

## Building Rental and Lease Agreements for WBS elements beginning with “3”

In order to follow University policy and OMB Circular A-21, WBS elements beginning with “3” will no longer be directly charged for building rent or lease agreements from Real Property. All rent or lease payments will be directly charged to a cost center provided by the department to Real Property.

Once the charge has posted, each department will be responsible for submitting a timely journal voucher to allocate charges to “3” WBS elements. The cost transfer policy should be followed when creating the journal voucher. Documentation should include a copy of the original rent or lease agreement, a copy of the journal voucher where the cost center was charged, and a breakdown of the allocation of expenses. Each expense must be allocated between accounts by a verifiable and reasonable method. The square footage occupied by each project is the most general allocation method to be used. Specifically, a total square footage of the space should be provided, with a breakdown of usage by each project, including number of employees, % effort, etc. Once this documentation has been approved with the journal voucher and no changes occur, it should be attached to each subsequent journal voucher. If changes in allocation are made, the documentation will need to be updated. Please see an example below for guidance.

<u>Project N, R and M Billing for Oct - Dec 2006</u>							
N: 3 employees; R: .45 employees; M: 6.55 employees=10 total occupants							
					Common Area Percentages		
					N	R	M
					3/10	.45/10	6.55/10
					30.00%	4.50%	65.50%
	SqFt	Cost/SqFt	Annual cost	Quarterly Cost			
R 45%* of 120	54	\$ 15.50	\$ 837.00	\$ 209.25		\$ 209.25	
M 55%* of 120	66	\$ 15.50	\$ 1,023.00	\$ 255.75			\$ 255.75
M ONLY offices	1,140	\$ 15.50	\$17,670.00	\$ 4,417.50			\$ 4,417.50
M 50%* of 180	90	\$ 15.50	\$ 1,395.00	\$ 348.75			\$ 348.75
N 50%* of 181	90	\$ 15.50	\$ 1,395.00	\$ 348.75	\$ 348.75		
N offices	360	\$ 15.50	\$ 5,580.00	\$ 1,395.00	\$1,395.00		
Common office	180	\$ 15.50	\$ 2,790.00	\$ 697.50	\$ 209.25	\$ 31.39	\$ 456.86
Support offices	360	\$ 15.50	\$ 5,580.00	\$ 1,395.00	\$ 418.49	\$ 62.78	\$ 913.73
Common areas	1,760	\$ 15.50	\$27,280.00	\$ 6,820.00	\$2,046.00	\$ 306.90	\$ 4,467.10
 Main floor totals	 4,100	 \$ 15.50	 \$63,550.00	 \$ 15,887.50	 \$4,417.49	 \$ 610.32	 \$ 10,859.69
 Basement split	 541	 \$ 7.00	 \$ 3,787.00	 \$ 946.75	 \$ 284.03	 \$ 42.60	 \$ 620.12
 Totals	 4,641			 \$ 16,834.25	 \$4,701.52	 \$ 652.92	 \$ 11,479.81

\*Based on Employee Effort %

**All journal vouchers for building rent and lease charges to WBS elements beginning with “3” posted to cost centers prior to 12/31/06 must be received by Sponsored Projects Accounting by January 31, 2006.** Subsequent journal vouchers should be submitted according to the cost transfer policy guidelines for timeliness.

Any questions regarding the journal voucher should be directed to Paige Brown in Sponsored Projects Accounting at [paige.brown@uky.edu](mailto:paige.brown@uky.edu).