
STATE OF COLORADO
HIGHER EDUCATION
ACCOUNTING STANDARDS

Issued by: State Controller's Office
Original Issue 12/26/75
Last Revised 05/18/94
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Standard # 2
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Approved By: Arthur J. Gambart Date 2/11/02

TITLE: TUITION AND FEE ACCOUNTING

This tuition and fee accounting standard is presented in three sections, reflecting the combination of two previously separate standards. The first section, entitled "Definitions and Examples" is presented first to provide common definitions and examples of fees, which are applicable throughout the rest of the standard. The second section entitled "Recording of Tuition and Fees" was written to clarify program codes and the fund (s) in which tuition and fees should be recorded in the state accounting system. The third section addresses the preferred accounting treatment of tuition and fees for "Summer or Special Sessions". This standard states the recommended normal treatment of tuition and fees as well as special session tuition and fee revenue. Different treatment is permitted only upon the college's or university's appropriate documentation of adequate justification. Departmental guidelines exist for proper reporting to satisfy the requirements of Article X, Section 20 of the Constitution, commonly referred to as the TABOR Amendment and should be referred to in addition to this standard.

Definitions and Examples

This section is presented first to provide definitions and examples. The term "fee" is often used generically. Clarification is needed as to which are instructional fees, which are student activity fees, and which are considered revenue to be classified in a program code other than "tuition and fees" as appropriate per the activity generating the revenue. These definitions and their examples apply throughout the remainder of the standard.

Revenue Categories

Fees

Instructional Fees - Instructional fees are defined as those mandatory fees charged to students where the fee is directly related to specific instructional programs. This includes fees related to whole academic programmatic areas as well as to specific course fees. Examples of this type of fee are a lab fee (i.e., chemistry, anatomy), a microscope fee (when the microscope is required for a particular program or course), music fee, telecourse fee, physical education fee, and program fee, (i.e., school of business or college of engineering fee). These fees are recorded in the "Tuition and Fees" program code.

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Student Activity Fees - Student activity fees are defined as those mandatory fees charged to the student body in general as a result of their attending the institution. Examples of these types of fees are general student fees, student health fees, student organization fees, student newspaper fees, fees for social-cultural development, and fees for intramural athletics, as well as student activity fees pledged to repay bonded indebtedness. These fees are recorded in the "Tuition and Fee" program code.

Other Types of Revenue

Many college or university activities generate a charge which is commonly called a "fee", but which for purposes of this standard, is called non-fee revenue. Non-fee revenue is incidental to the teaching mission and includes charge-for-service revenue, charges related to the Registrar function and penalty charges.

Charge-for-service revenue is generated, for example, by room and board, parking, student centers, identification badges, food services, college stores and recreation centers. These operations, for purposes of financial reporting, should have their charges recorded in the appropriate program code such as "Sales/Services of Education Activities" or "Sales/Services of Auxiliaries". Charges related to the Registrar function, such as those for admission, drop/add, late registration, transcript and graduation are also non-fee revenue. These, together with penalty charges for bad checks, deferred or late payment of instruction related fees and charges for processing financial aid applications are non-fee revenue and should be recorded in the appropriate program code such as "Other Revenues/Additions" in the fund where the related expense is incurred.

Deposits and Liabilities

Deposits

Some deposits are also commonly referred to as "fees", but for accounting purposes are not classified as such. Examples are lab damage deposits and "self-assessed graduating class fees" (such as when the class of 19XX assesses all of its graduating class members an amount to be used as its class officers see fit) collected and held on deposit for membership in faculty, staff or student organizations. These are not revenue to the institution and should be recorded as "Deposits Held in Custody for Others".

Liabilities

Some "fees", such as medical insurance premiums charged to students, do not represent revenue to the institution. They should be recorded as liabilities in the appropriate fund.

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Recording of Tuition and Fees

Historically, in Colorado, the current unrestricted fund has been delineated into the "State Appropriated Fund" and "Auxiliary and Self-Funded Activities" funds, which were not appropriated. In 1993-94 and subsequent years, if the legislature appropriates an auxiliary and self-funded activity, it is necessary to record that activity in an "appropriated" auxiliary and self-funded fund within the auxiliary and self-funded group of funds.

Auxiliary enterprises, by definition, are additional or supplemental activities providing goods and services to students, faculty, staff, and incidentally to the public. Self-funded activities, such as internal service activities, continuing education and conferences, like auxiliary activities, charge fees that directly relate to the cost of these goods and services. NACUBO lists these as examples of auxiliary enterprises: residence halls, barbershops, intercollegiate athletics, and college unions.

Specific examples of the treatment of tuition and fees on the state accounting system follow.

Tuition charged for instruction or training is normally recorded in the current unrestricted fund(s). In this context, all charges made for training and instruction, and all other charges made in conjunction with the support of instructional activities, are part of the current unrestricted fund(s). Tuition revenue that is appropriated by the legislature is recorded in the "State Appropriated Fund." Tuition revenue that is not appropriated, such as continuing education tuition and conference income, is recorded in the "auxiliary and self-funded activities" fund(s).

Instructional fees charged as part of course instruction, such as lab fees, are recorded in the same fund as the related tuition.

Student activity fees, collected as a condition of enrollment, are recorded in the auxiliary and self-funded activities fund(s), unless bond indenture requirements dictate alternate treatment.

Student "fees" and self-assessed graduating class "fees" collected as deposits held for others are generally recorded as a liability in the agency fund. If, however, the deposit is related to a function normally recorded in either an appropriated fund or a non-appropriated fund, the liability is recorded in the same fund.

Liabilities are recorded in the fund, which administers the activity.

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Summer or Special Session Tuition & Fee Revenues and Expenses

The accrual basis of accounting is recognized by the National Association of College and University Business Officers (NACUBO) as a generally accepted accounting principle for institutions of higher education. The accrual basis of accounting requires that tuition and fee revenue be recognized when earned and that expenses be recognized when incurred. Some courses or sessions, such as summer sessions, are conducted over two fiscal years. The tuition and fees charged for these courses or sessions are often charged at the beginning of the session. As a result, the tuition and fee revenues must be prorated between the fiscal years in which they are earned.

Revenue

The summer or special sessions are the sessions that beginning after the end of the spring term, but prior to the fall term. One or more mini or special sessions may occur between the spring and fall sessions. At a minimum, the summer session will be treated as one period regardless of the number of and/or dates of mini or special sessions within that period. Revenue will be accrued based on the portion of time occurring before and after June 30 for the whole session. Optionally, mini or special session revenue may be accrued separately if the revenues are separately identifiable.

Charge-for-service auxiliary enterprise revenue corresponding to a summer academic term should be recognized in the year earned.

Expenses

Summer session expenses should be recognized when the expenses are incurred.