar amount or number applies, show the information for the majority of your capitalized assets, and enumerate on a continuation sheet the dollar amounts and/or number of years for each category or subcategory of assets involved which differs from those for the majority of assets.)</p> <p>A. Minimum Dollar Amount <u>  \$5.000  </u></p> <p>B. Minimum Life Years <u>  over 1  </u></p>	
4.5.0	<p><u>Group or Mass Purchase.</u> Are group or mass purchases (Initial complement) of similar items, which individually are less than the capitalization amount indicated above, capitalized? (Mark one.)</p> <p>A. <u>      </u> Yes <u>1/</u></p> <p>B. <u>  X  </u> No</p> <p><u>      </u></p>	
1/ Describe on a Continuation Sheet.		

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 1 Effective Date: September 1, 2002	

4.1.1 Asset Valuations and Useful Lives.  
(Revised)

Asset valuations used in the F&A cost proposal are consistent with those used in the financial statements.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 3 Effective Date: July 1, 2016	

4.2.0 Fully Depreciated Assets.  
(Revised)

TAMU understands that the new OMB Uniform Guidance does not contain a provision for charging use allowance on fully depreciated equipment. Future TAMU F&A proposals will not contain any charges for use allowance on fully depreciated assets.



COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 1 Effective Date: September 1, 2002	

4.4.0 Criteria for Capitalization.  
 (Revised)

TAMUS uses an equipment capitalization level of \$5,000 as established by State Property Accounting for purposes of equipment accounting and inventories.

Buildings are capitalized based on a \$100,000 threshold. Improvements are capitalized if they represent a major repair or rehabilitation project which increases the value and/or useful life of the building. Facilities are capitalized based on a \$100,000 threshold. Infrastructure is capitalized based on a \$500,000 threshold. Internally developed software is capitalized based on a \$1,000,000.00 threshold.

- END OF PART -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART V - OTHER COSTS AND CREDITS THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
	Part V	
5.1.0	<p><u>Method of Charging Leave Costs.</u> Do you charge vacation, sick, holiday and sabbatical leave costs to sponsored agreements on the cash basis of accounting (i.e., when the leave is taken or paid), or on the accrual basis of accounting (when the leave is earned)? (Mark applicable line(s))</p> <p>A. <input checked="" type="checkbox"/> Cash</p> <p>B. <input checked="" type="checkbox"/> Accrual <u>1/</u></p>	
5.2.0	<p><u>Applicable Credits.</u> This item is directed at the treatment of "applicable credits" as defined in Section C of OMB Code of Federal Regulations, Part 200 and other incidental receipts (e.g., purchase discounts, insurance refunds, library fees and fines, parking fees, etc.). (Indicate how the principal types of credits and incidental receipts the institution receives are usually handled.)</p> <p>A. <input type="checkbox"/> The credits/receipts are offset against the specific direct or indirect costs to which they relate.</p> <p>B. <input type="checkbox"/> The credits/receipts are handled as a general adjustment to the indirect pool.</p> <p>C. <input type="checkbox"/> The credits/receipts are treated as income and are not offset against costs.</p> <p>D. <input checked="" type="checkbox"/> Combination of methods 1/</p> <p>Y. <input type="checkbox"/> Other <u>1/</u></p> <p>1/ Describe on a Continuation Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016	

5.1.0 Method of Charging Leave Costs.  
 (Revised)

Sick leave costs are charged on a cash basis to each salary account as time is taken. Unemployment Compensation Insurance (UCI) costs and Lump-Sum payout of vacation for terminated employees is charged to the individual salary accounts based upon a rate, which is more similar to accrual basis. A rate is established annually based on each member's experience to cover the UCI and lump sum payments for accumulated vacation payments to terminated employees.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 1 Effective Date: September 1, 2003	

5.2.0 Applicable Credits.  
(Revised)

True applicable credits, such as refunds and purchase discounts, are offset against the direct or F&A costs to which they relate. Applicable credits that are considered “general” in nature, such as credits accrued on purchase cards, etc., will be included as a credit (reduction) in the Operation & Maintenance cost pool in the F&A Proposal.

- END OF PART -

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI - DEFERRED COMPENSATION AND INSURANCE COSTS									
		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)									
Item No.	Item Description										
	<p style="text-align: center;">Instructions for Part VI</p> <p>This part covers the measurement and assignment of costs for employee pensions, post-retirement benefits other than pensions (including post-retirement health benefits) and insurance. Some organizations may incur all of these costs at the main campus level or for public institutions at the governmental unit level, while others may incur them at subordinate organization levels. Still others may incur a portion of these costs at the main campus level and the balance at subordinate organization levels.</p> <p>Where the segment (reporting unit) does not directly incur such costs, the segment should, on a continuation sheet, identify the organizational entity that incurs and records such costs. When the costs allocated to Federally sponsored agreements are material, and the reporting unit does not have access to the information needed to complete an item, the reporting unit should require that entity to complete the applicable portions of this Part VI. (See item 4, page (i), General Instructions)</p>										
6.1.0	<u>Pension Plans.</u>										
6.1.1	<p>Defined-Contribution Pension Plans. Identify the types and number of pension plans whose costs are charged to Federally sponsored agreements. (Mark applicable line(s) and enter number of plans.)</p> <table border="0" style="width: 100%;"> <thead> <tr> <th style="text-align: left;"><u>Type of Plan</u></th> <th style="text-align: left;"><u>Number of Plans</u></th> </tr> </thead> <tbody> <tr> <td>A. <u>  X  </u> Institution employees participate in State/Local Government Retirement Plan(s)</td> <td style="text-align: center;"><u>  1  </u></td> </tr> <tr> <td>B. <u>      </u> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution</td> <td style="text-align: center;"><u>      </u></td> </tr> <tr> <td>C. <u>      </u> Institution has its own Defined-Contribution Plan(s) <u>  1  </u>/</td> <td style="text-align: center;"><u>      </u></td> </tr> </tbody> </table>			<u>Type of Plan</u>	<u>Number of Plans</u>	A. <u>  X  </u> Institution employees participate in State/Local Government Retirement Plan(s)	<u>  1  </u>	B. <u>      </u> Institution uses TIAA/CREF plan or other defined contribution plan that is managed by an organization not affiliated with the institution	<u>      </u>	C. <u>      </u> Institution has its own Defined-Contribution Plan(s) <u>  1  </u> /	<u>      </u>
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C. <u>      </u> Institution has its own Defined-Contribution Plan(s) <u>  1  </u> /	<u>      </u>										
6.1.2	<p>Defined-Benefit Pension Plan. (For each defined-benefit plan (other than plans that are part of a State or Local government pension plan) describe on a continuation sheet the actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)</p>										
	1/ Describe on a Continuous Sheet.										

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI-DEFERRED COMPENSATION AND INSURANCE COSTS THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
6.2.0	<u>Post-Retirement Benefits Other Than Pensions (including post-retirement health care benefits) (PRBs).</u> (Identify on a continuation sheet all PRB plans whose costs are charged to Federally sponsored agreements. For each plan listed, state the Plan name and indicate the approximate number and type of employees covered by each plan.) Z. <input checked="" type="checkbox"/> Not Applicable	
6.2.1	Determination of Annual PRB Costs. (On a continuation sheet, indicate whether PRB costs charged to Federally sponsored agreements are determined on the cash or accrual basis of accounting. If costs are accrued, describe the accounting practices used, including actuarial cost method, the asset valuation method, the criteria for changing actuarial assumptions and computations, the amortization periods for prior service costs, the amortization periods for actuarial gains and losses, and the funding policy.)	
6.3.0	<u>Self-Insurance Programs (Employee Group Insurance).</u> Costs of the self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When accrued (book accrual only) B. <input checked="" type="checkbox"/> When contributions are made to a nonforfeitable fund C. <input type="checkbox"/> When contributions are made to a forfeitable fund D. <input type="checkbox"/> When the benefits are paid to an employee E. <input type="checkbox"/> When amounts are paid to an employee welfare plan Y. <input type="checkbox"/> Other or more than one method <u>1/</u> Z. <input type="checkbox"/> Not Applicable	
6.4.0	<u>Self-Insurance Programs</u> (Worker's Compensation, Liability and Casualty Insurance.)	
6.4.1	Worker's Compensation and Liability. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.) A. <input type="checkbox"/> When claims are paid or losses are incurred B. <input type="checkbox"/> When provisions for reserves are recorded based on the present value of the liability C. <input type="checkbox"/> When provisions for reserves are recorded based on the full or undiscounted value, as contrasted with present value, of the liability D. <input checked="" type="checkbox"/> When funds are set aside or contributions are made to a fund <u>1/</u> Y. <input type="checkbox"/> Other or more than one method <u>1/</u> Z. <input type="checkbox"/> Not Applicable	
1/ Describe on a Continuous Sheet.		

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VI-DEFERRED COMPENSATION AND INSURANCE COSTS THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
6.4.2	<p>Casualty Insurance. Costs of such self-insurance programs are charged to Federally sponsored agreements or similar cost objectives: (Mark one.)</p> <p>A. _____ When losses are incurred (no provision for reserves)</p> <p>B. _____ When provisions for reserves are recorded based on replacement Costs</p> <p>C. _____ When provisions for reserves are recorded based on reproduction costs new less observed depreciation (market value) excluding the value of land and other indestructibles.</p> <p>D. <u>  X  </u> Losses are charged to fund balance with no charge to contracts and grants (no provision for reserves)</p> <p>Y. _____ Other or more than one method <u>  1  </u>/</p> <p>Z. _____ Not Applicable</p> <p>1/ Describe on a Continuous Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description	

#### 6.4.1 Worker's Compensation and Liability.

The response to 6.4.1 applies only to worker's compensation insurance, not liability. TAMUS also self-insures for liability but no costs are charged to sponsored agreements, directly or indirectly.

- END OF PART -



COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		PART VII- CENTRAL SYSTEM OR GROUP EXPENSES
		THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item Description	
	<p>DISCLOSURE BY CENTRAL SYSTEM OFFICE, OR GROUP (INTERMEDIATE ADMINISTRATION) OFFICE, AS APPLICABLE.</p> <p>Instructions for Part VII</p> <p>This part should be completed <u>only</u> by the central system office or a group office of an educational system when that office is responsible for administering two or more segments, where it allocates its costs to such segments and where at least one of the segments is required to file Parts I through VI of the Disclosure Statement.</p> <p>The reporting unit (central system or group office) should disclose how costs of services provided by the reporting unit are, or will be, accumulated and allocated to applicable segments of the institution. For a central system office, disclosure should cover the entire institution. For a group office, disclosure should cover all of the subordinate organizations administered by that group office.</p> <p><u>Organizational Structure.</u></p> <p>7.1.0 On a continuation sheet, list all segments of the university or university system, including hospitals, Federally Funded Research and Development Centers (FFRDC's), Government-owned Contractor-operated (GOCO) facilities, and lower-tier group offices serviced by the reporting unit.</p> <p><u>Cost Accumulation and Allocation.</u></p> <p>7.2.0 On a continuation sheet, provide a description of:</p> <ol style="list-style-type: none"> <li>The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.</li> <li>How the costs of the services are identified and accumulated.</li> <li>The basis used to allocate the accumulated costs to the benefiting segments.</li> <li>Any costs that are transferred from a segment <u>to</u> the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.</li> <li>Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.</li> </ol> <p>1/ Describe on a Continuous Sheet.</p>	

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)
Item No.	Item description Revision Number 3 Effective Date: August 31, 2016	

### 7.1.0 Organizational Structure. (Revised)

All of the segments of The Texas A&M University System are as follows:

#### Universities

Texas A&M University \*  
Texas A&M University at Galveston \*  
Prairie View A&M University  
Tarleton State University  
Texas A&M International University  
Texas A&M University - Commerce  
Texas A&M University - Corpus Christi  
Texas A&M University - Kingsville  
Texas A&M University - Texarkana  
West Texas A&M University  
Texas A&M University – Central Texas  
Texas A&M University – San Antonio

#### Agencies

System Administrative and General Offices (SAGO)\*  
Texas A&M AgriLife Research\*  
Texas A&M AgriLife Extension Service\*  
Texas A&M Engineering Experiment Station \*  
Texas A&M Engineering Extension Service \*  
Texas A&M Transportation Institute \*  
Texas A&M Forest Service \*  
Texas A&M Veterinary Medical Diagnostic Laboratory\*

#### Health Science Centers

The Texas A&M University System Health Science Center (TAMHSC)\*

\* Note: These eleven members, along with the Texas A&M Research Foundation, are included in one F&A cost calculation rate and are covered by this Disclosure Statement.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		CONTINUATION SHEET <hr/> THE TEXAS A&M UNIVERSITY SYSTEM (TAMUS)	
Item No.	Item description Revision Number 3 Effective Date: July 1, 2016		

7.2.0 Cost Accumulation and Allocation.  
(Revised)

- A) The services provided to segments of the university or university system (including hospitals, FFRDC's, GOCO facilities, etc.), in brief.

The central system office for TAMUS is called the System Administrative and General Offices (SAGO). The services provided to members of TAMUS by SAGO include the following:

Academic Affairs  
Board of Regents  
General Administration (e.g., Chancellor, Deputy Chancellor, Vice Chancellors)  
General Counsel  
Financial Accounting Management Information Services (FAMIS Operations)  
Payroll  
Budgets and Accounting  
Human Resources  
Internal Audit  
Treasury Services  
Aircraft Operations  
Facilities Planning & Construction  
Information Resources  
Risk Management  
System Communications

- B) How the costs of the services are identified and accumulated.

The direct costs of these services are identified and accumulated through our formal accounting system.

- C) The basis used to allocate the accumulated costs to the benefiting segments.

Some SAGO offices are service centers and assess based on established service center rates. With the exception of aircraft operations, the charges by these service centers are included in F&A administrative cost pools. The SAGO offices that do not bill for services are allocated as part of G&A expenses. The cost of air travel from aircraft operations may be a direct charge when associated with a specific project or other direct cost objective.

COST ACCOUNTING STANDARDS BOARD DISCLOSURE STATEMENT REQUIRED BY PUBLIC LAW 100-679 EDUCATIONAL INSTITUTIONS		<div>CONTINUATION SHEET</div> <div>THE TEXAS A&amp;M UNIVERSITY SYSTEM (TAMUS)</div>	
Item No.	Item description Revision Number 2 Effective Date: September 1, 2007		

7.2.0 Cost Accumulation and Allocation (Continued).  
(Revised)

Examples of SAGO departments that are treated as service centers:

Facilities Planning & Construction  
Internal Audit  
Risk Management  
Treasury Services  
Aircraft Operations  
Office of Technology & Commercialization

- D) Any costs that are transferred from a segment to the central system office or the intermediate administrative office, and which are reallocated to another segment(s). If none, so state.

No costs are transferred from a segment to SAGO and then reallocated to another segment(s).

- E) Any fixed management fees that are charged to a segment(s) in lieu of a prorata or allocation basis and the basis of such charges. If none, so state.

There are no segments of SAGO that charge fixed management fees.

- END OF PART -