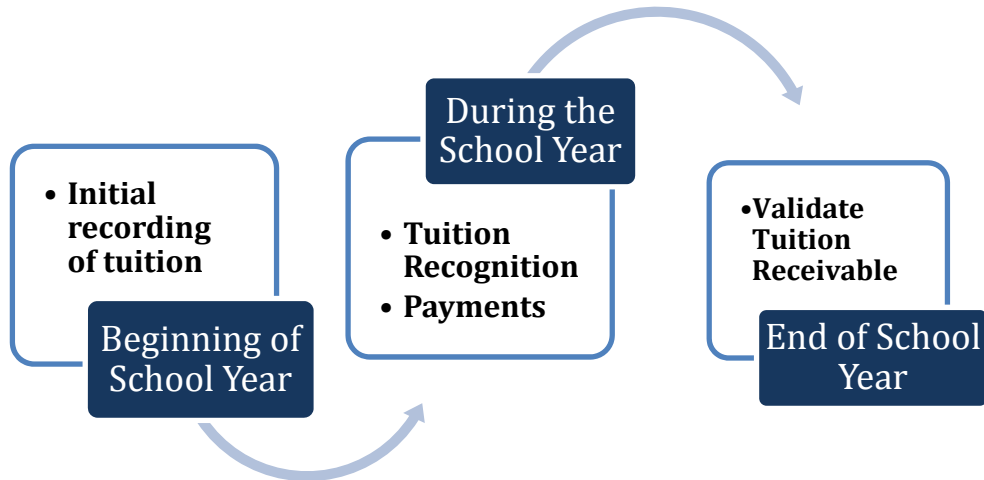




# Recording of School Tuition and Fees

All parishes are required to prepare financial statements on the modified accrual/cash basis of accounting. This method requires accrual of certain items while other items are reported on a cash basis. There are three key components in accounting for tuition on the general ledger.



While the billing and collection of tuition is decided at the local parish level, it is necessary that the accounting for such tuition be standardized. This may represent a major change in current recording of Tuition and Fees.

These procedures apply to all schools and are necessary in order for you and the Diocese to:

- Standardize its tuition accounting and reporting practices
- Meet reporting requirements for Blue Ribbon status
- Provide metrics that are accurate and meaningful to all schools
- Comply with Generally Accepted Accounting Principles

When the registration process begins, we highly recommend the preparation of an enrollment spreadsheet (subsidiary ledger). A subsidiary ledger contains the details to support a general ledger account (tuition receivable). The subsidiary ledger for tuition receivable contains all of the information on each school family; names, gross tuition, grants awarded, staff/teacher discounts, withdrawals, prepayments, payments and so on. A typical subsidiary ledger should look like this:

Last Name	Gross Tuition	Tuition Aid	Tuition Discounts	Net Tuition	Total Payments Received	Accounts Receivable Balance
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**Please comply with these procedures beginning July 1, 2015.**



# Recording of School Tuition and Fees

## INITIAL RECORDING OF TUITION

### I. Prepaid Tuition

Tuition and fees received in advance of the next school year must be reported on the books as a liability. The liability should be identified as Deferred School Income: Prepaid Tuition. The entry for prepayments in the general ledger prior to 6/30 should be posted as:

Debit	Cash	
	Credit	Deferred School Income: Prepaid Tuition

At the beginning of the school year, an entry should be made to apply Prepaid Tuition.

Debit	Deferred School Income: Prepaid Tuition	
	Credit	Tuition Receivable (-)

### II. Recording of Tuition

At the beginning of the school year, an entry must be made in the general ledger to record **gross tuition**, grants awarded and applied discounts.

A.) The entry to record Gross Tuition:

Debit	Tuition Receivable (+)	
	Credit	Deferred Income School: Tuition & Fees

*Please Note: Gross Tuition is the amount due before any financial aid or discounts applied.*

B.) The entry to record grants awarded (Financial Aid Granted):

Debit	Financial Aid Granted (Contra)	
	Credit	Tuition Receivable (-)

*Please Note: Tuition Aid granted may be provided by the Parish, School, Diocesan Tuition Assistance Program, PTO, Scholarships, Endowments, etc.*

C.) The entry to record Tuition Discounts for staff/teachers:

Debit	Tuition Discounts (Contra)	
	Credit	Tuition Receivable (-)

**Please Note: The netting of Tuition Receivable with the (+/-) should end in an accurate calculation of Net Tuition Receivable at this time.**



# Recording of School Tuition and Fees

## TUITION RECOGNITION AND PAYMENTS

### I. Recognizing Tuition Income

According to generally accepted accounting principles, revenues must be recognized as they are earned. Therefore, it is the policy to recognize tuition revenue, evenly over the ten (10) months that school is in session, regardless of when it is actually collected. To determine the monthly amount, divide the Total Deferred School Income by 10. For example, Total Deferred Tuition at the beginning of the school year is \$10,000; the monthly recognition of tuition revenue would be \$1,000 (*Sept - June or Aug - May*).

For each of the 10 months record the following entry.

Debit	Deferred School Income: Tuition & Fees
	Credit      Tuition & Fees Income

*Please Note: There should be no additional journal entries to deferred tuition income during the school year, with the exception of the monthly entry. The Deferred School Income account for the current school year will be zero at the end of the 10 months.*

### II. Recording Cash Payments Received

To record tuition cash payments received each month via Facts, Smart or check.

Debit	Cash
	Credit      Tuition Receivable

To record cash payments received for Financial Aid from the diocese, parish or other resources during the school year.

Debit	Cash
	Credit      Financial Aid Funded: Diocesan Tuition Assistance

Debit	Cash
	Credit      Financial Aid Funded: Parish Tuition Assistance

Debit	Cash
	Credit      Financial Aid Funded: Other Resources

### III. Recording Non-Cash Payments

To record Tuition Assisted Granted without cash received (debt forgiveness).

Debit	Financial Aid Granted (Contra)
	Credit      Tuition Receivable



# Recording of School Tuition and Fees

## VALIDATING TUITION RECEIVABLE

Throughout the school year, changes to student accounts may occur. For instance, new students enroll, account rate changes, student withdrawals, etc. On a monthly, quarterly or semi-annual basis there should be a reconciliation of tuition receivable to the subsidiary ledger.

The subsidiary ledger should itemize all cash and non-cash activity, so its total should match the ending balance in the tuition receivable general ledger account. The business manager should reconcile the two (tuition receivable balance and subsidiary ledger) on a monthly or quarterly basis. If there is a difference between the subsidiary ledger and the tuition receivable balance, an adjusting journal entry should be made to the Tuition Income account or Tuition Assistance for the amount.

If your receivable balance is *lower* than the subsidiary ledger, the following entry would be made. This may occur if new students are enrolled.

Debit	Tuition Receivable
Credit	Tuition & Fees Income

If your receivable balance is *higher* than the subsidiary ledger, the following entry would be made. For example, there were student withdrawals or reduction in rates.

Debit	Tuition & Fees Income
Credit	Tuition Receivable

### End of School Year

At the end of the year, analyze and adjust tuition receivable for collectability. The following entry should be made for uncollectable tuition:

Debit	Uncollected Tuition (Contra)
Credit	Tuition Receivable