

## Appendix B: Guide to Revenue Recognition by Revenue Type

Revenue Type	School/Tub Responsibilities
Student income	<b>Schools/tubs must process journal entries to defer student income until they are earned.</b> Student Financial Services bills students for tuition before each semester and records tuition revenue for each school. Since SFS records this as revenue before the classes are concluded and the revenue is earned, schools must defer a portion of the tuition revenue each quarter until the semester ends. See below for detailed instruction by student income type.
Sponsored awards/program income	<b>Schools/tubs do not need to process journal entries to recognize, accrue or defer sponsored revenue in the General Ledger.</b> Federal and non-federal sponsored award revenues and program income are earned and recognized as the related sponsored project expenses are incurred. Revenues for sponsored awards and related balance sheet amounts are recorded centrally as part of the month-end close in the general ledger. Contact the Office for Sponsored Programs for more information.
Gifts	<b>Schools/tubs do not need to process journal entries to recognize, accrue or defer gifts in the General Ledger.</b> Pledges, outright unconditional gifts and unconditional non-federal sponsored grants are recognized as revenue immediately upon receipt in the Advance system; information from Advance is entered into the General Ledger centrally. See the University's Pledges and Pledges Receivable Policy and the Gift Policy Guide for further information.
Student Loans	<b>Schools/tubs do not need to process journal entries to recognize or accrue revenue from student loan repayments in the General Ledger.</b> The Student Loan Office records payments from student loans. However, schools are responsible for providing SLO with loan fund information to the SLO to establish the receivables.
Mortgage and Educational Loans	<b>Schools/tubs do not need to process journal entries to recognize or accrue revenue from faculty and staff loan repayments in the General Ledger.</b> The Mortgage and Educational Loan Office records payments from faculty and staff loans.
Other Revenue Billed Through Central Accounts Receivable (A/R)	<b>Schools/tubs do not need to process journal entries to recognize, accrue or defer revenue billed through Central Accounts Receivable.</b> Central AR automatically records revenue, receivables, and deferrals throughout the year, regardless of amount. If a tub receives a payment for an invoice that was billed through Central A/R, it should send the payment to A/R for processing.
Other Revenue NOT Billed Through Central Accounts Receivable (A/R)	<b>Schools/tubs MUST process quarterly journal entries to recognize, accrue or defer other revenue items NOT billed through Central Accounts Receivable and that meet reporting thresholds.</b> Units that record accruals or deferrals are responsible for reversing them timely where necessary.

## Student Income

Tuition and fees are billed and recorded at the beginning of each term. Tuition must defer tuition revenue as described below for any individual program for which the total balance sheet impact at quarter-end is \$50,000 or more (i.e., \$50K in deferred revenue or accounts receivable).

<b>Fall Semester (degree program)</b>	Break this semester out evenly across four months – September through December. Under this approach, ¼ (1 month) of the tuition for the semester should be recorded as revenue in Q1 of each year and ¾ (3 months) in Q2. For the period ended 12/31/XX, the full amount of the fall tuition should be recorded as revenue in the year-to-date revenues.
<b>Spring Semester (degree program)</b>	Due to timing, this semester will be broken out using a half-month convention. For the months of January and May, a half month of revenue should be recognized. For February through April, a full month should be recognized. Under this approach, 2 ½ months of the tuition for the semester should be recorded as revenue in Q3 of each year and 1 ½ months in Q4. For the period ended 12/31/XX, NO Spring semester tuition should be recognized as revenue – all spring semester revenue recorded prior to January 1, whether through billing transactions in SIS or cash received from students if SIS was not used, should be recorded as deferred tuition revenue.
<b>Executive and Continuing Education</b>	For any programs exceeding the threshold of \$50,000 (\$100,000 for large schools), the program revenues should be recorded based on days that the program ran during the given quarter. For example, if a program runs for 10 days and 5 of those days fall in Q2, 50% of the total program revenues should be recorded for Q2. The difference between the revenue that should be recorded and the payments received from participants should be recorded as deferred tuition revenue.
<b>Year round enrollment(GSAS/doctoral students )</b>	For instances where the student’s enrollment is year round, the revenue should be recognized evenly over a 12-month period, with three months of revenue in each quarter.
<b>Room</b>	Student room fees should be recognized as revenue in the same manner as discussed above for Fall and Spring semesters, or for other forms of room, should be recognized over the period that the student will be utilizing University housing (similar to the approach for executive and continuing education).
<b>Student Services and/or Other Mandatory Fees</b>	These should be recognized as revenue over the same period of time as the related tuition revenue is recognized by combining these fees in with tuition revenue for purposes of recording necessary deferrals.
<b>Dining</b>	Dining Services recognizes revenue related to board charges on a weekly basis, based on the annual board rate, the number of annual operating days per dining hall, and the number of students “on board” per dining hall. The difference between what has been recognized as revenue for the year-to-date and what was received from SIS is recorded as deferred revenue.

## Student Income, *continued*

<b>Student Health Fees</b>	University Health Services recognizes revenue related to student health fees each month based on information from the student term bills. The student health fee is recognized evenly over a 12 month period, as this fee covers students for the full calendar year. Therefore, 1/12 of the fee (1/6 of the fee charged to the students for each semester), is recorded as revenue monthly, with the difference recorded as deferred revenue.
<b>Intertub Transfers</b>	Schools/Tubs should record intertub transfers over \$50K (\$100K for large schools) that reflect student revenue sharing on a quarterly or semiannual basis through the use of a journal transfer, which ensures that both units' GLs reflect the offsetting revenue. NO internal receivable or payable may be recorded.

## Other Related Accruals

<b>Student Financial Aid</b>	<p>Student financial aid should be recognized over the same period as the related tuition revenue (matching principle). Tubs may use estimation processes to record financial aid costs each quarter that most accurately reflects the matching principle. The estimation process used will be left to the discretion of the individual tub; however, the tub must be able to back up its approach to recognizing financial aid. To assist in the estimation process, it is recommended that Schools look at historical data, combined with budgeted/forecasted financial aid and any other known factors that may impact financial aid. For example, if a School knows that the budgeted data is the best estimate for student financial aid, the budget can be used to assess the percentage of financial aid as compared to student income. Then, once student revenue is recognized each quarter in accordance with the instructions stipulated above, the amount of financial aid to be recorded can be calculated and the School will need to ensure that this estimated aid figure is what is recorded in the GL for the quarter.</p> <p>Do <b>NOT</b> adjust the sponsored portion of student financial aid. Only non-sponsored financial aid should be adjusted.</p> <p>For student aid transactions that require DFF information, the bulk payroll HUID of 99999999 should be used.</p> <p>Schools/Tubs should record intertub transfers that reflect student financial aid sharing on a quarterly or semiannual basis through the use of a journal transfer, which ensures that both units' GLs reflect the offsetting expense. NO internal accruals/deferrals should be made, meaning any intertub transfers need to be coordinated between both tubs to agree upon the timing of the transfer.</p>
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