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 fiscal year. This policy follows generally accepted accounting principles which require revenue to be recognized when it is earned. See school specific procedures in **Section G** of this chapter.

1. 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	**XXX**

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

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If registration fees are credited against tuition:

1. 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**

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If registration fees are not credited against tuition:

1. 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 <u>recognized</u> as they are <u>earned</u>. 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 <u>also</u> be recorded. There are five places on the financial statements where tuition is tracked, each with its own purpose. They are:

Revenue recognition activity

4005 Tuition Revenue, **4006 Choice Revenue** and **4008 SNSP 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.

2350 Deferred Tuition, **2356 Deferred Choice Revenue** and **Deferred SNSP 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.

Cash collection activity

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.

1410 Accounts Receivable Tuition, **1416 Accounts Receivable Choice Revenue** and **1417 Accounts Receivable SNSP** (Statement of Financial Position - Asset) – This is the amount of <u>uncollected</u> tuition.

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

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	
1416 Accounts Receivable, Choice Revenue	XXX	
1417 Accounts Receivable, SNSP Revenue	XXX	
2350 Deferred Tuition		XXX
2356 Deferred Choice Revenue		XXX
2359 Deferred SNSP Revenue		XXX
2355 Deferred Tuition Assistance	XXX	
1410 Accounts Receivable, Tuition		XXX
2365 Deferred Staff Discount	XXX	
1410 Accounts Receivable, 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 <u>recognized</u> and <u>collected</u> at different rates.

When Deferred Tuition Assistance, Discounts and Staff Discounts are established the tuition reductions reduce the Accounts Receivable – Tuition account balances.

The total of the individual accounts that are managed in the subsidiary ledger which is the system software (FACTS, Skyward, Infinite Campus) must reconcile to the Accounts Receivable, Tuition account balance.

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**	
2356 Deferred Choice Revenue	**XXX**	
2359 Deferred SNSP Revenue	**XXX**	
4005 Tuition Revenue		**XXX**
4006 Choice Revenue		**XXX**
4008 SNSP Revenue		**XXX**

3. Beginning with the September month end, calculate the tuition discounts 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 discounts with this standard monthly journal entry:

4030 Less Tuition Assistance	**XXX**	
2355 Deferred Tuition Assistance		**XXX**
4010 Less Staff Discounts	**XXX**	
2365 Deferred Staff Discounts		**XXX**

System financial aid includes all awards where the recipient is selected by the school regardless of the funding source. Funding from donations restricted for tuition assistance is recorded in the appropriate revenue account. Tuition assistance donations where the donor designates a specific family's account to apply the payment toward the family's current year tuition receivable account is not considered a charitable donation. If system financial aid is funded by an existing endowment or tuition assistance savings account restricted for that purpose, then the funds granted from the account should be transferred to the operating account.

4. At the end of each month you must reconcile the total of the individual family accounts in your subsidiary ledger (FACTS, Skyward, Infinite Campus) and the Accounts Receivable, Tuition general ledger account. It is much easier to locate and correct variances within a month's activity as compared to waiting and over an extended period of time.

C. *Invoicing*

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

D. *Tuition, Choice Revenue and SNSP Revenue Collection*

As tuition payments are received, they are recorded to an individual family account through the cash receipts procedure.   Accounts Receivables should be 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:

Cash	**XXX**	
1410 Accounts Receivable, Tuition		**XXX**

Throughout the school year if there are additional discounts or credits granted to an existing student, or a new student is enrolled, and/or a student withdraws, the school should record the related adjustments directly to the applicable tuition revenue accounts rather than deferred revenue.

Schools participating in the Wisconsin Parental Choice Program (WPCP) and the Special Needs Scholarship Program (SNSP) receive state aid payments from the Department of Public Instruction (DPI). These payments are made by direct deposit at the end of September, February and May. As each payment is received, code the payment as follows:

Cash	**XXX**	
1416 Accounts Receivable Choice Revenue	**XXX**	
1417 Accounts Receivable SNSP Revenue	**XXX**	

E. *New Students and Student Withdrawal*

During the school year you may have new students that are admitted and withdraw after the start of the school year. When a new student enrolls during the school year an entry should be made to record the amount of tuition that will be collected from the family. Depending on the system's policy the tuition may be pro-rated for the remaining portion of the school year in which the student will be attending. The following entry should be made:

1410 Accounts Receivable, Tuition	**XXX**	
4005 Tuition Revenue		**XXX**

If the student will receive tuition assistance the following entry should be made:

4030 Less Tuition Assistance	**XXX**	
1410 Accounts Receivable, Tuition		**XXX**

Depending on the system's policy when a student withdraws from school during the school year a credit for the pro-rated remaining portion of the year in which the student will no longer be enrolled may be due and should be applied to the family's account. The following entry should be made if the family does not have an accounts payable balance:

4005 Tuition Revenue	**XXX**	
Cash		**XXX**

The following entry should be made if the family does have an accounts payable balance:

4005 Tuition Revenue	**XXX**	
1410 Accounts Receivable, Tuition		**XXX**

The following entry should be made if the family received tuition assistance:

4005 Tuition Revenue	**XXX**	

1410 Accounts Receivable, Tuition   **XXX**

4030 Less Tuition Assistance   **XXX**

F.   *Month-End and Year-End Reconciliation*

At the end of each month you must reconcile the total of the individual family accounts in your subsidiary ledger (FACTS, Skyward, Infinite Campus) and the Accounts Receivable, Tuition general ledger account. It is much easier to locate and correct variances within a month's activity as compared to waiting and over an extended period of time.

At the end of each year **2350 Deferred Tuition, Fees** account balance should be zero. If the accrual entry is posted each month and new students and withdrawing student entries are recorded directly to the Tuition Revenue account the Year End balance should be zero. If the account balance is not zero make the appropriate debit or credit entry. The offsetting entry is made to **4005 Tuition Revenue**.

G. *School Specific Procedures*

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