

**University of Wisconsin System  
SFS Accounting Manual**

<b>Category: General Ledger</b>		<b>Effective Date: Updated Annually</b>
<b>Task or Process: Processing Guidelines for Advance Fee Collections Future year receipts collected before July 1</b>		Revision Date: April annually
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**Background**

Some business units (BUs) begin collecting Summer Session and Fall Semester tuition/fees as early as March annually. Because those receipts relate to future year operations, they must be recorded as Deferred Revenue in the current year when the collection occurs prior to July 1. The following guidelines are issued as the official UW accounting procedures related to such receipts.

**I. Basic Concepts**

1. The effect on Cash for such receipts should occur in the current fiscal year (not the future year) in both the UW and DOA records.
2. All advance fees received prior to July 1 should be included in the current year daily receipts amounts recorded in fund 990, account 9198.
3. The total amount of advanced fees received prior to July 1 must be recorded as Deferred Revenue (SFS account 7400) by the end of the current fiscal year. None of it can remain in a revenue Account code at the end of the current year. **Controllers: please insure that your campus policies comply with these criteria.**
4. The process should allow advance fees to be recorded in the appropriate fund so that campuses get the full benefit of impact on cash balances in funds where interest earnings are calculated. Double-entry balance sheet accounting principles will be applied for all BU's.

**II. Procedures for recording advanced fees**

Items (a) and (b) are the guidelines for the current year accounting transactions. Items (c), (d), and (e) are the guidelines for the future year transactions.

- a) When doing the current year journal entry to record daily receipts in fund 990 you may want to consider using a two-line entry for the receipts. One for actual current year receipts and a second one for the amount that relates to advanced fees (this is not required, just suggested). Account 9198 should be used for both lines if you choose to use the two-line entry. You can use the Sub-Class field, a separate DeptID code, description field data, etc. to identify the receipt entry that is for the advanced fees (if you choose to use the two-line entry).

- b) When the revenue is cleared from 990 in the current year (during April-June), the actual current year receipts should be distributed to the proper revenue fund and account (e.g. 131-9101 or 128-9285). **The future year advance receipts should be recorded as follows in SFS in the current year:**

*Record as Deferred Revenue (account 7400) in the appropriate fund (128, 131, 132, etc.) and DeptID codes, with an offset to Cash (6100). The benefit of this method is that the 128 cash balances are increased as the journals are posted in SFS. Thus, 128 cash balances will be properly adjusted for interest earning calculations. Another benefit -- no further year-end processing is needed (to move balances from revenue codes to the deferred revenue code) because the advance receipt amounts will already be coded to Deferred Revenue, as they should be for year end closing.*

- c) The actual **future year revenue** distributions and their offsetting entries coded to account 7400 should not be recorded to the new fiscal year in SFS until after July 1. **The revenue distribution journals should be posted to period 1 of the new fiscal year and must not contain any Cash offset transactions.** Also, there should be no fund 990 entries in the future year related to those revenues. The fund 990 entries are recorded in the current year prior to July 1.
- d) Waiting until July to post those journals in the new year will prevent that data from getting interfaced to DOA before July 1. DOA does not open their future year books until July 1. If the data were interfaced before that date it would get posted as current year data in the WiSMART accounting system. UWSA staff would then have to process WiSMART journal vouchers to move that data out of the current year and into the future year.
- e) Verification of net effect across fiscal years. Once all of the future year revenue distribution journals for advance fees have been posted in SFS in July, each BU must check the account 7400 balances to insure that they net to zero (at the fund/deptID level) across the two fiscal years. Correction journals will need to be processed if the 7400 balances do not net to zero. The zeroing of account 7400 should be complete by the end of the July accounting period in the new year.

Please contact Ernie Mergen (608) 263-1044 if you need help to understand these guidelines or want assistance with the structure of the journal entries that need to be processed.

Please distribute this policy document to all campus staff (functional and technical) that needs to be aware of these procedures.