

**Diocese of La Crosse Catholic Unified School Systems
Accounting Policies and Procedures Manual**

Chapter Eight: Registration and Tuition Collection

A. Registration

Registration fees are often charged by the Diocese of La Crosse Catholic Schools for current and new students. These fees may or may not be credited against tuition, according to school specific policies. Payments for registration fees received prior to the start of the school year are called "Prepaid" and should be held in a liability account until the beginning of the new year. This policy follows generally accepted accounting principles which require revenue to be recognized when it is earned. See school specific procedures in **Section E** of this chapter.

- As registration fees are collected prior to the start of the new fiscal year, code the cash receipt to **Prepaid Registration**.

Cash	XXX
2310 Prepaid Registration Fees	XXX

- If registration fees are credited towards tuition, maintain a list of those students prepaying.

July

If registration fees are credited against tuition:

- Record the individual payments made prior to the start of the school year (currently in Prepaid Registration) to the accounts receivable account. :

2310 Prepaid Registration	XXX
1410 Accounts Receivable Tuition, Fees CY	XXX

If registration fees are not credited against tuition:

- Record the entire amount of prepaid registration fees received into the revenue account with the following adjusting journal entry:

2310 Prepaid Registration	XXX
4045 Fees, Registration	XXX

When finished, the Prepaid Registration amount should be zero.

B. Prepaid and Deferred Tuition

According to generally accepted accounting principles, revenues must be recognized as they are earned. Therefore, it is the policy of the Diocese of La Crosse Catholic Schools to recognize tuition revenue, including Wisconsin Parental Choice Program (Choice) revenue, evenly over the nine (9), or ten (10) months that school is in session, regardless of when it is actually collected. However, the amount of cash collected for tuition and the amount remaining must also be recorded. There are five places on the financial statements where tuition is tracked, each with its own purpose. They are:

Revenue recognition activity	<p>4005 Tuition Revenue 4006 Choice Revenue (Statement of Activities) – This is the tuition considered to be <u>earned</u>. It is equal to 1/9 or 1/10 of the estimated total tuition revenue for the year.</p> <p>2350 Deferred Tuition, Fees 2356 Deferred Choice Revenue (Statement of Financial Position - Liability) – This is the tuition yet to be earned. It is equal to the total estimated tuition for the year less Tuition Revenue on the Statement of Activities.</p>
Cash collection activity	<p>2305 Prepaid Tuition (Statement of Financial Position - Liability) – This is the amount of tuition that has been collected prior to the start of the school year. When tuition is posted, this amount will be reclassified as a reduction of Accounts Receivable, Tuition.</p>

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1410 Accounts Receivable, Tuition 1416 Accounts Receivable, Choice Revenue Current Year(Statement of Financial Position - Asset) – This is the amount of uncollected tuition.

1415 Accounts Receivable, Tuition Prior Year (Statement of Financial Position – Asset) – This is the amount of uncollected tuition from the prior year.

Transactions in the Prepaid Tuition Account

1. The Prepaid Tuition account is established as payments are received prior to the beginning of the school year for that year's tuition. As each cash receipt is processed, code the payment as follows:

Cash	XXX
2305 Prepaid Tuition	XXX

2. When tuition for the new year is posted, move the individual payments made prior to the start of the school year (currently in Prepaid Tuition) to accounts receivable.. . As each payment is entered into the accounts receivable module, the amount of the payment is recorded as follows:

2305 Prepaid Tuition	XXX
1410 Accounts Receivable, Tuition	XXX

When finished, the Prepaid Tuition account should be zero.

Transactions in the Deferred Tuition Account

1. The Deferred Tuition account is established when tuition is billed prior to the beginning of the year. The total amount of the tuition billed is recorded as follows:

1410 Accounts Receivable, Tuition	XXX
2350 Deferred Tuition	XXX

Based on this explanation, at the beginning of the school year the Deferred Tuition account and the Accounts Receivable – Tuition account balances should be the same. Both are needed, however, because tuition is recognized and collected at different rates.

2. Beginning with the September month end, calculate the tuition revenue to be recognized evenly over nine (9) or ten (10) months that school is in session. . Each month, recognize one ninth (1/9) or one tenth (1/10) of the revenue with this standard monthly journal entry:

2350 Deferred Tuition	XXX
4005 Tuition Revenue	XXX

3. At the end of quarter a journal entry is calculated to account for the change in Tuition Revenue from new students, and dropped students. At the end of the year the journal entry should adjust the Deferred Tuition account balance to zero.

C. Invoicing

At the start of the fiscal year. This is done through the System's accounts receivable software (RenWeb, SchoolMinder, Skyward) to allow for the tracking of individual tuition accounts, as discussed in **Chapter 5 - Cash Receipts – Accounts Receivable Procedures**.

D. Tuition Collection

As tuition payments are received, they are recorded to an individual family account through the cash receipts procedure. Accounts Receivables reviewed every month for potential collection problems. Collection methods will vary between school systems, but may use a combination of phone calls, letters, statements, and potentially even legal action to collect the remaining balance. Late fees may be charged at the discretion of each school. Follow the School specific collection policy . Include a copy of the policy with this manual. As each cash receipt is processed, code the payment as follows:

