



Category:
Financial

Responsible Office:
[University Controller](#)

Other Requirement Title:
Bad Debts, Accounting Treatment of

Document Number:
7300

Effective Date:
July 01, 2003

This procedure item applies to:
State-Operated Campuses
Statutory Colleges

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Summary

This policy addresses the accounting treatment for the provision of bad debt estimates for the State University of New York (University). The National Association of College and University Business Officers (NACUBO) Financial Accounting and Reporting Manual (FARM) for Higher Education Release No. 2000-06 has provided guidance on this based on the reporting requirements outlined in Governmental Accounting Standards Board Statement No. 34.

Requirement

- A. Revenues should be reported net of discounts and allowances with the discount amount parenthetically disclosed on the face of the statement or in the notes to the financial statements. Alternatively, revenues may be reported gross with the related discounts and allowances reported directly beneath the revenue amount.
 - B. Provision must be made for bad debt estimates each year. Tuition and fees should be reported net of allowances and discounts. As such, increases in allowances for bad debts are recorded as a reduction in revenues rather than an expense.
 - C. With regard to the presentation of the provision for bad debt estimates taken as a reduction of tuition and fee revenue, this should be deducted from the gross tuition and fee line item and should not be separately displayed on the face of the statement. This treatment is different than scholarship allowances which are required to be disclosed either on the face or in the notes to the financial statements.
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Definitions

There are no special definitions relevant to this requirement.

Related Procedures

There is no related procedures relevant to this requirement.

Forms

There are no forms relevant to this requirement.

Other Related Information

Governmental Accounting Standards Board Statement No. 34

NACUBO Financial Accounting and Reporting Manual (FARM)

Appendices

There are no appendices relevant to this requirement.