FASOM - Section 08.02: Fixed Assets - Rental of Facilities

Section 08.02: Fixed Assets -- Rental of Facilities

The content of this policy has not yet been transitioned to the new Fiscal Policy format. This will be accomplished as time and resources permit.

A. General

Some facilities are rented as residential housing. Others may be leased or rented for uses different from those for which they were constructed or acquired (e.g. residence hall space used for educational or administrative purposes).

This section contains the procedures to follow when renting facilities and real property to others.

Related information can be found in FASOM 13 and the OUS Contracting, Leasing, and Licensing Manual.

B. Intra- or Inter-Institutional Rentals

When a building, other facility or land is leased for a use different from that for which it was constructed or acquired, the lessee makes rental payments to the lessor for such use.

Rental payments should include the cost of utilities, maintenance, insurance, administration and debt service. The debt service charge is based on the debt service for that facility.

When entities share a facility, charges are proportional to the number of square feet occupied by each entity.

For information on permanent rededication of facilities to other uses, see FASOM 08.05.

C. Residential Housing Rentals

Real Property Rental Operation is used to account for rental of residential housing other than residence halls, married student housing, cooperative housing and other designated units, such as agricultural experiment stations. This Auxiliary Fund is credited with all income from such residential housing rentals and charged for all expenses relating to them.
The Controller's Division and the institutional business officer determine annually the amount of net operating income or available funds to be transferred from the Real Property Rental Operation for debt service. Funds sufficient to meet requirements for encumbrances, working capital reserves and building repair reserves are retained.

The Controller's Division transfers funds to appropriate debt service FOAPALs based upon the source of funds and long-term property use. The amount transferred depends on the previous year's gross rental income. Rental income is allocated to the following:

- For properties purchased with proceeds of Article XI-F(1) bonds or other auxiliary fund resources:
  - Building Fees Debt Service
  - Building Fee Required Sinking Funds
  - Building Fee Excess Sinking Funds
- For properties purchased with general fund appropriations or proceeds of Article XI-G bonds:
  - Capital Outlay - Real Property Rental

*Note: This electronic document supersedes all previous versions and is subject to change.*

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