



# Metropolitan Government of Nashville and Davidson County - Finance Dept. Policy: Accounts Receivable

**Effective Date:** December 5, 2014  
**Revision Date:** September 16, 2025  
**Policy Number:** 1.1  
**Sponsor:** Division of Accounts

## Purpose

To establish a consistent and uniform approach for the financial accounting and reporting of accounts receivable transactions used by departments and agencies of the Metro Nashville government.

## Definitions

**Accounts Receivable:** Amounts owed to the government by outside parties. For exchange transactions, accounts receivable shall be created when goods or services are provided for a fee. For nonexchange transactions, accounts receivable shall be created when the government has a legally enforceable claim or eligibility requirements have been met.

**Allowance for Doubtful Accounts:** Amounts of accounts receivable that are not expected to be collected (generally an estimate based on historical bad debt write offs).

**Bad Debt Write Offs:** Specific accounts receivables that have been deemed uncollectable by the department and Metro Finance.

**Stand Alone Accounts Receivable Systems:** Systems for tracking accounts receivable, invoicing, etc., that operate outside of Metro's enterprise reporting system.

## General Policies

In regard to accounts receivable, the Metropolitan Government of Nashville and Davidson County Government shall conform to Generally Accepted Accounting Principles (GAAP) as promulgated by the Governmental Accounting Standards Board (GASB).

### Accounts Receivable

**Governmental Funds:** A receivable shall be recorded in the general ledger when the receivable is created (see definitions above) and the related revenue is measurable.

**Grants:** A receivable for the amount of expenditures incurred and submitted to the grantor for reimbursement shall be recorded in the general ledger at the time the reimbursement request is submitted to the grantor.

**Property Taxes:** A receivable shall be recorded in the general ledger when assessed and levied.

**Other Revenues:** A receivable shall be recorded in the general ledger for those revenues earned and measurable by June 30 of each fiscal year end.

**Proprietary and Pension Funds:** A receivable shall be recorded in the general ledger when the receivable is created (see definitions above) and the related revenue is earned.



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### Allowance for Doubtful Accounts

Governmental Funds: An allowance for doubtful accounts shall be recorded in the general ledger for any accounts receivable recorded at June 30 of each year end based on historical write-offs or other estimates of potentially uncollectable accounts.

Proprietary and Pension Funds: An allowance for doubtful accounts shall be recorded in the general ledger based on accounts receivable aging and on the historical collectability of non-current accounts receivable.

### Bad Debt Write Offs

Any individual accounts receivable determined to be uncollectable should be written off timely and removed from accounts receivable and the allowance for doubtful accounts or expensed, as applicable. All write-offs should be completed by June 30 of each year.

### Stand Alone Accounts Receivable Systems

For each department/agency with one or more accounts receivable systems, the following shall be provided to the Finance Department's Chief Accountant within 60 calendar days of June 30:

- The number of accounts receivable outstanding on June 30.
- The total dollar amount of accounts receivable outstanding on June 30.
- An aging of the accounts receivable outstanding on June 30.
- The amount of the allowance for doubtful accounts on June 30, if applicable.
- The number and total dollar amount of all accounts written off during the fiscal year ended June 30.

### Minimum Reporting Requirements

Stand alone accounts receivable systems should have the capability of providing information as needed for accounting and/or audit purposes and detail accounts should agree to the total in the general ledger, an aging of accounts receivable, and a roll forward of the prior year end accounts receivable balance to the current year end accounts receivable balance. Additionally, departments shall maintain information regarding changes in operations that would impact the accounts receivable balances such as changes in billing rates or frequency, changes in collection patterns, and/or changes in numbers of customers.

## **Applicable Local, State or Federal Regulations**

Metro. Charter art. 8 § 8.103: The director of finance shall be responsible to the mayor for the administration of the financial affairs of the metropolitan government.

Metro. Charter art. 8, § 8.104: The budget officer, with the advice and assistance of the chief accountant, shall write, revise and maintain a proper standard procedure instruction manual to be followed by all officers, departments, boards and other agencies of the government to ensure uniform accounting and budgetary procedures.

Metro. Charter art. 8, § 8.105: The chief accountant shall maintain a general accounting system and such cost accounting records as shall be required by the director of finance.

Metro. Charter/Code provide for the direct acceptance of gifts/donations by some Metro departments. These include Library (Metro. Charter § 11.1203), Planning (Metro. Charter § 11.504), Social Services (Metro. Charter § 11.1102), Metro Action Commission (Metro. Code 2.108.050), Parks (Metro. Code § 13.24.040) and



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Arts Commission (Metro. Code § 2.112.040).

### **Associated Policies**

Finance Department Policy 1.3 Recognition of Revenue

Finance Department Policy 5.4 Grant Drawdown and Reimbursement

### **Effective Date**

This policy statement shall be effective upon issuance and shall apply to all departments and agencies.

### **Approvals**

#### Approval of the Director of Finance

I hereby approve this Policy Statement of the Department of Finance and as such agree with and authorize the actions necessary to implement its requirements.

Jenneen Reed

Director of Finance

**Date:** September 16, 2025