

ALLOWANCE/WRITE-OFF POLICY

PROCEDURES AND SPECIFIC INFORMATION

Rockdale County utilizes the allowance method to record the County's estimated uncollectible receivables. Annually, Finance will analyze accounts receivable accounts to determine which accounts are uncollectible. Those accounts, which are 120 days or more past due, will be fully reserved at the end of the year. If the account is still outstanding after 2 years, then a request to write off the account is submitted to the Director of Finance. All decisions to write off an account are based on review of documented collection efforts that demonstrate that due diligence was exercised in the pursuit of payment.

An accounts receivable amount is determined to be uncollectible when it meets one of the following criteria:

- All reasonable collection efforts have been exhausted.
- The cost of further collection action will exceed the amount recovered.
- The debtor cannot be located.
- The debt was discharged in bankruptcy.
- The statute of limitations for collection of the debt has expired.
- It is not the public interest to pursue collection of the debt.

Determining that the debt is uncollectible does not cancel the legal obligation of the debtor to pay the debt. The County shall continue to seek collection of the account.

ESTABLISHMENT OF THE ALLOWANCE

- When account is deemed "uncollectible", it should be classified as "inactive" for at least two years before being written off.
- When an account is classified as inactive, it should be fully reserved during the year in which it is classified as such.
- The request to classify an account as inactive should be to the Director of Finance.
- The request must document the collection efforts that have occurred on the account and should include a written statement from the Director of Finance that he/she concurs with the request.
- Finance is responsible for recording the journal entry to establish the allowance.

REQUIRED JOURNAL ENTRIES

Utilizing the Allowance Method

- DR Bad Debt Expense
- CR Allowance Doubtful accounts

To record the allowance for the inactive accounts

- DR Allowance Doubtful accounts
- CR Accounts Receivable

To write-off receivables that have been deemed uncollectible

AMENDMENTS

The Board of Commissioners may amend this policy from time to time. The Board of Commissioners reserves the right to delete, modify, amend or terminate this policy at any time with or without prior notice.

This Policy approved this 13 day of May, 2008.

Rockdale County, Georgia
Board of Commissioners

By: Roy A. Middlebrooks
Roy A. Middlebrooks, Chairman

By: Jason A. Hill
Jason A. Hill

By: Janice Van Ness
Janice Van Ness

Attest:

Jennifer Rutledge
Jennifer Rutledge, County Clerk