

## Accounting for Costs on University Buildings and Land

The purpose of this document is to provide individuals in both distributed and central processing departments with information about the expectations and guidelines associated with the accounting for University Buildings and Land.

Assets, liabilities, revenue and expense associated with University plant (land and buildings) are accounted for in separate organizations. These “building orgs” are used to separate plant costs from University operations and operating units. All building org numbers begin with “0”.

- **Building (Plant) Costs** – Capturing activity related exclusively to keeping the building open and running, including ongoing building maintenance. Relates to the physical building and land items only; does not include departmental operations. Examples of building (plant) costs are listed below as permitted transactions.
- **Operations and Operating Unit Costs** – Capturing all activity associated with operating a University unit or department (programmatic, administrative and/or mission-based operations and activities). Examples of operating costs include employee salaries, office or kitchen supplies, telephone line charges for all phones (including front desks/receptionists) other than emergency phone or fire lines, research and/or lab activities, classroom or teaching expenses, etc.

The following is a summarized list of transactions or entries that are permitted on building orgs. Click [here](#) for a full list of permitted expenditure types. Please note that only Central Process Owners (ex: Facilities, ITS, University Finance, Med School Financial Operations, etc.) may perform accounting transactions for capital projects.

### Transactions/entries originating from (booked by) all departments that are permitted on building orgs:

#### *Revenues:*

- Other Income related to buildings such as occupancy revenue and parking income
- Transfers and Reclassifications

#### *Expenses:*

- Taxes
- External Utilities for property outside of New Haven
- Building Maintenance and Alterations
- Units that do not use Facilities for building maintenance and/or custodial services may be permitted to use the “Central Process Owner” codes for Materials & Supplies.

### Transactions/entries originating from (booked by) Central Process Owners that are permitted on building orgs:

#### *Revenues:*

- Contribution & Endowment Income

#### *Expenses:*

- Building and land acquisition
- Telecom charges for emergency phones and fire lines
- Interest and Amortization charges
- Security Assessment
- Internal Utilities and Facilities Operations charges
- Materials & Supplies (including custodial), Equipment & Furnishings, and Other Service Expenses from capital, alterations, and R&R projects

## Responsibilities

### Departmental Administrators

- Only charge building (plant) costs to building orgs; do not use building orgs for your departmental operating costs.

- Be aware of the charges being booked to your building orgs by Central Process Owners, and notify them if you believe there is a problem with the costs being charged.

\*Note – certain departments do not have building orgs. If they are not part of your unit's organizational hierarchy, the building orgs will be managed and reviewed by a central administrative unit.

### Central Process Owners (including Internal Service Providers)

- Understand the costs that your unit bills or allocates to other units (i.e., the costs are operational or plant).
- Do not charge operational costs to building orgs.

### **Why is this important?**

It is important for the University to separate plant (building and land) costs from operating costs for a number of reasons including internal management decisions and internal/external financial reporting. In addition, the University is responsible for calculating and reporting Facilities and Administrative (F&A) costs to the Federal government. The building orgs are used to capture facilities costs. For additional information about F&A costs or Federal grants, please see the [Grants and Contracts](#) section of the University [Policies & Procedures](#) website.

### **Questions**

For questions on this topic, please contact your Budget Analyst or University Finance ([controllers.office@yale.edu](mailto:controllers.office@yale.edu)). Temporary Finance contact – Elizabeth Bilodeau (COA Manager).