

## CALIFORNIA COMMUNITY COLLEGES

1107 NINTH STREET  
SACRAMENTO, CA 95814-3607  
http://www.cccco.edu  
(916) 445-8752

**ACCOUNTING ADVISORY NO. 98-02**

April 13, 1998

TO: District Chief Business Officer

FROM:  Gary L. Cook, Administrator  
Fiscal and Business Services Unit

SUBJECT: Enrollment Fee Revenue

**Synopsis:** The proper accounting and reporting of enrollment fee revenue by community college districts is important for computing State apportionments. This advisory is being issued to insure that community college districts account for and report enrollment fee revenue accurately and in a uniform manner. There are three areas related to enrollment fee revenues that need clarification and are discussed below.

**ACCOUNTING AND REPORTING OF ENROLLMENT FEE REVENUE**

Enrollment fees **charged** pursuant to ECS 76300 and ECS 76140(k) [students from bordering states] for courses beginning after the close of the spring term of the current fiscal year shall be accounted for as revenue of the following fiscal year. Such charges shall be considered as Deferred Revenues in the current fiscal year. Enrollment fees **charged** for the Spring term or earlier and not collected at year end, must be recorded as enrollment fee revenue and an accounts receivable established.

The Chancellor's Office currently receives enrollment fee revenue data from two sources. The first source is the Estimated/Actual Enrollment Fee Revenue Reports (CCFS-323) which indicate the proper reporting of enrollment fee revenue for the computation of apportionments for Program Based Funding. The second source is the Annual Financial and Budget Report (CCFS-311) which is based on the accounting and reporting requirements prescribed in the Budget and Accounting Manual.

A review of the CCFS-311 and CCFS-323 reports indicates that for some districts the revenues reported on these two reports are the same while for other districts the amounts are different. In order to improve the accuracy and uniformity of data, effective immediately the reporting method prescribed by the CCFS-323 will also be used as the basis for accounting and reporting on the CCFS-311. This method indicates that for the current year, the enrollment fee revenue for 100% of the fees charged pursuant to ECS 76300 and ECS 76140(k), include those fees for courses beginning after the close of the prior year spring term through the close of the current year spring term. Arguably, this reporting method is not consistent with the modified accrual basis of accounting. However, because the reporting method is consistent from year to year, the overall financial impact is minimal.

Enrollment fees charged to students within a fiscal year for the reportable terms (see preceding paragraph), which have been paid or are still owed, are reported on the CCFS-323. At June 30, the amounts charged to students but not collected as reported

on the CCFS-323, should be recorded on the district's accounting records as an accounts receivable due from students.

## UNCOLLECTIBLE ENROLLMENT FEE REVENUE

Based on a legal opinion, districts are to fully report the fees charged to students, whether or not the fees are collected. Enrollment fee revenues that are determined to be uncollectible should be accounted for as an expense of the district and not as an abatement of enrollment fee revenues. Accounts that have been written-off that are subsequently recovered should be recorded as Other Local Revenue, not as enrollment fee revenue. Unless expressly exempted, or entitled to a waiver or defrayal, all students enrolling for college credit must pay the enrollment fee.

Accounting Advisory No. 96-01 indicates that "revenue received that is more/less than the accrual established and is not the result of an error should be considered an increase/decrease in current-year revenue." This does not apply to enrollment fees because any enrollment fees that are not collectable are considered an expense of the district and should not be abated against enrollment fee revenues.

## CREDIT CARD CHARGES AND ENROLLMENT FEE REVENUE

Currently, districts may permit a student to pay the enrollment fee by bank credit card and can charge the student an amount equal to the "merchant discount" (credit card service fee) provided use of the card is optional and the extra fee is permitted by the operating regulations of the credit card issuer. However, as indicated in Fiscal Services Administrator Memo 97/013, dated August 14, 1997, "Districts are required to report 100% of the [enrollment] fee charged...not the amount net of the bank service fee for credit card usage." If there is a credit card service charge, it must be separately identified from enrollment fees and accounted for as Other Student Fees and Charges. The "merchant discount" charged to the district shall be accounted for as an operating expense of the district.

**Action/Date Requested:** To insure accurate and uniform accounting and reporting of enrollment fee revenue, districts should follow the guidelines included in this advisory.

This Accounting Advisory is for your information and is to be used in conjunction with the Budget and Accounting Manual to account for enrollment fee revenues. Please file this advisory in the Appendix of your manual behind the tab "Accounting Advisories."

**Contact:** If you have questions, call Elias Regalado at (916) 445-1165 or John Puthuff at (916) 327-6221.

GLC/ER

cc: District Superintendent/President  
Thomas J. Nussbaum  
Patrick Lenz