	<p align="center"><b>SAN ANTONIO RIVER AUTHORITY</b></p>	<p align="center"><b>POLICY &amp; PROCEDURE</b></p>	<p align="center"><b>POLICY NUMBER: FN 0010</b></p>
<p><b>SUBJECT:</b> Notes Receivable Policy</p>		<p><b>REPLACING POLICY NUMBER:</b> n/a</p>	
<p><b>RESPONSIBLE MANAGER:</b> Financial Services Manager</p>		<p><b>EFFECTIVE DATE:</b> 4/18/2012 <b>REVISED DATE:</b> <b>PAGE(S):</b> 1 of 2</p>	

## PURPOSE

Notes Receivable are assets of the San Antonio River Authority (River Authority). They represent money that the River Authority has loaned or contractual agreement for repayment to implement, improve, or act as a funding source for various programs. An agreement exists that specifies the repayment schedule, interest rate, and other terms and conditions, such as collateral.

Recording notes, loans, and interest receivables in the accounting system is required for all budgeted and unbudgeted revenues susceptible to accrual payments. The River Authority records receivables in the central accounting system.

To prevent financial loss to the River Authority notes receivable must be maintained and monitored carefully. Written policies and procedures for recording, collecting, and writing off bad debts must exist and be followed diligently.

## DEFINITIONS

Uncollectible - The amount due cannot be collected because the debtor cannot be located or does not have the ability to pay the amount owed or the cost of collection exceeds the amount due.

Allowance for Doubtful Receivable Accounts – Management’s best estimate of the amount of probable credit losses and is determined based on various factors. Accounts are written off against the allowance when it is determined the receivable has become uncollectible.

Receivables - Amounts due from transactions with entities outside the River Authority.

Write-off - A mechanism to remove the uncollectible portion of a receivable from the accounting records. A write-off occurs when the amount due cannot be collected and management determines that it is no longer a valid receivable.

## POLICY

The River Authority staff actively attempts to collect all payments and fees that are due to the River Authority. The Finance department will many times interact with the program departments to assist in past due balance collections. Creating a note receivable for the River Authority by disbursing funds shall follow written procedures for note creation and related collateral, payment, collection, write-off review, and write-offs.

The written procedure is to serve as a day-to-day guide for the River Authority's staff and be monitored for compliance. They include the following:

### **Approval**

1. General standards used to determine if an entity qualifies for a loan. Standards should be flexible enough to permit some degree of judgment by the River Authority's Board of Directors and management.
2. An agreement including the amount of the loan, the payment plan and the specified interest rate; the general note terms, including any collateral position of assets purchased or other assets of value must be approved with a resolution and adopted by the River Authority's Board of Directors.

### **Maintenance**

1. The Controller or designee of the River Authority shall be responsible for recording the note in the accounting system, for reviewing balances, and for reconciling the receivables at least quarterly.
2. The Controller or designee shall be responsible for maintaining the note, including: 1) method of calculating interest, 2) timing and frequency of statement mailings, 3) recording of advance payments, and 4) frequency of payments.
3. The Financial Services Manager shall report all note balances with the Quarterly Financial Report to the River Authority's Board of Directors and will highlight when receivables have become 4 months (120 days) overdue.
4. After the 120 days of non-payment, River Authority staff will record all attempts to make collection, notes shall be considered uncollectible after 2 years of non-payment or after management believes the note is uncollectible.
5. Notes may be written-off upon management assessment and reported to the River Authority's Board of Directors.

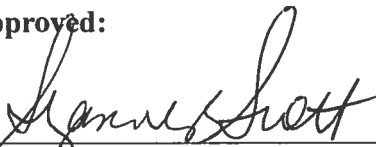
### **Collection**

The Controller or designee shall notify the entity on overdue note accounts within 90 days of delinquency.

### **EXCLUSIONS**

Water and wastewater payments – Utility customers  
Property tax payments – Property owners

**Approved:**

  
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Suzanne B. Scott, General Manager

4/18/2012  
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Date