



Board Policy No. 358

Write-Off Policy

ADOPTED: 7/1993

RECENT AMENDMENT: 5/24/17

SEE ALSO: N/A

SUBJECT CATEGORY: SECTION 300, FINANCE

SUBSECTION: FINANCIAL MATTERS

CONTROL DEPARTMENT: FINANCE

I. PURPOSE

The purpose of this policy is to establish guidelines with regard to the write-off of uncollectible accounts receivable and to define responsibilities for the proper recording and reporting of such transactions.

II. PERSONS AFFECTED

The Finance Department has primary responsibility for the process of write-offs.

III. DEFINITIONS

“General Ledger” means the Chart of Accounts utilized to record the District’s assets and liabilities.

“Journal Voucher” means the physical document prepared to record the write-off transaction into the general ledger.

“Reserve” means defined amount of funds segregated to meet general liabilities.

“Write-off” means the elimination of an item (debit/credit) from an account that is deemed unrecoverable.

IV. POLICY

A. Review Requirements

On an annual basis, or as often as necessary, accounts receivable, subrogation receivables, obsolete inventory and fixed assets will be reviewed for determination of items eligible for write-off by the appropriate department head. A detailed report shall be presented to the Chief Financial Officer upon completion of the review. The Chief Financial Officer should continuously review delinquent debt, obsolete inventory and fixed assets, and annually.

B. Appropriate Transactions for Write-Off

The following transactions are appropriate for write-off, provided these transactions have been researched, documented per subsection D, and reconciled:

- Aged accounts receivable (>180 days) deemed uncollectible.

- Subrogation receivable (>180 days) deemed uncollectible.
- Obsolete inventory where sale proceeds are less than book value. (See Disposition of Surplus District Equipment and Supplies, Policy No. 356)
- Fixed assets no longer in use but not fully depreciated with a current per unit fair market value of \$5,000 or less. (Per FTA Circular 5010.1A)

C. Authorization/Approval

1. Items that are determined to be written off with a value of less than or equal to \$10,000 shall exhibit the following authorizations:
 - Controller
 - Treasury Manager
 - Chief Financial Officer
2. Items that are determined to be written off with a value greater than \$10,000 and less than \$25,000 shall exhibit the following authorizations:
 - Controller
 - Treasury Manager
 - Chief Financial Officer
 - General Manager
3. Items that are determined to be written off with a value greater than \$25,000 shall exhibit the following authorizations:
 - Controller
 - Treasury Manager
 - Chief Financial Officer
 - General Manager
 - Board of Directors

D. Documentation Requirements

1. All items deemed to be written off must be fully documented and demonstrate that the costs of pursuing a debt outweighs the benefits. Levels of effort in record keeping and collection must be commensurate with collection value.
2. The documentation must include:
 - Report of calls and/or written correspondence supporting collection efforts, and whether the account has been turned over to a collection agency
 - Memo of explanation justifying each write-off and background

- General ledger detail report
- Sub-ledger detail report
- Reconciliation report and detail support copies.