

CCS Administrative Procedure

5.10.01-A Accounts Receivable

Implementing Board Policy [5.10.01](#)

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1.0 Purpose

The purpose of this procedure is to establish adequate controls, audit trails, and prompt recording, collection and follow-up and remedy of accounts receivable. In accordance with this procedure, state laws and state policies, CCS entities providing goods or services without prepayment are required to follow these procedures. The basic processes of accounts receivable include creating/recording the transaction, producing an invoice, receiving payment, aging receivable balances, collections and write offs.

2.0 Limitations and Requirements

- 2.1 Receivables are defined as the amounts owed to CCS for goods or services that have been sold or provided to customers. Receivables arise through transactions with private individuals, businesses, agencies, or other governmental units.
- 2.2 Customers are expected to pay for services when rendered, whenever possible, to limit the creation of accounts receivable.
- 2.3 Receivable amounts are short term, due within 12 months, and are expected to be collected.
- 2.4 Receivables are recorded when the asset or revenue recognition criteria have been met or the underlying accounting event has occurred and the amount is determinable

3.0 Classification of Receivables

- 3.1 Private Individuals or Organizations (GL1312). This general ledger accounts for amounts due to Community Colleges of Spokane (CCS) from private persons, businesses, and private non-profit organizations (including universities and colleges) for tuition, fees, goods and services.
- 3.2 Short Term Emergency Student Loan Receivables (GL1314 [ST L/R]). This general ledger account is for amounts due to CCS for short term emergency student loans issued by the financial aid department.
- 3.3 Due from the Federal Government (GL1351). This general ledger account is for amounts due to CCS from all agencies of the federal government such as the Veterans Administration, Americorps, etc. This general ledger is also used to account for the Federal financial aid money due from the Department of Education at year-end.
- 3.4 Due from Other Governments (GL1352). This general ledger account is for amounts due from other governmental units such as other state governments, county governments, municipal governments, public K-12 school districts, Native American tribes and any other political subdivisions.
- 3.5 Due from Other Agencies (GL1354). This general ledger accounts for amounts due from other agencies of the State of Washington such as other community and technical colleges, Washington State Department of Labor and Industries, the Employment Security Department, Department of Social and Health Services (DSHS), etc.

- 3.6 Advances and Dishonored Checks (GL1399). This general ledger accounts for manual payroll checks and amounts due to CCS for dishonored checks from private persons, businesses, and private non-profit organizations (including private universities and colleges).

4.0 Recording Receivables

Receivables owed to CCS are promptly recorded when the asset or revenue recognition criteria have been met or the underlying accounting event has occurred and the amount is determinable, per the Office of Financial Management (OFM) SAAM 85.54.10.b. Two methods of recording Receivables are used:

- 4.1 Cashiering System. CCS uses a cashiering system to record charges and payments for students, staff, and faculty. The system is typically used to record student related fees; however, other transactions from functional areas of the college are also recorded in the cashiering system. The cashiering system automatically generates General Ledger transactions.
- 4.2 Accounts Receivable Billing System
- 4.2.1 Manual billings recorded in the A/R system originate by submission of an Invoice Requisition. Invoice Requisitions are to be routed through the Budget office for account coding purposes. The Budget office then forwards completed IR's to the Accounting department for invoice processing. CCS departments shall not issue invoices independent of the District office without prior approval of the District Accounting Manager.
- 4.2.2 Examples of billings include amounts owed CCS for services rendered to federal, state, and private entities and for other miscellaneous services.
- 4.2.3 When the Accounting Department processes the Invoice Requisition, an automatic accounting entry is made that debits GL1318-Unbilled Receivables and credits GL 3205-Deferred Revenue. When the invoice is printed, an automatic accounting entry is made in the Financial Management System (FMS) that debits the appropriate A/R sub ledger and credits GL 1318-Unbilled Receivables. At this point the receivable will show on the GA 1710 - Customer Accounts Aging Report as an accounts receivable.

5.0 Short Term Emergency Loan Receivables

- 5.1 Short term emergency student loans are made by the college Financial Aid Department in accordance with CCS procedure. Primarily the loans are intended as a bridge to provide payment of tuition and fees until financial aid for the student is processed. When financial aid is awarded to the student, it is used to pay off the outstanding student loan balance. Students are liable for re-payment of the loan balance regardless of the status of their financial aid or financial circumstances.
- 5.2 When a student receives a loan from the college, it is entered into the cashiering system and then into the accounts receivable billing system. The loan receivable is recorded into GL 1314 (ST L/R). The original loan document signed by the student is a legal promissory note that includes all the terms and conditions of the loan. Invoices are generated from the billing system when the loan is due. Reminder notices are generated and sent if the loan is not paid by the original due date.

6.0 Recording Payments

When payment is received, an entry is made to record the payment, which debits GL 1110-Cash and credits the appropriate A/R sub ledger. A second entry is made which debits GL 3205-Accrued Revenue and credits GL 3210-Cash Revenue.

7.0 Revenue Recognition

- 7.1 Revenue is recognized when cash, check, credit card or a payment method identified as a Financial Program Code (FAPC) or an Accounts Receivable Identification Code (ARID) is entered into the cashiering system. The FAPC payment method and ARID payment will generate an entry to FMS of a debit to GL1318 Unbilled Receivable and a credit to GL 3205 deferred revenue.
- 7.2 Summer and fall quarter tuition and fees paid before June 30 are posted automatically to deferred revenue and recognized as income in the ensuing fiscal year.
- 7.3 A manual accounting entry is made to FMS at each year-end to record the accounts receivable and revenue from open charges on the cashiering system.
- 7.4 Tuition and Fee revenue is considered earned in the current academic quarter upon receipt of payment authorizations from businesses, agencies or governmental units.
- 7.5 Tuition and Fee revenue is considered earned in the current academic quarter when Federal and State financial aid awards are granted and entered in the Student Management System (SMS).
- 7.6 Grant and Contract revenue is considered earned based on the contractual agreement of the parties (i.e. CCS and another entity).