

REVENUE ACCOUNTING

We define revenues as cash inflows or other enhancements of assets. The University's primary sources of revenue are tuition and fees, government appropriations, grants and contracts, gifts, sales and services of educational activities, and investment income.

While we record a small number of revenue items directly into the Banner Finance System (BFS) via the on-line update forms, most revenue transactions are entered in the Accounts Receivable System (BRS) and the Alumni Development System (ADS) then fed into the BFS via an interface process.

The following sections describe the procedures used for recording revenues into both Accounts Receivable and Alumni Development System.

ACCOUNTS RECEIVABLES SYSTEM

The Accounts Receivable System (A/R) is a revenue system that manages billing and receivables data for both student and non-student accounts, performs tuition calculations and feeds accounting information to BFS. A/R provides for fast, accurate processing and reporting of all data on tuition, fees, and other financial activities, as well as providing a detailed audit trail of financial activity. A/R receives student information from both the Registration and Financial Aid Systems.

Detail Codes.

Every transaction posted into A/R is identified by a detail code, which is a four-digit code that uniquely identifies a transaction and displays the processing of the charge or payment through the application of payments, accounting feed, billing, reporting, tuition calculation, and third-party processes. Each detail code contains accounting strings that correspond to valid accounts in BFS. Additionally, each detail code is designated as a charge or payment type. Some examples of detail code s are as follows:

TUIF	Fall Tuition Undergrad - PA
GENF	Fall General Fee
HDRS	Spring Room Fee
M19F	Fall 19 Meals
EBOG	BOG Tuition Waiver
FPRS	Presidential Scholarship
NCMP	Computer Charges
FPEL	Pell Payment
PCSH	Cash Payments

Accounting Feed

As previously stated, each A/R detail code is associated with a pair of valid accounting string in BFS, as Account A and Account B. During the charge process, Account A is the account debited and Account B is the account credited. Conversely, during the payment process, Account A is the account debited for the amount of the payment. Account B on the payment detail code is credited only if the payment results in an overpayment condition or if the payment can only be applied to a specific type of charge that does not exist. In this case, the student/non-student account would be in a credit status and the corresponding credit would be recorded in BFS in an unapplied cash/credit clearing account.

The A/R to BFS feed is processed on a nightly basis.

A/R Clearing Accounts in BFS

Several clearing accounts have been established in BFS to record summary data from A/R. For additional information, refer to the General Ledger Account section in the manual:

1173 A/R Deposit Clearing

Payments are posted in A/R into the student account. The receipts are counted and entered, by batch, into the cash clearing account in BFS using the Cash Receipts transaction (CR05) to credit fund 1405-1173 while the system debits cash in 1405-1101. The accounting feed process debits Clearing account 1405-1173 and credits cash account (1405-1101) for all payments. If there is a cash overage or shortage, the variance will be shown under the "Current Balance" column on form FGITBSR. Any such discrepancy should be researched and resolved.

2115 A/R Student Refund Clearing

The refund detail code in A/R is a charge detail code having the same account A and account B (1200-2115). Since a student account with an overpayment is in a credit status, a charge to the refund detail code would offset the credit balance. When the application of payment process attempts to apply the credit to the refund charge, it debits the unapplied credit for the amount of the refund and credits account A of the refund detail code. Therefore, account 1200-2115 should be in a credit status. When the check cycle is run, the program creates temporary vendors in the Accounts Payable system against which demand vouchers for refunds are processed, debiting the A/P Refund Clearing. After checks are written, the clearing account should be returned to zero. However, a small debit balance may remain in this clearing account if the system, by design, fails to apply a payment to the refund charge. The BFS account should periodically be reconciled to the detail in A/R.

Accounts Receivable

There are two major types of accounts receivable that are processed in A/R: student and non-student. Student receivables represent charges for tuition, fees, meals, and board, as well as other miscellaneous items. Non-student receivables are charges to an individual or an organization for third-party payment of tuition and fees or for other services provided by the University.

In accordance with the accrual accounting method, most charge transactions processed in A/R are set up to debit accounts receivable and credit revenues. This is accomplished by making account A be the Accounts Receivable and account B the appropriate revenue account. For example:

<u>Detail code</u>	<u>Type</u>	<u>Description</u>	<u>Account A</u>	<u>Account B</u>
TUIF	C	Fall Tuition UG PA	1200-1321	1200-5004
PCHK	P	Payment - Check	1405-1173	1405-2341

Using the detail codes outlined above, the following transaction would be posted in BFS:

Charge:

Dr	1200 1321	Accounts Receivable - Students
Cr	49100 5004	FA Tuition UG PA

To record a receivable.

Payment:

Dr	1405 1101	Cash
Cr	1200 1321	Accounts Receivable - Students

To record payment on account.

For additional information on the Accounts Receivable System, contact the Bursar Office.