I. Policy

In order to accurately recognize revenues on the College’s Financial Statements, the College must provide for the possibility that some present and future revenues in the receivable accounts may not be collectible. This policy facilitates an accurate forecast of this allowance based on actual experience and relevant data. This policy applies to the recording of all revenue in the College’s financial records. This policy sets forth the College’s financial system procedures for establishing an allowance to handle removing uncollectable debts from accounts receivable accounts. This policy also establishes the calendar for writing off this bad debt during the fiscal year.

A. Definitions

1. The “Doubtful Accounts” are defined as monies owed to the College with low probability of repayment. This category may include, but is not limited to taxes, tuitions, fees, other charges, etc.

2. The “Allowance” is a budgeted operating expense created by the student accounts receivable department with the expectation that some doubtful accounts exist in the College’s general ledger. The required threshold for establishing an allowance expenditure is documented below.

3. The financial services department is responsible for the billing and administration of the receivable accounts and is considered the “Responsible Party” for the maintenance review of allowance for known or potentially uncollectible accounts.

II. Procedure

A. The Associate Director, Student Accounts Receivable shall calculate an allowance of non-collectability for any revenues for which uncertainty exists about future collections. This is accomplished by submitting an Allowance for
Doubtful Accounts and provision of the allowance amount to the Director, Financial Services for approval.

1. Examples of these include but are not limited to:
   a. Tuition Receivable
   b. Fines Receivable
   c. Return to Title IV Receivable
   d. Pell Never Attended Receivable

B. The Allowance amount for property tax receivables will be 31% of the Accounts Receivable (AR) balance as of August 31st.

C. All other receivables will have their allowance determined based on the following calculation:
   1. Receivable balance over 1 year old and less than 2 years old: 10% of the August 31st AR balance.
   2. Receivable balance over 2 years old and less than 4 years old: 50% of the August 31st AR balance.
   3. Receivable balance over 4 years old: 100% of the August 31st AR balance.

D. Write-Offs and Adjustments
   1. Account write-offs and increases to the allowance are recorded by the Business Office.
   2. Efforts should be made to pursue the timely collection of delinquent accounts. Uncollectible accounts will be written off once they are deemed uncollectible by the Business Office and approved by the Vice President, Finance & Administration. Write-offs will occur at the end of each semester. Collection efforts should be exhausted prior to any write-offs.