



**Business & Financial Services
Accounts Receivable Operations
6024 Campus Delivery
Fort Collins CO 80523-6024**

To: Campus Departments

From: Trish Torrez, Accounts Receivable Operations

Re: 2011/2012 Accounts Receivable Bad Debt Assessment Rates

Date: August 22, 2011

Each year, the Accounts Receivable staff evaluates the bad debt and write-off activity for the past year in order to update the bad debt assessment rates for the current fiscal year. The monthly assessment is based on the amount of revenue entered in Accounts Receivable system. These monthly bad debt assessments fund a pooled University allowance that covers accounts that are written off as uncollectible. Based on this analysis, the rates for FY12 have increased and are as follows:

Student charges posted to ARIES will receive a bad debt assessment of **0.12%**

Commercial charges posted to ARIES will receive a rate of **1.39%**

Vet Teaching Hospital rates are reported separately

Receivable accounts undergo a comprehensive collection effort before they are written off. Collection activity includes monthly billing, internal collection attempts by the University's Special Assets department, and then a broad array of State collection efforts. If an account remains unpaid after all these collection activities take place, the State Controller's Office reviews it and may grant approval for write-off. At that point, account balances are cleared from the receivable ledgers, but the debt is not forgiven. For students, we hold future-term enrollment, transcripts, and diplomas until the student pays the debt in full. The State may also offset tax refunds on accounts that are past due.

University holds are not as effective for commercial customers. Individual departments play a major role in helping us monitor delinquent accounts to keep the commercial bad debt rate low. Verifying payment history and customer information at the time of sale such as; address, telephone numbers, SSN, and account number, helps to insure success in the collection of the debt. For more on what information the State requires in order to extend credit, please review the [Accounts Receivable Rule](#) on their website. Despite our best efforts, some accounts remain uncollectible, so we encourage you to be cautious about extending credit to customers who have a bad payment history. To that end, we have holds viewable on ARIESweb that will allow you to see if your customer is currently assigned to a collection agency and/or in write-off status.

We will be assessing bad debt expense this week using these rates for revenue that was recorded in July. Please forward this message to your staff member in charge of budgeting/reconciling for this expense. Feel free to contact me with any questions regarding these rates and the bad debt process for accounts billed through Aries.

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