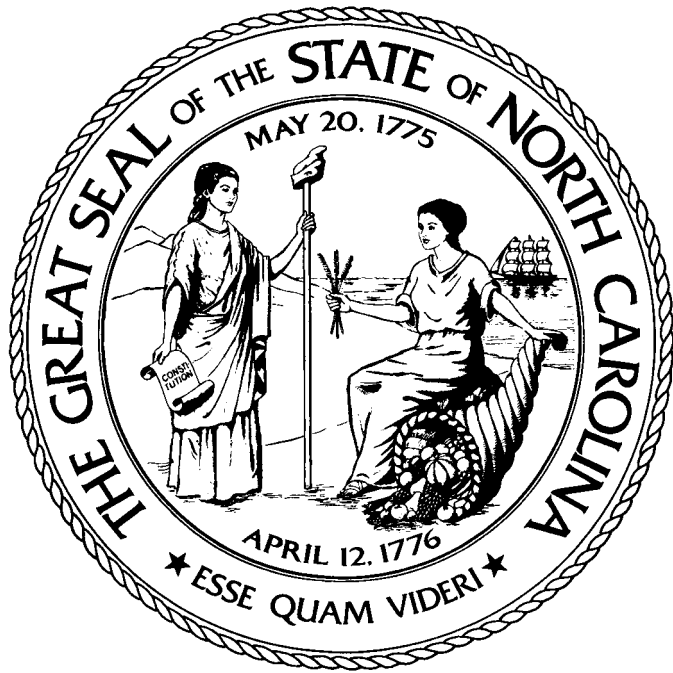


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# NORTH CAROLINA

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## ***STATEWIDE ACCOUNTS RECEIVABLE REPORT***

***For the Year  
Ended  
June 30, 2003***

**North Carolina Office of the State Controller**

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**Robert L. Powell, State Controller**

**State of North Carolina  
Office of the State Controller  
Statewide Accounts Receivable Report  
June 30, 2003**

**EXECUTIVE SUMMARY**

**Background**

The Office of the State Controller (OSC) is responsible for the Statewide Accounts Receivable Program. The authority originates from North Carolina General Statute 147-86.20-.27. In fulfilling the reporting requirements, the OSC provides you with the Statewide Accounts Receivable Report for fiscal year end June 30, 2003, displayed in a three-year analysis of receivables format. The *Statewide Accounts Receivable Report* includes all receivables reflected in the State's Comprehensive Annual Financial Report (CAFR). These receivables are recorded in the financial statements based on generally accepted accounting principles (GAAP) for governments.

**Current Situation**

The State of North Carolina total receivables for the fiscal year ended June 30, 2003 totaled \$6.805 billion. As compared to the previous fiscal year, receivables increased by \$596 million or 9.60% while total State revenues increased by 22.13% for the same period. A table reflecting summary information by receivable type follows. Additionally, a detail analysis of each receivable type is included on pages 11 through 18 of the report.

Total Receivables consist of the following:				
	<b>2003</b>	<b>% of Total</b>	<b>2002</b>	<b>% of Total</b>
Notes Receivable.....	\$ 3,405,005	50.04%	\$ 3,077,872	49.57%
Taxes Receivable.....	1,046,460	15.38%	987,672	15.91%
Intergovernmental Receivables.....	776,902	11.42%	782,121	12.60%
Accounts Receivable.....	590,774	8.68%	566,862	9.13%
Contributions, Premiums, Other Receivables.....	445,772	6.55%	358,438	5.77%
Interfund Receivables (CAFR-Note 7).....	467,639	6.87%	354,877	5.72%
Interest Receivable.....	72,599	1.07%	81,103	1.31%
Total Receivables .....	<u>\$ 6,805,151</u>	<u>100.00%</u>	<u>\$ 6,208,945</u>	<u>100.00%</u>

Total receivable write-offs for the fiscal year ended June 30, 2003 totaled \$1,477.0 billion consisting of \$232.2 million of Bad Debt write-offs, \$1,069.9 million of Contractual Adjustments and \$174.9 million of Indigent Care write-offs. Total receivable write-offs increased by \$157.1 million over the prior fiscal year.

**Receivable Collection Initiatives**

The NC Department of Revenue (NCDOR) continues to effectively administer the State's Setoff Debt Collection Program that requires NCDOR and State agencies to cooperate in identifying debtors who owe money to the State and who qualify for refunds from the NCDOR. The procedure for setting off against any refund the sum of any debt owed to the State resulted in \$22.2 million of net refunds to claimant agencies during the report period.

NCDOR Project Collect Tax is an initiative to boost compliance with State revenue laws. The project focuses on the collection of delinquent tax debt over 90 days old resulting in a total of \$274.9 million of collections for the thirty-month period ending December 31, 2003. In addition, the Department officially began operations at its new Taxpayer Assistance and Call Center (TACC) located outside of Rocky Mount, NC on October 1, 2003. The purpose of this center is to provide a more centralized location and focus for collection activities and taxpayer assistance.

The N.C. Department of Justice awarded the state contract for collection services to eight (8) collection agencies on August 1, 2003. The Collection Section of the N.C. Department of Justice continues to provide informative conferences designed to facilitate efficient communications between the collection agencies and the clients to maximize recovery of debts owed to state agencies, universities and the community colleges.

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The OSC continues to emphasize the Electronic Payment Acceptance Program established to provide statewide solutions for electronic processing of financial transactions. The OSC, utilizing the Office of Information Technology Services, operates a common payment service (CPS) gateway for processing credit card, debit card, automated clearinghouse (ACH) transactions available to all State entities and local government units. The electronic commerce initiatives have decreased long lines at numerous agencies and enabled the State entity to have funds available for use on a more timely and efficient basis. The more timely payments made by citizens and businesses should ultimately help to reduce agency accounts receivable.

***Recommendations***

Opportunities exist for the State to increase revenues by adopting more aggressive practices toward collecting debt. The State should continue to pursue multiple strategies related to adopting a more aggressive attitude toward debt collection:

- Continue to expand and enhance the acceptance of electronic payments. Electronic payments offer a convenience to citizens and may serve as a preventive measure for reducing bad debts.
- Increase the use of debt collection tools available, i.e., collection agencies, debt set-off, and wage garnishments.
- Pass the cost of debt collection to the debtor. NCDOR has achieved a legislative change permitting this cost transference.
- Decrease the time before debts are turned over to collection agencies. Consider sending only one notice to the debtor, with automatic turnover to the Attorney General and a collection agency if there is no response.
- Enforce agencies' assessment of interest and penalties on delinquent debt.
- Provide staff training on a routine basis.
- Consider expanding the authority of the Department of Revenue to collect non-tax debt until other long-term automation and system changes are in place. By centralizing debt collection, the State has the opportunity to leverage existing technologies; lower overall costs; and allow other agencies to focus on their core mission.
- As documented in the recently completed State Business Infrastructure Study, continue to pursue new accounts receivable billing and collections functionality through the implementation of a new business infrastructure for the State.

***Conclusion***

The State Controller believes with emphasis on the commitment of state entities to enforce the established policies and procedures, monitoring agency activity closely, and coordinating best business practices among agencies, the State can strengthen the collection efforts of past due accounts receivable resulting in accelerated receipt of State debt.

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The Office of the State Controller is responsible for the Statewide Accounts Receivable Program. The authority originates from North Carolina General Statute 147-86.20-.27. In fulfilling the reporting requirements, the Office of the State Controller provides you with the Statewide Accounts Receivable Report for fiscal year end June 30, 2003, displayed in a three-year analysis of receivables format.

The *Statewide Accounts Receivable Report* includes all receivables reflected in the State's Comprehensive Annual Financial Report (CAFR). These receivables are recorded in the financial statements based on generally accepted accounting principles (GAAP) for governments. Included in this report are notes receivable, taxes receivable, intergovernmental receivables (due from federal, local or other state governments), accounts receivable, interfund receivables (due from other entities within the State's financial reporting entity), contributions receivable, premiums receivable, interest receivable and other miscellaneous receivables.

Effective July 1, 2001, the State implemented the following new financial accounting and reporting standards issued by the Governmental Accounting Standards Board (GASB):

- **Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments (as amended by Statement No. 37)***
- **Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities***
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GASB Statement No. 34 established new financial reporting requirements for state and local governments throughout the United States. GASB Statement No. 34 made several changes in fund definitions. For the fiscal year ended June 30, 2002, the following fund type definitions became effective:

**a. Governmental Funds**

- (1) **General Fund** - to account for all financial resources except those required to be reported in another fund.
- (2) **Special Revenue Funds** - to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditure for specified purposes. Resources restricted to expenditure for purposes normally financed from the general fund may be accounted for through the general fund provided that applicable legal requirements can be appropriately satisfied; and use of special revenue funds is not required unless they are legally mandated.
- (3) **Capital Projects Funds** - to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or in trust funds for individuals, private organizations, or other governments).
- (4) **Permanent Funds** - should be used to report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that support the reporting government's programs—that is, for the benefit of the government or its citizenry.

**b. Proprietary Funds**

- (5) **Enterprise Funds** - may be used to report any activity for which a fee is charged to external users for goods or services.
- (6) **Internal Service Funds** - may be used to report any activity that provides goods or services to other funds, departments, or agencies of the primary government and its component units, or to other governments, on a cost-reimbursement basis. Internal service funds should be used only if the reporting government is the predominant participant in the activity. Otherwise, the activity should be reported as an enterprise fund.

**c. Fiduciary Funds**

- (7) **Pension and Other Employee Benefit Trust Funds** - should be used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, other postemployment benefit plans, or other employee benefit plans.
- (8) **Investment Trust Funds** - should be used to report the external portion of investment pools reported by the sponsoring government
- (9) **Private-purpose Trust Funds** - such as a fund used to report escheat property, should be used to report all other trust arrangements under which principal and income benefit individuals, private organizations, or other governments.
- (10) **Agency Funds** - should be used to report resources held by the reporting government in a purely custodial capacity (assets equal liabilities). Agency funds typically involve only the receipt, temporary investment, and remittance of fiduciary resources to individuals, private organizations, or other governments.

GASB Statement No. 35 establishes accounting and financial reporting standards for public colleges and universities within the financial reporting guidelines of GASB Statement No. 34. The University of North

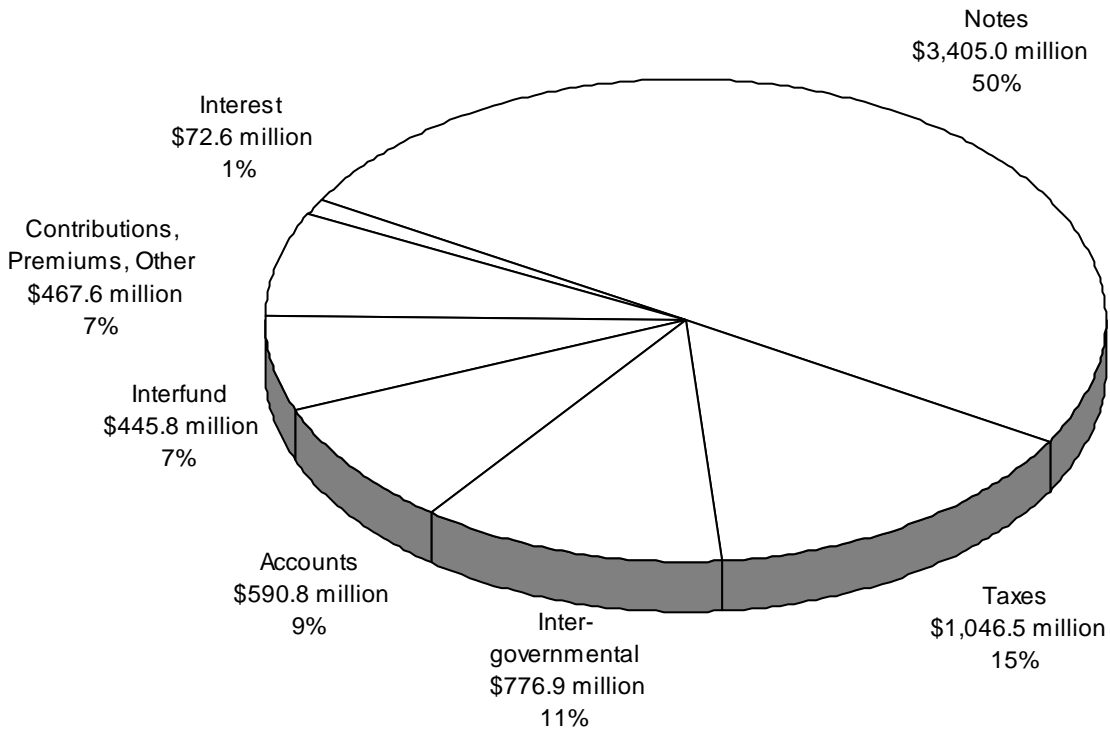
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Carolina System and community colleges, which are reported as discretely presented component units, have implemented the requirements of GASB Statement Nos. 34 and 35.

The following chart summarizes the State of North Carolina's receivable components:

**State of North Carolina Total Receivables for the Fiscal Year Ended June 30, 2003  
\$6.805 billion**



***Accounts Receivable Write-offs***

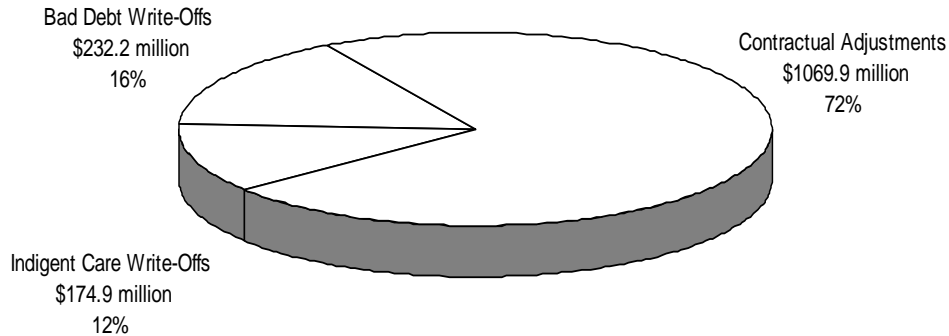
Accounts receivable written off during the fiscal year ending June 30, 2003 were \$1,476.8 million. Contractual adjustments account for the largest portion of write-offs. A decision by UNC Hospitals, including Rex Healthcare, to write off \$801 million of receivables was made based on related Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. In addition, \$141 million of receivables associated with the patient accounts at mental health institutions across the State were written-off by the Department of Health and Human Services. Contractual adjustments of another \$173 million for Medicare and Medicaid, the Workers' Compensation Program, indigent care, and bad debt receivables were written-off by the University of North Carolina at Chapel Hill for the Physicians and Associates operation and the School of Dentistry.

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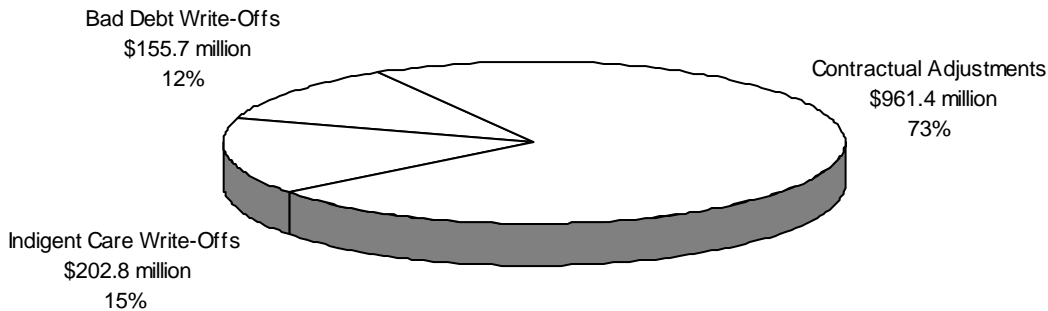
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The following charts summarize the State of North Carolina's major write-off components:

**State of North Carolina Total Write-offs for the Fiscal Year Ended June 30, 2003  
\$1,477.0 billion**



**State of North Carolina Total Write-offs for the Fiscal Year Ended June 30, 2002  
\$1,319.9 billion**



When compared to the prior year, indigent care write-offs decreased by \$27.9 million due to regulatory changes in billing which caused the Department of Health and Human Services to delay Medicare B invoices for several months. G.S. 143-118E causes indigent care write-offs to decrease and bad debt write-offs to increase when a person defaults on payment plan. The Department of Revenue bad debt write-offs increased by \$50.3 million from the prior year due to a change in focus of Project Collect Tax. The older debts distracted limited resources from focusing on more collectible accounts. An automated write-off program has also been instituted for accounts that meet certain criteria.

Contractual Adjustments - The differences between revenue at established rates and the amounts realizable from third-party payors under contractual agreements. These adjustments are made to customer, patient, business, or taxpayer accounts as the result of a contractual agreement to provide certain services or products at a previously negotiated price. The contractual adjustment is the difference between the value assigned by the State provider/supplier of the product or service and the predetermined price as negotiated with a third-party payor (example: insurance company).

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Indigent Care Write-Offs - The differences between revenue at established rates and the amounts realizable from the financially responsible party for those receiving the State product or service. In this instance, the write-off is the result of the financially responsible party being unable to meet the financial obligations due to poverty or a lack of subsistence.

Bad Debt Write-Offs - All write-offs of bad debts other than those for contractual or indigent care reasons.

***Setoff Debt Collection Program Activity***

G.S. 105A, the Setoff Debt Collection Act, requires all claimant agencies and the NC Department of Revenue (NCDOR) to cooperate in identifying debtors who owe money to the State through its various agencies and who qualify for refunds from the NCDOR. It further requires that procedures be established for setting off against any refund the sum of any debt owed to the State.

Recent changes to G.S. 105A have expanded the list of claimant agencies to include all state agencies. This change was effective January 1, 2000. The Office of the State Controller requested that the Department of Revenue provide summary debt setoff information for the last five tax years to be included in the annual Statewide Accounts Receivable Report. Summary data for the prior five tax years is reflected below (whole dollars).

<b>Tax Year</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>	<b>1998</b>
<b>Debt Setoff Occurs in Calendar Year</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>	<b>2000</b>	<b>1999</b>
Gross Amount of Refunds Setoff	\$22,545,441	\$22,452,410	\$24,144,003	\$21,964,609	\$14,721,654
Collection Assistance Fee Applied					
Based on Prior Year Actual Expenses *	<u>(324,251)</u>	<u>(301,839)</u>	<u>(346,767)</u>	<u>(700,827)</u>	<u>(485,146)</u>
Net Amount of Refunds Paid to					
Claimant Agencies	<u>\$22,221,190</u>	<u>\$22,150,571</u>	<u>\$23,797,236</u>	<u>\$21,263,782</u>	<u>\$14,236,508</u>
DOR Administrative Expenses - Current Year	\$447,671	\$442,834	\$450,000	\$379,483	\$860,824
Total Setoffs (includes completed, denied and canceled setoffs)	104,608	106,006	112,965	104,255	81,219
Number of Completed Setoffs	101,125	102,426	109,127	100,870	72,418
Average Gross Setoff Amount	\$222.95	\$219.21	\$221.25	\$217.75	\$203.79
Average Cost per Setoff	\$4.28	\$4.18	\$3.98	\$3.64	\$10.60
Average Net Amount of Refunds Setoff	\$219.74	\$216.26	\$218.07	\$210.80	\$196.59

- Effective for the calendar year 2000, the cost of collecting child support debts is not charged against the taxpayer's refund. Instead, the gross amount of the refund is applied to the debt and the Department of Revenue receives a collection assistance fee for these debts from individual income tax collections. For the calendar year 2003, collection assistance fees for child support debts collected through setoff were \$112,082, bringing the total collection assistance fees received by the Department of Revenue to \$436,755.

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***Department of Revenue Project Collect Tax***

Project Collect Tax is an initiative to boost compliance with State revenue laws. The project focuses on the collection of delinquent tax debt over 90 days old, which is not measurable and available. Based on a law recently passed by the NC General Assembly, every delinquent taxpayer will receive a special notice from NCDOR informing them of the amount of the debt and allowing the delinquent account holder 30 days to pay in full or set up a payment plan. If the debt is not paid within the allotted time, a 20% fee will be added to the total tax debt. In some cases the account may be referred to a private collection agency for further action.

The Collection Division has collected a total of \$274.9 million in Project Collect Tax initiatives for the thirty-month period ending December 31, 2003. The Department continues to redirect positions, during the off-peak season, from the Documents and Payments Processing Division to issue wage garnishments on individuals owing tax debt. This has resulted in 55 thousand garnishments being issued. The Department continues to review procedures to automate collection processes to aid citizens in becoming compliant with the State's revenue laws. The following link provides more detailed information regarding Project Collect Tax, <http://www.dor.state.nc.us/collect/>.

The Department officially began operations at its new Taxpayer Assistance and Call Center(TACC) located outside of Rocky Mount, NC on October 1, 2003. The center is staffed with 78 people. The purpose of this center is to provide a more centralized location for collection activities and taxpayer assistance. State of the art telephone technology has allowed the Department to answer 99% of its incoming calls. Prior to the opening of the call center, the Department was only able to answer 25% of its incoming calls from taxpayers. The Department is now able to provide a much higher level of customer service to taxpayers.

***Electronic Payment Acceptance Project***

The Office of the State Controller (OSC) and the Office of Information Technology Services (ITS) have established a partnership in statewide solutions for electronic processing of financial transactions. The ITS operates on behalf of the OSC, a common payment services (CPS) gateway. The CPS is available for all State entities and local government units. The CPS processes the following transactions: credit card, debit card, automated clearinghouse (ACH) – outbound and ACH – inbound.

The OSC and ITS have established statewide contracts, policies and procedures, and an electronic payment gateway to facilitate cost reductions for governmental services offered by leveraging existing technology and streamlining business processes. Credit/debit cards are now accepted for numerous State programs including processing over the internet. Now a citizen has the ability to renew their drivers license tag over the internet. A business may elect to use ACH or credit card for payment of sales and use tax. A citizen may renew their vessel registration through the internet. A participant may register for conferences; a university student may pay tuition, parking violations and obtain permit fees from their dorm room. The use of credit/debit cards and ACH has allowed the citizens of North Carolina to complete government transactions from their home, business, or public library at their convenience.

The electronic commerce initiatives have decreased long lines at numerous agencies and enabled the State entity to have funds available for use on a more timely and efficient basis. The more timely payments made by citizens and businesses should ultimately help to reduce agency accounts receivable.



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***Statewide Business Infrastructure Study***

Previous reports to the General Assembly have stressed the importance of implementing new modern accounts receivable, billing and collection systems. To date, funding issues have prevented the implementation of such systems. However, recent legislation offered an opportunity for the State to further evaluate its business infrastructure requirements.

The State recently completed a State Business Infrastructure Study focusing on personnel/payroll; budget; accounting; tax and revenue; and banking and retirement systems. The State's current core business systems have limited functionality. They rely on dated technology, do not communicate well with each other, are difficult to change for new operational requirements, and are hard to operate and maintain. Moreover, they do not provide information needed for management decision making under today's much more demanding needs, and they are at risk of failure due to old age, withdrawal of vendor support, and being run by a workforce that is rapidly reaching retirement age.

These concerns prompted the State to identify the need for further analysis of its current business systems and determine the feasibility of developing and implementing a new business infrastructure. In the 2001 session of the General Assembly, legislation was enacted to authorize a State Business Infrastructure Study. Session Law 2001-491 directed the Office of the State Controller (OSC) to determine the feasibility of developing and implementing a new business infrastructure for the State. The study, under the direction of the OSC with assistance from the Office of State Budget and Management (OSBM), the Office of Information Technology Services (ITS), and the Office of State Personnel (OSP) commenced in February 2003. Deloitte Consulting was engaged utilizing competitive bid processes to complete the study through a two-phased approach.

- **Phase I – Inventory and Assessment - Completed April 4, 2003**

Goal: To develop a high-level inventory and assessment of the business systems, subsystems and integration/ interface components that provide financial, human resource, and payroll information and support to programs in State government. This included the identification of technical and business requirements, problems and risks, and the approximation of present costs incurred for operations and maintenance.

- **Phase II – BluePrint for Selecting Improvement Approach – Completed October 31, 2003**

Goal: To determine and document viable options for implementing a business infrastructure that would include integrated operations for budgeting, accounting, payroll, human resources, revenue collection, cash management, investments, and other business functions of State government. Descriptions and risks for each alternative approach are provided, along with benefits, constraints and other relevant considerations.

The Phase II criteria used to evaluate optional approaches for each system and develop comprehensive, enterprise action plans included: risks including potential or likelihood of business, technical, and security failure; current strengths and weaknesses of systems and their short-and long-term business and technical viabilities; benefits, including cost savings, operational efficiencies, and better information for management decision-making and policy-formulation; costs, including one-time investments and long-term ownership (such as upkeep and enhancement); current state budget condition and state/national economic realities; and State priorities and funding cycles.

To prepare the business case, Deloitte evaluated several approaches to address the State's business needs. These alternatives included ERP (Enterprise Resource Planning) implementation, outsourcing, stand-alone packages, custom development, enhancements to current systems and best of breed. The evaluation resulted in three

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alternative approaches to replacement of the current business infrastructure. The alternatives vary from an extended implementation focusing on priority, most at risk, systems to a single ERP solution. Both summary and detail report information can be accessed on the Office of State Controller web site @ <http://www.osc.state.nc.us/> under Business Initiatives.

Recognizing the funding and environmental constraints that exist within State government at the present time, the State Business Infrastructure Steering Committee believes an option that leverages and extends some existing systems while beginning the HR/Payroll replacement process provides the most feasible option for implementing a new business infrastructure. Because the primary near term focus is on defining requirements, the initial investment is minimal and the organizational impact is also minimal. Although the current accounts receivable system environment was found to be significantly lacking in functionality, the financial system is not scheduled for replacement for several years. In the interim, enhanced accounts receivable collection policy and procedures will be the primary focus. The recommended infrastructure replacement option:

- Addresses the immediate support staff risk for two of the legacy systems (Budget and Central Payroll) in the near term.
- Defines requirements and initiates implementation of the enterprise data warehouse starting with Tax and Revenue. HR/Payroll, finance, budget, and the enterprise data modules are added to the warehouse in years 2 and 3.
- Defines HR/Payroll requirements, selects outsourcing or package, and begins implementation in the near term. The implementation is completed by year 4.
- Identifies and prioritizes enhancements for financials, budget, and tax and revenue in the near term and completes the implementation of the enhancements in years 3 through 5.
- Reassesses the budget system at the end of year 3, the financial system at the end of year 4, and the tax and revenue system at the end of year 5.

For the State to be successful in replacing its financial and human resources systems it must put in place a program governance structure to manage, direct and monitor the activities of the various project teams. This effort must:

- Ensure sufficient legislative and executive support throughout the implementation, including sufficient funding.
- Designate a fully dedicated and empowered Program Manager, with an appropriate set of additional, committed and skilled functional and technical support resources, to perform contract negotiation, vendor management, and project management activities.
- Update/streamline its business processes to derive maximum value from the systems enhancement or replacement efforts.
- Prepare and implement a change management and communication plan.
- Review the state technology infrastructure to ensure its adequacy to meet the State's needs and support the system functionality.

Recognizing the possible adverse impacts of the continued use of the current business systems to the fiscal integrity of state government and the efficiency and effectiveness of its operations, the State of North Carolina must decide upon a replacement strategy that weighs the risks of potential system failures with the current state budget condition and State funding priorities.

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***Need for Aggressive Attitude Toward Collecting Debt***

Opportunities exist for the State to increase revenues by adopting a more aggressive attitude toward collecting debt. Potential areas for results include decreasing the time period before bad debts are turned over to a collection agency (currently 90 days or more); passing the cost of debt collection to the debtor; and increasing the use of wage garnishment. For long-term results, the Department of Revenue has already taken steps to improve debt collection procedures as well as obtain legislation to pass the cost of debt collection on to the debtor.

The State should continue to pursue multiple strategies related to adopting a more aggressive attitude toward debt collection:

- Continue to expand and enhance the acceptance of electronic payments. Electronic payments offer a convenience to citizens and may serve as a preventive measure for reducing bad debts.
- Increase the use of debt collection tools available, i.e., collection agencies, debt set-off, and wage garnishments.
- Pass the cost of debt collection to the debtor. NCDOR has achieved a legislative change permitting this cost transference.
- Decrease the time before debts are turned over to collection agencies. Consider sending only one notice to the debtor, with automatic turnover to the Attorney General and a collection agency if there is no response.
- Enforce agencies' assessment of interest and penalties on delinquent debt.
- Provide staff training on a routine basis.
- Consider expanding the authority of the Department of Revenue to collect non-tax debt until other long-term automation and system changes are in place. By centralizing debt collection, the State has the opportunity to leverage existing technologies; lower overall costs; and allow other agencies to focus on their core mission.
- Continue to pursue a new accounts receivable billing and collections system through the implementation of a new business infrastructure for the State.

***Conclusion***

The State Controller believes with emphasis on the commitment of state entities to enforce the established policies and procedures, monitoring agency activity closely, and coordinating best business practices among agencies, the State can strengthen the collection efforts of past due accounts receivable.

Pages 11 through 18 of this document contain a three-year analysis of receivables. Please contact the Office of the State Controller if additional information is required.

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*Statewide Accounts Receivable Program*  
**Three-Year Receivables - June 30**  
*(Expressed in Thousands)*

**Pre-GASB Statement No. 34  
Implementation**

	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Total Receivables</b>			
Governmental Funds:			
General Fund.....	\$ 1,685,062	\$ 1,578,266	\$ 1,516,275
Special Revenue Funds.....	669,674	847,987	526,810
Capital Projects Funds.....	3,483	8,710	4,706
Permanent Funds (GASB 34).....	2	2	N/A
Total Governmental Funds.....	2,358,221	2,434,965	2,047,791
Proprietary Funds:			
Enterprise Funds.....	669,192	197,556	12,141
Internal Service Funds.....	37,536	42,873	45,870
Total Proprietary Funds.....	706,728	240,429	58,011
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	178,749
Non-expendable Trust Funds (Eliminated).....	N/A	N/A	366,211
Pension Trust Funds.....	223,610	228,987	199,161
Private Purpose Trust Funds (GASB 34).....	2	2	N/A
Investment Trust Fund.....	4,685	7,246	7,275
Agency Funds.....	121,399	145,228	135,895
Total Fiduciary Funds.....	349,696	381,463	887,291
Component Units:			
College and University.....	756,938	714,960	883,703
Other Component Units.....	2,633,568	2,437,128	2,156,028
Total Component Units.....	3,390,506	3,152,088	3,039,731
<b>Total Receivables [1].....</b>	<b>\$ 6,805,151</b>	<b>\$ 6,208,945</b>	<b>\$ 6,032,824</b>
Percent Increase/Decrease from Prior Year.....	9.60%	2.92%	
Receivables as % of Total Revenues.....	17.69%	19.72%	18.28%
Total State Revenues.....	\$ 38,460,438	\$ 31,491,678	* \$ 32,996,806
Percent Increase/Decrease from Prior Year.....	22.13%	(4.56%)	

\*Overstated revenues in fiscal year 2002.

[1] Total Receivables consist of the following:				
	<b>2003</b>	<b>% of Total</b>	<b>2002</b>	<b>% of Total</b>
Notes Receivable.....	\$ 3,405,005	50.04%	\$ 3,077,872	49.57%
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Contributions, Premiums, Other Receivables.....	445,772	6.55%	358,438	5.77%
Interfund Receivables (CAFR-Note 7).....	467,639	6.87%	354,877	5.72%
Interest Receivable.....	72,599	1.07%	81,103	1.31%
Total Receivables .....	\$ 6,805,151	100.00%	\$ 6,208,945	100.00%

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**Pre-GASB Statement No. 34  
Implementation**

	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Notes Receivable</b>			
Governmental Funds:			
General Fund.....	\$ 1,892	\$ 2,952	\$ 3,335
Special Revenue Funds.....	242,189	519,732	125,185
Total Governmental Funds.....	244,081	522,684	128,520
Proprietary Funds:			
Enterprise Funds.....	410,313	-	-
Total Proprietary Funds.....	410,313	-	-
Fiduciary Funds:			
Non-expendable Trust Funds.....	N/A	N/A	363,310
Pension Trust Funds.....	115,440	109,466	106,308
Total Fiduciary Funds.....	115,440	109,466	469,618
Component Units:			
College and University.....	88,814	85,639	86,268
Other Component Units.....	2,546,357	2,360,083	2,065,035
Total Component Units .....	2,635,171	2,445,722	2,151,303
Total Notes Receivable [1].....	\$ 3,405,005	\$ 3,077,872	\$ 2,749,441
Percent Increase/Decrease from Prior Year.....	10.63%	11.95%	

[1] Notes Receivable consists of the following:

	<b>2003</b>	<b>% of Total</b>	<b>2002</b>	<b>% of Total</b>
State Education Assistance Authority.....	\$ 1,338,685	39.32%	\$ 1,091,080	35.45%
NC Housing Finance Agency.....	1,196,208	35.13%	1,257,641	40.86%
EPA Revolving Loan Fund.....	410,313	12.05%	-	0.00%
Clean Water Funds.....	119,766	3.52%	490,322	15.93%
401(k) Supplemental Retirement Income Plan.....	115,440	3.39%	109,466	3.56%
Natural Gas Bond Proceeds.....	98,047	2.88%	-	0.00%
University Funds.....	88,814	2.61%	85,639	2.78%
Other.....	37,732	1.10%	43,724	1.42%
Total Notes Receivable.....	\$ 3,405,005	100.00%	\$ 3,077,872	100.00%

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	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Taxes Receivable</b>			
Governmental Funds:			
General Fund.....	\$ 827,616	\$ 745,719	\$ 727,489
Special Revenue Funds.....	112,344	115,041	116,796
Total Governmental Funds.....	939,960	860,760	844,285
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	128,666
Agency Funds.....	106,500	126,912	110,942
Total Fiduciary Funds.....	106,500	126,912	239,608
Total Taxes Receivable [1].....	\$ 1,046,460	\$ 987,672	\$ 1,083,893
Percent Increase/Decrease from Prior Year.....	5.95%	(8.88%)	

[1] Taxes Receivable consists of the following:

	<b>2003</b>	<b>% of Total</b>	<b>2002</b>	<b>% of Total</b>
Individual Income Tax.....	\$ 369,749	35.33%	\$ 350,209	35.46%
Sales and Use Tax.....	371,768	35.53%	323,753	32.78%
Local Sales Tax Collections.....	106,500	10.18%	126,912	12.85%
State Highway Fund.....	81,688	7.81%	82,808	8.38%
Highway Trust Fund.....	28,496	2.72%	30,070	3.04%
Franchise Tax.....	33,584	3.21%	24,055	2.44%
Corporate Income Tax.....	21,259	2.03%	17,219	1.74%
Beverage Tax.....	16,536	1.58%	15,536	1.57%
Other.....	16,880	1.61%	17,110	1.73%
Total Taxes Receivable.....	\$ 1,046,460	100.00%	\$ 987,672	100.00%

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	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>Intergovernmental Receivables</b>			
Governmental Funds:			
General Fund.....	\$ 680,934	\$ 659,024	\$ 603,040
Special Revenue Funds.....	11,173	31,206	141,092
Capital Projects Funds.....	2,677	5,725	3,146
Total Governmental Funds.....	694,784	695,955	747,278
Proprietary Funds:			
Enterprise Funds.....	3,598	1,616	9,472
Internal Service Funds.....	-	-	656
Total Proprietary Funds.....	3,598	1,616	10,128
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	1,193
Non-expendable Trust Funds (Eliminated).....	N/A	N/A	120
Agency Funds.....	1,051	3,068	3,023
Total Fiduciary Funds.....	1,051	3,068	4,336
Component Units:			
College and University.....	73,379	75,852	195,831
Other Component Units.....	4,090	5,630	10,855
Total Component Units.....	77,469	81,482	206,686
Total Intergovernmental Receivables [1].....	\$ 776,902	\$ 782,121	\$ 968,428
Percent Increase/Decrease from Prior Year.....	(0.67%)	(19.24%)	

[1] Intergovernmental Receivables consist of the following:

	<b>2003</b>	<b>% of Total</b>	<b>2002</b>	<b>% of Total</b>
Due From Federal Agencies.....	\$ 614,649	79.12%	\$ 601,392	76.89%
Due From Local Governments.....	82,874	10.67%	78,726	10.07%
University Funds.....	73,379	9.45%	75,852	9.70%
State Highway Fund.....	6,000	0.76%	26,151	3.34%
Total Intergovernmental Receivables.....	\$ 776,902	100.00%	\$ 782,121	100.00%

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	2003	2002	2001
<b>Accounts Receivable</b>			
Governmental Funds:			
General Fund.....	\$ 142,845	\$ 105,399	\$ 106,044
Special Revenue Funds.....	31,001	31,769	14,105
Capital Projects Funds.....	455	276	244
Total Governmental Funds.....	174,301	137,444	120,393
Proprietary Funds:			
Enterprise Funds.....	19,087	20,150	1,007
Internal Service Funds.....	17,880	24,126	23,644
Total Proprietary Funds.....	36,967	44,276	24,651
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	18,643
Non-expendable Trust Funds (Eliminated).....	N/A	N/A	-
Pension Trust Funds.....	6,648	5,603	2,170
Agency Funds.....	856	532	1,785
Total Fiduciary Funds.....	7,504	6,135	22,598
Component Units:			
College and University.....	357,407	366,606	373,962
Other Component Units.....	14,595	12,401	24,949
Total Component Units .....	372,002	379,007	398,911
Total Accounts Receivable [1].....	\$ 590,774	\$ 566,862	\$ 566,553
Percent Increase/Decrease from Prior Year.....	4.22%	0.05%	

[1] Accounts Receivable consists of the following				
	2003	% of Total	2002	% of Total
University Funds.....	\$ 288,563	48.84%	\$ 306,991	54.16%
Community College Funds.....	67,701	11.46%	59,615	10.52%
DHHS-Division of Mental Health.....	55,410	9.38%	42,914	7.57%
DHHS-Division of Medical Assistance.....	28,843	4.88%	30,776	5.43%
Unemployment Compensation Funds.....	18,362	3.11%	19,232	3.39%
Other.....	131,895	22.33%	107,334	18.93%
Total Accounts Receivable.....	\$ 590,774	100.00%	\$ 566,862	100.00%



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	2003	2002	2001
<b>Interfund Receivables*</b>			
Governmental Funds:			
General Fund.....	\$ 3,623	\$ 36,465	\$ 53,448
Special Revenue Funds.....	255,708	132,098	111,278
Capital Projects Funds.....	348	2,704	1,298
Total Governmental Funds.....	259,679	171,267	166,024
Proprietary Funds:			
Enterprise Funds.....	42	9	-
Internal Service Funds.....	19,602	18,667	21,124
Total Proprietary Funds.....	19,644	18,676	21,124
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	27,389
Agency Funds.....	6,349	8,673	13,775
Total Fiduciary Funds.....	6,349	8,673	41,164
Component Units:			
College and University.....	145,228	130,468	219,318
Other Component Units.....	36,739	25,793	19,144
Total Component Units.....	181,967	156,261	238,462
Total Interfund Receivables.....	\$ 467,639	\$ 354,877	\$ 466,774
Percent Increase/Decrease from Prior Year.....	31.77%	(23.97%)	

\* Interfund Receivables are comprised of:

- Due From Other Funds
- Due From Component Units
- Due From Primary Government
- Advances to Component Units

(For detail see Comprehensive Annual Financial Report - Note 8)

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	2003	2002	2001
<b>Contributions, Premiums, Other Receivables</b>			
Governmental Funds:			
General Fund.....	\$ 20,744	\$ 19,987	\$ 11,572
Special Revenue Funds.....	10,002	6,292	5,856
Total Governmental Funds.....	30,746	26,279	17,428
Proprietary Funds:			
Enterprise Funds.....	233,408	174,853	1,540
Internal Service Funds.....	-	21	381
Total Proprietary Funds.....	233,408	174,874	1,921
Fiduciary Funds:			
Expendable Trust Funds (Eliminated).....	N/A	N/A	1,727
Pension Trust Funds.....	98,571	110,095	87,076
Total Fiduciary Funds.....	98,571	110,095	88,803
Component Units:			
College and University.....	81,414	78,862	-
Other Component Units.....	1,633	375	4,572
Total Component Units .....	83,047	79,237	4,572
Total Contributions, Premiums, Other Receivables.....	\$ 445,772	\$ 390,485	\$ 112,724
Percent Increase/Decrease from Prior Year.....	14.16%	246.41%	

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<u>Interest Receivable</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Governmental Funds:</b>			
General Fund.....	\$ 7,408	\$ 8,720	\$ 11,347
Special Revenue Funds.....	7,257	11,849	12,498
Capital Projects Funds.....	3	5	18
Permanent Funds (GASB 34).....	2	2	N/A
Total Governmental Funds.....	14,670	20,576	23,863
<b>Proprietary Funds:</b>			
Enterprise Funds.....	2,744	928	122
Internal Service Funds.....	54	59	65
Total Proprietary Funds.....	2,798	987	187
<b>Fiduciary Funds:</b>			
Expendable Trust Funds (Eliminated).....	N/A	N/A	1,131
Non-expendable Trust Funds (Eliminated).....	N/A	N/A	2,781
Pension Trust Funds.....	2,951	3,823	3,607
Private Purpose Trust Funds (GASB 34).....	2	2	N/A
Investment Trust Fund.....	4,685	7,246	7,275
Agency Funds.....	6,643	6,043	6,370
Total Fiduciary Funds.....	14,281	17,114	21,164
<b>Component Units:</b>			
College and University.....	10,696	9,580	8,324
Other Component Units.....	30,154	32,846	31,473
Total Component Units .....	40,850	42,426	39,797
Total Interest Receivable.....	\$ 72,599	\$ 81,103	\$ 85,011
Percent Increase/Decrease from Prior Year.....	(10.49%)	(4.60%)	