

COMPTROLLER POLICY MANUAL

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	Responsible office: Comptroller
	Origination date: 01/01/2000
Subject: Scholarship Allowances	Effective date: 01/01/2001
	Revision date: 01/26/2016

PURPOSE

To establish policies and procedures for accounting and reporting of Scholarship Allowances under GASB 35

SOURCE

University Policy, GAAP, GASB 34 and 35, ABOR

BACKGROUND

The Governmental Accounting Standards Board issued Statements 34 and 35 to be effective for Governments with total annual revenues of 100 million or more for periods beginning after June 15, 2001. These statements mandated the accounting and reporting of revenues net of discounts and allowances. The statements apply to all public colleges and universities and provide a financial reporting model that shall be implemented for our 2002 fiscal year.

DEFINITION

A scholarship allowance is the difference between the stated charge for goods and services provided by NAU and the amount which is billed to students and/or third parties making payments on behalf of students. Funds received to satisfy student tuition and fees will be reported as revenue only once and only amounts received from students and third-party payers to satisfy tuition and fees will be recognized as tuition and fee revenue. Tuition, Fees and Housing paid by Scholarships or financial aid, which has already been reported as revenue by the University will be excluded from tuition, fees and housing revenue.

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Policy established by NAU:

- A. Scholarship Allowances shall apply only to Tuition and Fees and Housing as agreed upon by the three state universities. It was determined that any other fees (i.e. Health center, parking, other accounts receivable) paid from Financial Aid would be immaterial. For Audit purposes, a report identifying the materiality of Other A/R will be provided.

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B. Revenue will be disclosed net of Scholarship Allowance with the amount of Scholarship Allowance shown parenthetically on the Financial Statement. The tuition and fees revenue to which Scholarship Allowance is associated includes Instate registration, Out-of-State tuition, Class fees, Music fees, late registration, late payment, recreation center, and Trust. Insurance and ASA fees are not included in Scholarship Allowance as these fees are recorded in the Agency fund.

C. Scholarship Allowance will not change the current accounting practices. Financial reports will be adjusted by information acquired through ad hoc reporting. A year end adjustment will be made to the general ledger in the adjustment fund to reflect the scholarship allowance.

D. The following criteria is to determine if PeopleSoft financial aid item type codes are to be included as a Scholarship Allowance and have been identified in the attached listing:

1. Item Types that pay tuition and fees and housing from Departments where financial aid was recorded as revenue in the Restricted Fund are included as a scholarship allowance. If the financial aid was reported as revenue in the Agency Fund it is not included as a scholarship allowance when tuition and fees and housing are paid. The revenue has not been reported twice.
2. Graduate Waivers are considered Scholarship Allowance and not compensation (employee benefit). Health Insurance provided to graduate students is considered an extension of the scholarship. Graduate health insurance is not a scholarship allowance as the revenue is recorded in the Agency Fund and is not revenue to the university.
3. Special Billing (S/B) is generally not considered to be a Scholarship Allowance. The third party pays the tuition and fees directly to the students account.
4. Department Billing Item Types (D/B) pay tuition and fees from a department. The fees are usually paid from a grant account where revenue has already been reported when the grant money was received. In this case the D/B Item Type would be included as a scholarship allowance. However, if the department is in the agency fund then the D/B Item Type would not be included as a scholarship allowance. D/B Item Types should be reviewed each year to determine exceptions.
5. Federal and State Grants that are reported in the Restricted Fund are considered to be a Scholarship Allowance.
6. Athletic awards for housing rent are not recorded as a financial aid disbursement but are considered to be a Scholarship Allowance. The funds are taken from athletics to pay housing using a document in PeopleSoft Financials. The source of the funds from the athletics account comes from NAU's local tuition and fees account. Therefore the source of the money is internal.

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The amount of funds transferred from Athletics to Housing can be obtained from the Business Manager in Residence Life or running an ad hoc report on housing internal documents.

7. STAR program awards that are in the Restricted Fund or supported by a State Appropriation are considered to be a Scholarship Allowance.

8. Student Loans are not included as a Scholarship Allowance. The student is actually paying his own fees. It is just being deferred to a later date.

E. Tuition remission policies developed as employee benefits should be accounted for as employee compensation and include Employee Waivers but not Graduate Assistantships. Teacher Certificates and Legislative Interns are considered an employee benefit.

F. Information to report on scholarship Allowance is obtained through the PeopleSoft Data Warehouse. Scholarship Allowance transactions from People Soft Financial Aid Item Types are identified using the following criteria:

1) Any financial item types (item code of "F") not pointed to an agency fund and with the following item type keyword1:

Key Word
GRANTS
SB CODES
SCHOLARS1
SCHOLARS2
SCHOLARS3

2) Any financial item types with an item code equal to 'F' that goes to the Scholarship department ID equal to '1700110'.

A complete listing of People Soft Financial Aid Item Types is available from the Comptroller's Office upon request.