

DIOCESE OF SAN DIEGO ACCOUNTS RECEIVABLE PROCEDURES

For schools new to Accounts Receivable and/or with no current recording process, the following entry is required to be made that records the outstanding balance in FACTS or SMART Tuition as of 6/30 as follows:

Step 1: Run a delinquency report on 6/30 to identify the outstanding tuition balance.

Step 2: Record the outstanding tuition as of June 30th:

| | <u>Debit</u> | <u>Credit</u> |
|--|--------------|---------------|
| Accounts Receivable | 1,500 | |
| Tuition Revenue K-8 | | 1,500 |
| <i>To record outstanding tuition as of June 30, 2015</i> | | |

Step 3: Record the Allowance for Bad Debt:

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Bad Debt Expense | 500 | |
| Allowance for Doubtful Accounts | | 500 |
| <i>To record uncollected tuition for 2014-15.</i> | | |

This step expenses uncollected as of 6/30, which should be a percentage of receivables based on past history. Notice the offset is an Accounts Receivable sub-account, *Allowance for Doubtful Accounts*. The balance will remain here until a) payment is received and recorded in Step 3 below; or b) the amount is approved for write-off and recorded per the Write-off of Accounts Receivable procedures.

Step 4: Record the tuition payment (aka deposit):

| | <u>Debit</u> | <u>Credit</u> |
|---|--------------|---------------|
| Cash (School Checking) | 500 | |
| Accounts Receivable | | 500 |
| <i>To record outstanding tuition payment from 2014-15</i> | | |

NOTE: Delinquency reports should be reviewed periodically throughout the year and families contacted to reduce or eliminate past due payments.