ENTRY NO. 9 [ACCOUNTS RECEIVABLE ARE WRITTEN OFF] **10509**
(Revised 12/09)

Nature of Transaction:
Accounts receivable are written off upon receipt of an approved Application for Discharge from Accountability Form, STD. 27 from the State Controller's Office (SCO). Accounts receivable of less than $500 can be written off if the California Victim Compensation and Government Claims Board (VCGCB) has provided blanket authority to the department. (See SAM Section 8776.6).
Cash shortages may be written off without approval in certain instances. (See SAM Section 8072).

Journal Entry for General Ledger Accounts:
Debit:
1600 Provision for Deferred Receivables a/
3730 Uncleared Collections b/
8000 Revenue c/
8100 Reimbursements d/
9000 Appropriation Expenditures e/
9892 Prior Year Revenue Adjustments f/
9893 Prior-Year Appropriations Adjustments g/
Credit:
1311 Accounts Receivable-Abatements h/
1312 Accounts Receivable-Reimbursements i/
1313 Accounts Receivable-Revenue j/
1315 Accounts Receivable-Dishonored Checks k/
1316 Accounts Receivable-Cash Shortages l/
1319 Accounts Receivable-Other m/

a/ amount of accounts receivable for deferred revenue, deferred reimbursements, or other deferred accounts receivable.
b/ amount of accounts receivable for dishonored checks or identified cash shortages applicable to reimbursements which according to law augment the appropriation current at the time of their being ordered into the Treasury.
c/ amount of accounts receivable for dishonored checks or identified cash shortages applicable to revenue and all accounts receivable for unidentified cash shortages.
d/ amount of accounts receivable for reimbursements, dishonored checks, or identified cash shortages, applicable to current fiscal year appropriation reimbursements.
e/ amount of accounts receivable for abatements, dishonored checks, or identified cash shortages, applicable to current fiscal year appropriation expenditures.
f/ amount of accounts receivable which relate to dishonored checks or identified cash shortages applicable to revenue which was identified as being earned as of the preceding June 30.
g/ amount of accounts receivable for abatements, reimbursements, dishonored checks, or identified cash shortages, applicable to prior years appropriations but not yet reverted.
h/ amount of Accounts Receivable-Abatements.
i/ amount of Accounts Receivable-Reimbursements.
j/ amount of Accounts Receivable-Revenue.
k/ amount of Accounts Receivable-Dishonored Checks.
l/ amount of Accounts Receivable-Cash Shortages.
m/ amount of accounts receivable for abatements, reimbursements, dishonored checks, or identified cash shortages, applicable to reverted appropriations or other accounts receivable not otherwise classified.

(Continued)

ENTRY NO. 9 [ACCOUNTS RECEIVABLE ARE WRITTEN OFF] **10509 (Cont. 1)**
(Revised 12/09)

Source Document:
Approved Application for Discharge from Accountability or blanket authority (SAM Section 8776.6), or a cash shortage report (SAM Section 8072).

Explanation:
Government Code (GC) Section 13941 provides that under certain conditions state departments may file applications with the SCO for discharge from accountability for the collection of taxes, licenses, fees, or other money due and payable to the state. However, departments will not file an application with the SCO until they have attempted collection through the offset claim procedures detailed in SAM Sections 8790. All applications filed with the SCO must state the offset steps undertaken.

In addition, GC Section 13943.2 provides that upon authorization of the VCGCB, departments are not required to collect taxes, license, fees, or money owed to the state if the amount to be collected is five hundred ($500) or less and the amount owed to the state is uncollectible or does not justify the cost of collection.
For receivables that are not a result of a cash shortage, this entry shows the possible adjustments made to agency accounts to write off those accounts receivable.

For revenue, reimbursement, or abatement receivables that are a result of a cash shortage, this entry shows the possible adjustments made to agency accounts. If amounts in excess of actual cash collections for revenue, reimbursement, or abatement transactions have been remitted to the State Treasury, it will be necessary for the agency to short the next remittance to the Treasury for such amounts included in this entry.
Deficiencies in an established fund balance (e.g., revolving fund, depositors' trust fund, or uncleared collections) are not written off by this entry.