

THE UNIVERSITY OF BRITISH COLUMBIA



Management Reporting
Monique Van Vliet mvanvliet@finance.ubc.ca

Financial Reporting
Allison See asee@finance.ubc.ca

TO: Finance Officers, Administrators

DATE: July 12, 2010

RE: Treatment of Revenues in GPO Fund

2 pages

Historically, revenues were not recognized in the General Purpose Operating (GPO) fund unless they were in a Centrally Managed DeptID. When a department recognized revenue in their own unit, these revenues were reclassified to a cost-reduction expense account. The budget balance available for spending in the GPO fund excluded revenues, hence the reclassification would increase the unit's budget and allow the department to spend the additional revenue that they have generated.

Going forward, with the consolidation of the activities in GPO, Fee for Service (FFS) and Continuing Studies (CS) funds into the Operating fund, more revenues currently being booked in FFS or CS funds are expected to be recognized in the GPO fund for all departments in both campuses. In line with this accounting simplification, the following changes have been made:

- The reclassification of GPO revenues to a cost-reduction expense account has been discontinued effective immediately.
- A budget adjustment equivalent to the amount of GPO revenues credited to a department's PG will be recognized in account code 502000 at month-end. This adjustment will serve to increase the PG's budget balance available for spending, and will only be reflected in the ledgers at the close of the month.

In this transition period, the budget adjustment for GPO revenues credited during the first quarter has been recognized in the June ledgers. For subsequent months, the budget adjustment for GPO revenues will be recognized on a monthly basis. Departments should now proceed with crediting revenues to their GPO PGs.

Finance understands that budget balances will not be updated on a real-time basis when GPO revenues are credited, however this month-end budget adjustment is currently a temporary work-around to enable the recognition of revenues in the GPO fund. When the accounting of all funds are comprehensively reviewed in the coming months, a more direct approach to budget balance updates will be developed and implemented.

Please distribute this information widely within your departments. Should you have any questions, please do not hesitate to contact any of the following individuals:

Monique Van Vliet	mvanvliet@finance.ubc.ca	604-822-3157
Allison See	asee@finance.ubc.ca	604-822-9923



FREQUENTLY ASKED QUESTIONS (FAQS)

(1) What account codes should we use when recognizing revenues in the GPO fund?

Departments should continue using revenue accounts that they normally use when recognizing revenues in Fee for Service (FFS) or Continuing Studies (CS) PGs. These revenue account codes are typically within the following account classifications:

Sales and Services in these account ranges:

461100 – 477800

479000 – 479001

Other Student Fees in this account range:

453000 – 459000

The complete list of revenue account codes are available in FMS nQuery, navigate:
Chartfields → Account

(2) Can we recognize all types of revenues in the GPO fund, including donations and grants?

Not all types of revenues can be recognized in the GPO fund. The GPO fund continues to be an unrestricted fund, and only revenues received or earned for the general use of University operations can be recognized in this fund. Where there are externally-stipulated restrictions on the use of the funding received, e.g. donations or research contracts, these revenues should be recognized in the funds established for their respective purposes, i.e. Research, Specific Purpose, Capital, Endowment, and Awards.

(3) How do we handle deferred revenues in the GPO fund?

There is no change to the way deferred revenues are handled, i.e. the departments continue to be responsible for deferring revenues that have not yet been earned. Deferred revenues should be booked in the same GPO PG where the revenues are recognized. Deferrals of unearned revenue should be done quarterly, and at year-end.

(4) What should we do if we have already recognized revenues in cost-reduction account codes in the first quarter (April to June, 2010)?

If revenues have already been recognized in cost-reduction account codes in the first quarter, departments have the option to reclassify these revenues to their appropriate revenue account codes in July, or to leave the revenues in the cost-reduction account codes. Similar to other revenues recognized during the month, the budget balances will be updated at month-end.