

EASTERN WEST VIRGINIA COMMUNITY & TECHNICAL COLLEGE
REGULATION No. – AR- 7.8

TITLE: **ALLOWANCE FOR DOUBTFUL ACCOUNTS**

General Summary Statement of Administrative Regulation purpose. The purpose of this regulation is to set forth the procedures for estimating the amount of uncollectible accounts receivable to be recorded as an allowance for doubtful accounts. These procedures are required to comply with federal law, state law, Community & Technical College Council, Higher Education Policy Commission, and auditing standards.

EFFECTIVE DATE: **FEBRUARY 15, 2005**

PROCEDURE:

Student Receivables

Because some student accounts receivable may prove to be uncollectible, the Business Office is responsible for determining an appropriate amount as an allowance for those accounts considered to be uncollectible as of each June 30th. The Business Office will establish an allowance for doubtful accounts to reflect the estimated uncollectible accounts. This allowance will be used to reduce the total amount of student accounts receivable and revenue on College financial statements.

Individual student accounts receivable are aged by semester. On June 30th of each year an estimate of the relative uncollectibility for each aging category is calculated based on past experience. The estimated uncollectible amounts for each category are totaled to determine the total allowance.

The categories for student accounts receivable aging to be calculated each June 30th are as follows:

- Accounts Older than Previous June 30th
- Accounts from Most Recent Fall Semester
- Accounts from Most Recent Spring Semester

Non Student Accounts Receivable

Because some non student accounts receivable may prove to be uncollectible, the department is responsible for assisting the Business Office to determine an appropriate amount as an allowance for those accounts considered to be uncollectible as of each June 30th. The department and the Business Office will establish an allowance for doubtful accounts to reflect the estimated uncollectible accounts. This allowance will be used to reduce the total amount of student accounts receivable on College financial statements.

Individual non student accounts receivable are categorized according to the length of time they have been outstanding. On June 30th of each year an estimate of the relative uncollectibility for

each aging category is calculated based on past experience. The estimated uncollectible amounts for each category are totaled to determine the total allowance.

The categories for non student accounts receivable aging to be calculated each June 30th are as follows:

- 0 to 30 days
- 31 to 60 days
- 61 to 90 days
- 91 to 180 days
- 181 to 360 days
- Over 360 days

The Chief Financial Officer is responsible for implementation, interpretation, and review of the Allowance for Doubtful Accounts procedures.

DR. LINDA S. DUNN, PRESIDENT

DATE