
NORTH CAROLINA



STATEWIDE ACCOUNTS RECEIVABLE REPORT

***For the Year
Ended
June 30, 2005***

North Carolina Office of the State Controller

Robert L. Powell, State Controller



State of North Carolina Office of the State Controller

Michael F. Easley, Governor

Robert L. Powell, State Controller

February 14, 2006

The Honorable Michael F. Easley, Governor
The Honorable Marc Basnight, Senate President Pro Tempore
The Honorable James B. Black, Speaker of the House of Representatives

We are pleased to present to you the State of North Carolina **Statewide Accounts Receivable Report** for the year ended June 30, 2005. This report is prepared in accordance with G.S. 147-86.20-.27 which requires, in part, the State Controller to compile a summary report of accounts receivable using information provided by state agencies and any additional information available.

The *Statewide Accounts Receivable Report* (Report) includes all receivables reflected in the State's *Comprehensive Annual Financial Report* (CAFR). These receivables are recorded in the CAFR based on generally accepted accounting principles (GAAP) for governments.

This Report represents our continuing commitment to the highest standards of financial management and reporting, as well as fiscal accountability of the resources of the State of North Carolina.

We hope that you find this report both informative and beneficial. If you have any questions or comments, please contact me at (919) 981-5454. We also invite you to visit our internet site for additional financial reports and information <http://www.ncosc.net/>

Respectfully submitted,

A handwritten signature in black ink that reads "Robert L. Powell".

Robert L. Powell
State Controller

cc: Members of the North Carolina Joint Legislative
Commission on Governmental Operations
Chief Fiscal Officers

[This page left blank intentionally.]

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
ACCOUNTS RECEIVABLE OVERVIEW	2
Role of the State Controller.....	2
How the State Collects Debt	2
Year-End Amounts.....	3
Accounts Receivable Write-offs	4
Setoff Debt Collection Program Activity	5
NCDOR Project Collect Tax.....	6
NCDOR Taxpayer Assistance and Call Center	6
Past Due Receivables.....	7
CONCLUSION	8
TABLES	
1. Total Receivables by Type – Fiscal Years 2005 and 2004	1
2. Debt Setoff Activity – Fiscal Years 2001 through 2005	5
3. Aging of Past Due Receivables – Fiscal Year 2005.....	7
EXHIBITS	
1. Pie Chart of Total Receivables by Type - Fiscal Year 2005.....	3
2. Pie Chart of Total Write-offs – Fiscal Year 2005.....	4
3. Pie Chart of Total Write-offs – Fiscal Year 2004.....	4
4. Bar Chart of Aging of Receivables – Fiscal Year 2005	8
APPENDICES	9
A Total Receivables – Fiscal Years 2003 through 2005.....	11
B Notes Receivable – Fiscal Years 2003 through 2005.....	12
C Taxes Receivable – Fiscal Years 2003 through 2005	13
D Intergovernmental Receivables – Fiscal Years 2003 through 2005	14
E Accounts Receivable – Fiscal Years 2003 through 2005	15
F Interfund Receivables – Fiscal Years 2003 through 2005	16
G Contributions, Premiums, Other Receivables – Fiscal Years 2003 through 2005	17
H Interest Receivable – Fiscal Years 2003 through 2005.....	18

[This page left blank intentionally.]

EXECUTIVE SUMMARY

The *Statewide Accounts Receivable Report* includes all receivables reflected in the State's *Comprehensive Annual Financial Report* (CAFR). These receivables are recorded in the CAFR based on generally accepted accounting principles (GAAP) for governments and reflect a "snapshot" of balances owed to the State at June 30, the conclusion of the State's fiscal year. The receivable balances, for the most part, are related to timing issues and are not considered past due or bad debts.

Accounts receivable by type reported in the State's CAFR for fiscal years ended 2005 and 2004 are as follows (dollars in thousands):

	2005	% of Total	2004	% of Total
Notes Receivable	\$ 4,266,713	49.96%	\$ 3,736,809	47.31%
Taxes Receivable	1,148,074	13.44%	1,044,701	13.23%
Intergovernmental Receivables	993,851	11.64%	827,359	10.48%
Accounts Receivable	904,829	10.59%	960,649	12.16%
Interfund Receivables	595,991	6.98%	790,715	10.01%
Contributions, Premiums, Other Receivables	568,502	6.66%	477,067	6.04%
Interest Receivable	62,353	0.73%	60,429	0.77%
Total Receivables	<u>\$ 8,540,313</u>	<u>100.00%</u>	<u>\$ 7,897,729</u>	<u>100.00%</u>

Notes Receivable primarily consists of student loans, housing mortgage loans and EPA revolving loans that will be collected on a predetermined contractual basis.

Taxes Receivable primarily consist of individual income tax, sales and use tax and local sales tax collections due to the State at June 30 that will be collected within 60 days after the June 30 year-end close.

Intergovernmental Receivables primarily consist of funds due from federal and local governments that will be collected within 60 days after the June 30 year-end close.

Accounts Receivable primarily consists of student, patient and medical provider payments due at June 30.

Interfund Receivables primarily consist of funds moving between different state fund types that are due at June 30 and collected in early July.

Contributions, Premiums, Other Receivables primarily consist of participant contributions to the health and pension plans that are due at June 30 and collected in early July.

Interest Receivables primarily consist of State Treasurer investment earnings (distributions) owed to those funds (trust, special) that earn interest. These interest distributions will occur in early July.

The Office of the State Controller (OSC) strives for improvements in the management of accounts receivable in state government. We will continue to work with the agencies and the Department of Justice's staff to encourage an increased effort on the management and collection of these accounts. We recognize that there are a number of system limitations and strongly support the recommendation for a new business infrastructure for accounts receivable, billing and collections systems.

Recognizing that the time frame for a new business infrastructure is an extended implementation, the State, as an interim measure, could continue to identify and resolve issues to the extent possible to better position the State for a more centralized past due debt collection effort. We seek the guidance of the General Assembly as we continue to work for improvement in the way the State manages its accounts receivable and debt collection efforts.

ACCOUNTS RECEIVABLE OVERVIEW

Role of the State Controller

The State Controller by statute is required to implement a statewide accounts receivable program. As part of this program, the State Controller shall: (1) monitor the State's accounts receivable collection efforts; (2) coordinate information, systems, and procedures between state agencies to maximize the collection of past-due accounts receivable; (3) adopt policies and procedures for the management and collection of accounts receivable by state agencies; and (4) establish procedures for writing off accounts receivable and for determining when to end efforts to collect accounts receivable after they have been written off.

How the State Collects Debt

Agencies within state government invoice businesses and individuals for services rendered through multiple front-end billing systems attached to multiple accounts receivable systems. The State's current business infrastructure is not able to take advantage of best business practices because of system limitations associated with this multitude of agency specific billing/AR systems.

Current state policy requires agencies to:

- Bill accounts on a timely basis, whether the receivables are due from private entities, the federal government, localities, or state agencies and institutions.
- Mail the first past due letter when debt is 30 days past due and contact debtor by phone. Continue contact process until debt is 60 days past due at which time the debt is forwarded to the Department of Justice.
- Maintain an accurate record of receivables transactions.
- Provide an aged trial balance of receivables. OSC requires that the following aging categories be used for statewide reporting: 1-30 days, 31-60 days, 61-90 days, 91-120 days and over 120 days. Accounts continue to be aged after they are forwarded to collection agencies.
- Provide information relative to specific collection efforts on each past-due account.
- Submit delinquent accounts to the Department of Revenue (DOR) debt setoff program, whereby delinquent accounts are offset against state and federal income tax refunds, once all (including voluntary payroll deduction) other collection efforts fail.
- Provide realistic estimates of, and properly account for, doubtful accounts and properly account for receivables that are written off.
- Provide for the accrual of interest and penalties as allowed or as required.

Other current state collection activities include:

- DOR Project Collect Tax and Taxpayer Assistance and Call Center (TACC) were implemented to specifically address taxes receivable collection efforts. Project Collect Tax focuses on collection of delinquent debt over 90 days which has produced \$269.5 million from July 1, 2005 through December 31, 2005.
- OSC revised state policies effective July 1, 2005 to establish a more aggressive attitude toward debt collection. The time period before bad debts are turned over to a collection agency has been reduced to 60 days and the dollar threshold for referral to the Department of Justice has been removed.
- Other debt collection methods such as voluntary payroll deduction and administering interest and penalties on delinquent accounts are used in limited circumstances due to statutory restrictions and system limitations.
- Other collection services for universities, community colleges and state agencies such as state contracted collection agencies under the Department of Justice enterprise contract.

Discussion of potential centralized debt collection environment:

- Previous accounts receivable/debt collection studies have evaluated the feasibility of implementing a new statewide accounts receivable system, including the creation of a centralized clearinghouse for bad debt collection. These studies recommended consideration of expanding the authority of the DOR to collect

ACCOUNTS RECEIVABLE OVERVIEW

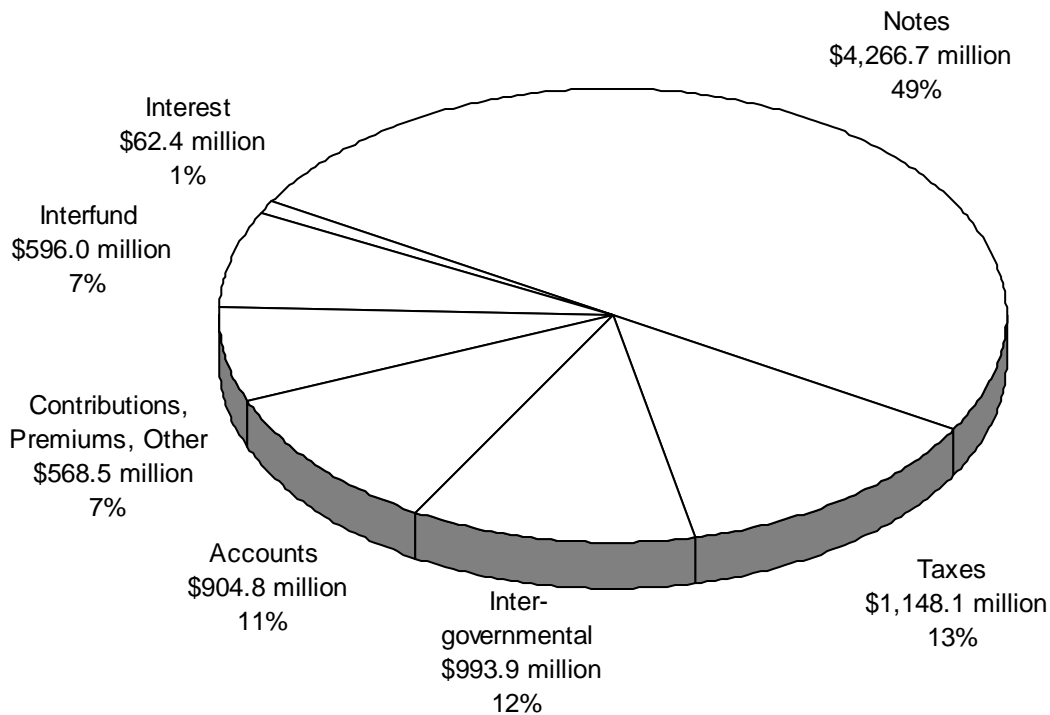
non-tax debt. However, implementation of a bad debt clearinghouse has not occurred because system(s) technical restrictions do not allow electronic data interchange, information sensitivity legally restricts sharing of some debtor information, and collection fees cannot be levied against certain debts.

Year-End Amounts

The State of North Carolina total receivables for the fiscal year ended June 30, 2005 totaled \$8.54 billion. As compared to the previous fiscal year, receivables increased by \$642.58 million or 8.14% while total state revenues increased by 6.55% for the same period.

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

Exhibit 1
Total Receivables by Type for the Fiscal Year 2005
\$8.540 billion



ACCOUNTS RECEIVABLE OVERVIEW

Accounts Receivable Write-offs

Accounts receivable write-offs for the fiscal year ended June 30, 2005 totaled \$1.704 billion consisting of \$139.8 million of Bad Debt write-offs, \$1.301 billion of Contractual Adjustments and \$263.1 million of Indigent Care write-offs. Total receivable write-offs decreased by \$187.0 million over the prior fiscal year.

Contractual adjustments account for the largest portion of write-offs. A decision by UNC Hospitals, including Rex Healthcare, to write off \$1.055 billion of receivables was made based on related Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. In addition, \$211 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 \$217 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.

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

Exhibit 2
Total Write-offs for the Fiscal Year 2005
\$1.704 billion

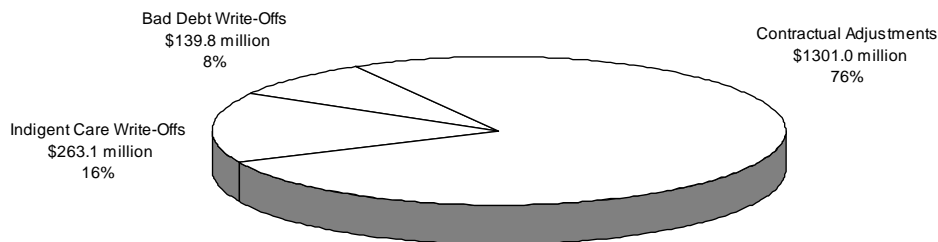
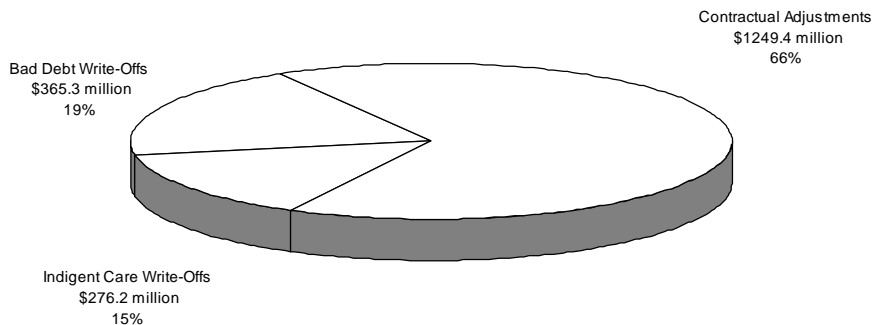


Exhibit 3
Total Write-offs for the Fiscal Year 2004
\$1.891 billion



When compared to the prior year, indigent care write-offs decreased by \$13.1 million. The Department of Health and Human Services bad debt write-offs decreased by \$225.4 million from the prior year.

ACCOUNTS RECEIVABLE OVERVIEW

Contractual Adjustments - The differences between revenue at established rates and the amounts realizable from third-party payers 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 payer (*example: insurance company*).

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

The NC Department of Revenue (NCDOR) continues to 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 \$34.3 million of net refunds to claimant agencies during the 2005 calendar year for the 2004 tax year.

G.S. 105A, the Setoff Debt Collection Act, requires all claimant agencies and the 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 NCDOR 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).

**Table 2
Debt Setoff Activity for Fiscal Years 2001-2005**

Tax Year	2004	2003	2002	2001	2000
Debt Setoff Occurs in Calendar Year	2005	2004	2003	2002	2001
Gross Amount of Refunds Setoff	\$34,982,536	\$30,182,268	\$22,545,441	\$22,452,410	\$24,144,003
Collection Assistance Fee Applied					
Based on Prior Year Actual Expenses *	<u>(665,191)</u>	<u>(478,859)</u>	<u>(324,251)</u>	<u>(301,839)</u>	<u>(346,767)</u>
Net Amount of Refunds Paid to Claimant Agencies	<u>\$34,317,346</u>	<u>\$29,703,410</u>	<u>\$22,221,190</u>	<u>\$22,150,571</u>	<u>\$23,797,236</u>
DOR Administrative Expenses - Current Year	\$460,429	\$443,959	\$447,671	\$442,834	\$450,000
Total Setoffs (includes completed, denied and canceled setoffs)	167,723	142,320	104,608	106,006	112,965
Number of Completed Setoffs	161,749	136,685	101,125	102,426	109,127
Average Gross Setoff Amount	\$216.28	\$220.82	\$222.95	\$219.21	\$221.25
Average Cost per Setoff	\$2.75	\$3.12	\$4.28	\$4.18	\$3.98
Average Net Amount of Refunds Setoff	\$212.16	\$217.31	\$219.74	\$216.26	\$218.07

- 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 NCDOR receives a collection assistance fee for these debts from individual income tax collections. For the

ACCOUNTS RECEIVABLE OVERVIEW

calendar year 2005, collection assistance fees for child support debts collected through setoff were \$142,637, bringing the total collection assistance fees received by the NCDOR to \$807,828.

- Effective for the calendar year 2005, the 2004 Law Changes has been amended to impose a flat collection assistance fee of \$5.00 for each debt collected through setoff. The subsection was also amended to delete the provision that required the NCDOR to set the amount of the collection assistance fee based on the actual cost of collection (\$15.00) maximum for the immediate preceding year.

NCDOR 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 reported in the State's CAFR because the amount collectable is not measurable and available within 60 days after fiscal year-end. Based on a law passed by the NC General Assembly in 2001, 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.

The 2005 General Assembly established 60 new positions to assist with delinquent tax collections. This project has produced total revenues of \$269,460,666 for the six-month period beginning July 1, 2005 and ending December 31, 2005. The NCDOR 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/>.

NCDOR Taxpayer Assistance and Call Center

The NCDOR officially began operations of the Taxpayer Assistance and Call Center (TACC) located outside of Rocky Mount, NC on October 1, 2003. Implementation of the TACC allowed NCDOR to discontinue using private collection agencies. The center is staffed with 92 personnel. 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 NCDOR to answer 99% of its incoming calls. Prior to the opening of the call center, the NCDOR was only able to answer 25% of its incoming calls from taxpayers. The NCDOR is now able to provide a much higher level of customer service to taxpayers. In January 2004, NCDOR implemented a predictive dialing system that makes calling delinquent taxpayers much more efficient.

ACCOUNTS RECEIVABLE OVERVIEW

Past Due Receivables

The NC Department of Justice (NCDOJ) renewed the state contract for collection services to seven (7) collection agencies on August 1, 2005. A total of \$31.7 million was submitted by the NCDOJ to collection agencies for fiscal year end June 30, 2005. A total of \$10.0 million was submitted to NCDOJ for collection on behalf of universities, community colleges and state agencies from January 1, 2005 through December 30, 2005. According to suggested guidelines set by the NCDOJ, an agency should submit a past due receivable to a collection service after a 60-day cycle. The Collection Section of the NCDOJ 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.

UNC Health Care accounts for \$50.9 million of patient receivables that are past due over 120 days and the Department of Health and Human Services account for \$57.1 million of patient receivables. The Department of Health and Human Services accounts for \$51.7 million of accounts receivable that are past due over 120 days. All agencies and universities currently submit their past due receivables to the NCDOJ.

The table below represents 99% (immaterial agency amounts excluded) of past due receivables rounded to thousands of dollars. The columns depict number of days outstanding.

Table 3
Aging of Past Due Receivables for Fiscal Year 2005
(Dollars in Thousands)

	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91-120 Days</u>	<u>Over 120 Days</u>	<u>Total</u>
<u>Taxes Receivable</u>					
Revenue	\$22,419	\$23,055	\$19,281	\$371,271	\$436,026
Employment Security	205,143	30,664	38,448	46,713	320,968
	227,562	53,719	57,729	417,984	756,994
<u>Patient Receivable</u>					
UNC-Hospitals	35,783	27,484	23,424	50,903	137,594
DHHS	6,944	2,816	2,379	57,069	69,208
East Carolina	6,009	3,526	3,368	32,587	45,490
UNC-Chapel Hill	6,600	4,891	4,737	8,964	25,192
	55,336	38,717	33,908	149,523	277,484
<u>Accounts Receivable</u>					
DHHS	98,858	3,132	5,367	51,698	159,055
Employment Security	3,176	3,272	5,958	30,247	42,653
Transportation	822	273	476	14,749	16,320
Corrections	873	531	139	2,808	4,351
NCSU	286	289	1,122	2,781	4,478
	104,015	7,497	13,062	102,283	226,857
<u>Student Receivable</u>					
NC Central	564	134	5,062	—	5,760
NCSU	663	396	49	3,068	4,176
NC A&T	218	357	628	1,393	2,596
UNC-Charlotte	517	—	—	2,653	3,170
Fayetteville State	40	308	206	424	978
East Carolina Univ.	435	38	38	220	731
UNC-Pembroke	46	90	82	1,163	1,381
UNC-Greensboro	83	86	52	657	878
Appalachian State	208	219	280	560	1,267
Winston-Salem State	62	47	617	—	726
UNC-Wilmington	100	31	473	—	604
Western Carolina	236	142	627	—	1,005
	3,172	1,848	8,114	10,138	23,272
<u>Intergovernmental</u>					
NCSU	1,981	2,377	778	4,840	9,976
Transportation	430	103	279	1,922	2,734
Insurance	63	312	74	—	449
Western Carolina	182	164	35	1,313	1,694
DENR	27	68	66	124	285
Appalachian State	38	113	107	418	676
Fayetteville State	53	58	65	376	552
	2,774	3,195	1,404	8,993	16,366
<u>Notes Receivable</u>					
SEAA	30,130	19,815	10,173	24,203	84,321
Housing Finance	15,819	7,422	1,335	12,340	36,916
	45,949	27,237	11,508	36,543	121,237
Totals	\$438,808	\$132,213	\$125,725	\$725,464	\$1,422,210

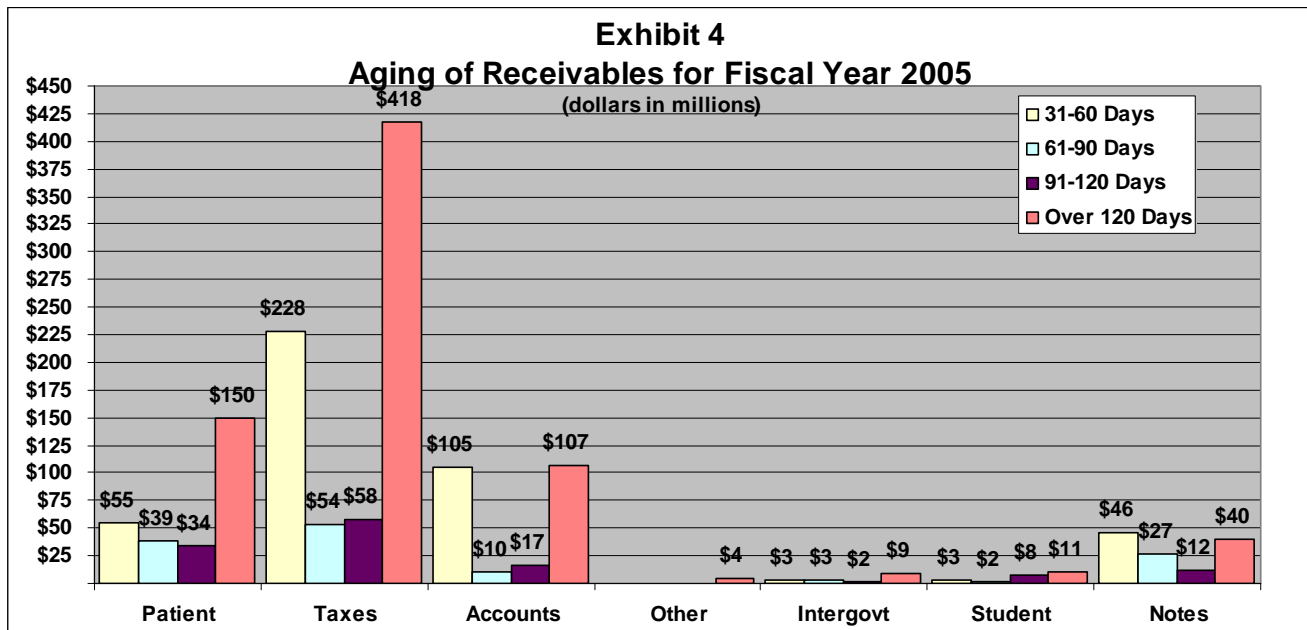
CONCLUSION

Opportunities exist for the State to increase revenues by adopting a more aggressive attitude toward collecting debt.

Collection experience varies significantly from industry to industry, however, it is well-documented that the longer that debts remain uncollected, the lower the likelihood of collection of all or part of the debt. As the rate or likelihood of debt collection declines, the cost of collection tends to increase significantly.

OSC revised state policies, effective July 1, 2005, to strengthen the collection efforts of past due accounts receivable. The time period bad debts are turned over to a collection agency has been reduced to 60 days. A referral to the NCDOJ has also been reduced to 60 days with no minimum dollar threshold.

The following exhibit summarizes the State of North Carolina's past due receivables:



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 voluntary payroll deduction.
- Pass the cost of debt collection to the debtor. NCDOR has achieved a legislative change permitting this cost transference.
- Enforce agencies' assessment of interest and penalties on delinquent debt.
- Provide staff training on a routine basis.
- Consider expanding the authority of the NCDOR 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.

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.

APPENDICES

Appendix	Description	Page
A	Total Receivables – Fiscal 2003 through 2005	11
B	Notes Receivable – Fiscal 2003 through 2005	12
C	Taxes Receivable – Fiscal 2003 through 2005	13
D	Intergovernmental Receivable – Fiscal 2003 through 2005	14
E	Accounts Receivable – Fiscal 2003 through 2005	15
F	Interfund Receivable – Fiscal 2003 through 2005	16
G	Contributions, Premiums, Other Receivables – Fiscal 2003 through 2005	17
H	Interest Receivable - Fiscal 2003 through 2005	18

APPENDICES

[This page left blank intentionally.]

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	2005	2004	2003
Total Receivables			
Governmental Funds:			
General Fund.....	\$ 1,991,378	\$ 1,853,852	\$ 1,685,062
Special Revenue Funds.....	677,410	894,524	669,674
Capital Projects Funds.....	2,952	2,951	3,483
Permanent Funds (GASB 34).....	12	4	2
Total Governmental Funds.....	2,671,752	2,751,331	2,358,221
Proprietary Funds:			
Enterprise Funds.....	889,080	733,016	669,192
Internal Service Funds.....	34,065	34,624	37,536
Total Proprietary Funds.....	923,145	767,640	706,728
Fiduciary Funds:			
Pension Trust Funds.....	315,617	239,579	223,610
Private Purpose Trust Funds (GASB 34).....	2	2	2
Investment Trust Fund.....	3,071	1,673	4,685
Agency Funds.....	179,395	179,564	121,399
Total Fiduciary Funds.....	498,085	420,818	349,696
Component Units:			
College and University.....	1,119,427	1,084,073	756,938
Other Component Units.....	3,327,904	2,873,867	2,633,568
Total Component Units.....	4,447,331	3,957,940	3,390,506
Total Receivables [1].....	\$ 8,540,313	\$ 7,897,729	\$ 6,805,151
Percent Increase/Decrease from Prior Year.....	8.14%	16.06%	
Receivables as % of Total Revenues.....	17.34%	17.09%	17.20%
Total State Revenues.....	\$ 49,247,337	\$ 46,218,361	\$ 39,570,486
Percent Increase/Decrease from Prior Year.....	6.55%	16.80%	

[1] Total Receivables by Type - Fiscal Years 2005 and 2004

	2005	% of Total	2004	% of Total
Notes Receivable	\$ 4,266,713	49.96%	\$ 3,736,809	47.31%
Taxes Receivable	1,148,074	13.44%	1,044,701	13.23%
Intergovernmental Receivables	993,851	11.64%	827,359	10.48%
Accounts Receivable	904,829	10.59%	960,649	12.16%
Interfund Receivables	595,991	6.98%	790,715	10.01%
Contributions, Premiums, Other Receivables	568,502	6.66%	477,067	6.04%
Interest Receivable	62,353	0.73%	60,429	0.77%
Total Receivables	\$ 8,540,313	100.00%	\$ 7,897,729	100.00%

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	2005	2004	2003
Notes Receivable			
Governmental Funds:			
General Fund.....	\$ 5,024	\$ 1,240	\$ 1,892
Special Revenue Funds.....	316,162	281,438	242,189
Total Governmental Funds.....	<u>321,186</u>	<u>282,678</u>	<u>244,081</u>
Proprietary Funds:			
Enterprise Funds.....	492,103	435,220	410,313
Total Proprietary Funds.....	<u>492,103</u>	<u>435,220</u>	<u>410,313</u>
Fiduciary Funds:			
Pension Trust Funds.....	144,063	128,244	115,440
Total Fiduciary Funds.....	<u>144,063</u>	<u>128,244</u>	<u>115,440</u>
Component Units:			
College and University.....	118,399	100,191	88,814
Other Component Units.....	3,190,962	2,790,476	2,546,357
Total Component Units	<u>3,309,361</u>	<u>2,890,667</u>	<u>2,635,171</u>
Total Notes Receivable [1].....	<u>\$ 4,266,713</u>	<u>\$ 3,736,809</u>	<u>\$ 3,405,005</u>
Percent Increase/Decrease from Prior Year.....	14.18%	9.74%	

[1] Notes Receivable consists of the following:

	2005	% of Total	2004	% of Total
State Education Assistance Authority.....	\$ 2,009,826	47.10%	\$ 1,624,561	43.47%
NC Housing Finance Agency.....	1,170,875	27.44%	1,154,724	30.90%
EPA Revolving Loan Fund.....	492,103	11.53%	435,220	11.65%
Clean Water Funds.....	116,927	2.74%	116,908	3.13%
401(k) Supplemental Retirement Income Plan.....	144,063	3.38%	128,244	3.43%
Natural Gas Bond Proceeds.....	177,458	4.16%	140,618	3.76%
University Funds.....	117,760	2.76%	99,001	2.65%
Other.....	37,701	0.89%	37,533	1.01%
Total Notes Receivable.....	<u>\$ 4,266,713</u>	<u>100.00%</u>	<u>\$ 3,736,809</u>	<u>100.00%</u>

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
Taxes Receivable			
Governmental Funds:			
General Fund.....	\$ 849,478	\$ 759,276	\$ 827,616
Special Revenue Funds.....	130,196	120,325	112,344
Total Governmental Funds.....	<u>979,674</u>	<u>879,601</u>	<u>939,960</u>
Fiduciary Funds:			
Agency Funds.....	168,400	165,100	106,500
Total Fiduciary Funds.....	<u>168,400</u>	<u>165,100</u>	<u>106,500</u>
Total Taxes Receivable [1].....	<u>\$ 1,148,074</u>	<u>\$ 1,044,701</u>	<u>\$ 1,046,460</u>
Percent Increase/Decrease from Prior Year.....	9.89%	(0.17%)	

[1] Taxes Receivable consists of the following:

	<u>2005</u>	<u>% of Total</u>	<u>2004</u>	<u>% of Total</u>
Individual Income Tax.....	\$ 402,674	35.07%	\$ 343,615	32.89%
Sales and Use Tax.....	368,910	32.13%	321,222	30.75%
Local Sales Tax Collections.....	168,400	14.67%	165,100	15.80%
State Highway Fund.....	92,651	8.07%	85,791	8.21%
Highway Trust Fund.....	32,575	2.84%	29,888	2.86%
Franchise Tax.....	27,037	2.35%	43,679	4.18%
Corporate Income Tax.....	17,006	1.49%	17,678	1.69%
Beverage Tax.....	19,407	1.69%	18,005	1.72%
Other.....	19,414	1.69%	19,723	1.90%
Total Taxes Receivable.....	<u>\$ 1,148,074</u>	<u>100.00%</u>	<u>\$ 1,044,701</u>	<u>100.00%</u>

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	2005	2004	2003
Intergovernmental Receivables			
Governmental Funds:			
General Fund.....	\$ 831,762	\$ 714,716	\$ 680,934
Special Revenue Funds.....	59,709	31,468	11,173
Capital Projects Funds.....	1,275	2,312	2,677
Total Governmental Funds.....	892,746	748,496	694,784
Proprietary Funds:			
Enterprise Funds.....	22	36	3,598
Total Proprietary Funds.....	22	36	3,598
Fiduciary Funds:			
Agency Funds.....	-	954	1,051
Total Fiduciary Funds.....	-	954	1,051
Component Units:			
College and University.....	86,998	72,497	73,379
Other Component Units.....	14,085	5,376	4,090
Total Component Units.....	101,083	77,873	77,469
Total Intergovernmental Receivables [1].....	\$ 993,851	\$ 827,359	\$ 776,902
Percent Increase/Decrease from Prior Year.....	20.12%	6.49%	

[1] Intergovernmental Receivables consist of the following:

	2005	% of Total	2004	% of Total
Due From Federal Agencies.....	\$ 765,329	77.01%	\$ 646,309	78.12%
Due From Local Governments.....	87,872	8.84%	83,624	10.11%
University Funds.....	86,998	8.75%	72,497	8.76%
State Highway Fund.....	53,652	5.40%	24,929	3.01%
Total Intergovernmental Receivables.....	\$ 993,851	100.00%	\$ 827,359	100.00%

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	2005	2004	2003
Accounts Receivable			
Governmental Funds:			
General Fund.....	\$ 289,418	\$ 333,791	\$ 142,845
Special Revenue Funds.....	26,706	24,566	31,001
Capital Projects Funds.....	1,059	196	455
Permanent Funds.....	11	-	-
Total Governmental Funds.....	<u>317,194</u>	<u>358,553</u>	<u>174,301</u>
Proprietary Funds:			
Enterprise Funds.....	29,992	23,658	19,087
Internal Service Funds.....	17,236	13,979	17,880
Total Proprietary Funds.....	<u>47,228</u>	<u>37,637</u>	<u>36,967</u>
Fiduciary Funds:			
Pension Trust Funds.....	34,100	24,267	6,648
Agency Funds.....	500	849	856
Total Fiduciary Funds.....	<u>34,600</u>	<u>25,116</u>	<u>7,504</u>
Component Units:			
College and University.....	491,236	529,359	357,407
Other Component Units.....	14,571	9,984	14,595
Total Component Units	<u>505,807</u>	<u>539,343</u>	<u>372,002</u>
Total Accounts Receivable [1].....	<u>\$ 904,829</u>	<u>\$ 960,649</u>	<u>\$ 590,774</u>
Percent Increase/Decrease from Prior Year.....	(5.81%)	62.61%	

[1] Accounts Receivable consists of the following

	2005	% of Total	2004	% of Total
University Funds.....	\$ 430,136	47.54%	\$ 467,019	48.61%
Community College Funds.....	61,100	6.75%	62,340	6.49%
DHHS-Division of Mental Health.....	42,589	4.71%	53,258	5.54%
DHHS-Division of Medical Assistance.....	123,454	13.64%	127,305	13.25%
Unemployment Compensation Funds.....	26,007	2.87%	23,205	2.42%
Other.....	221,543	24.49%	227,522	23.69%
Total Accounts Receivable.....	<u>\$ 904,829</u>	<u>100.00%</u>	<u>\$ 960,649</u>	<u>100.00%</u>

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	2005	2004	2003
Interfund Receivables*			
Governmental Funds:			
General Fund.....	\$ 6,014	\$ 11,185	\$ 3,623
Special Revenue Funds.....	124,694	419,208	255,708
Capital Projects Funds.....	618	443	348
Total Governmental Funds.....	<u>131,326</u>	<u>430,836</u>	<u>259,679</u>
Proprietary Funds:			
Enterprise Funds.....	123	91	42
Internal Service Funds.....	16,656	20,463	19,602
Total Proprietary Funds.....	<u>16,779</u>	<u>20,554</u>	<u>19,644</u>
Fiduciary Funds:			
Pension Trust Funds.....	\$ 28,230	\$ -	\$ -
Agency Funds.....	10,494	7,090	6,349
Total Fiduciary Funds.....	<u>38,724</u>	<u>7,090</u>	<u>6,349</u>
Component Units:			
College and University.....	332,247	295,155	145,228
Other Component Units.....	76,915	37,080	36,739
Total Component Units	<u>409,162</u>	<u>332,235</u>	<u>181,967</u>
Total Interfund Receivables.....	<u>\$ 595,991</u>	<u>\$ 790,715</u>	<u>\$ 467,639</u>
Percent Increase/Decrease from Prior Year.....	(24.63%)	69.09%	

* Interfund Receivables are comprised of:

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

(For detail see Comprehensive Annual Financial Report - Note 9)

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

	<u>2005</u>	<u>2004</u>	<u>2003</u>
<u>Contributions, Premiums, Other Receivables</u>			
Governmental Funds:			
General Fund.....	\$ -	\$ 28,139	\$ 20,744
Special Revenue Funds.....	13,017	10,417	10,002
Total Governmental Funds.....	<u>13,017</u>	<u>38,556</u>	<u>30,746</u>
Proprietary Funds:			
Enterprise Funds.....	363,604	271,376	233,408
Internal Service Funds.....	126	141	-
Total Proprietary Funds.....	<u>363,730</u>	<u>271,517</u>	<u>233,408</u>
Fiduciary Funds:			
Pension Trust Funds.....	107,800	85,730	98,571
Total Fiduciary Funds.....	<u>107,800</u>	<u>85,730</u>	<u>98,571</u>
Component Units:			
College and University.....	83,670	80,111	81,414
Other Component Units.....	285	1,153	1,633
Total Component Units	<u>83,955</u>	<u>81,264</u>	<u>83,047</u>
Total Contributions, Premiums, Other Receivables.....	<u>\$ 568,502</u>	<u>\$ 477,067</u>	<u>\$ 445,772</u>
Percent Increase/Decrease from Prior Year.....	19.17%	7.02%	

APPENDICES

STATE OF NORTH CAROLINA Statewide Accounts Receivable Program Three-Year Receivables - June 30 (Expressed in Thousands)

Interest Receivable	2005	2004	2003
Governmental Funds:			
General Fund.....	\$ 9,682	\$ 5,505	\$ 7,408
Special Revenue Funds.....	6,926	7,102	7,257
Capital Projects Funds.....	-	-	3
Permanent Funds (GASB 34).....	1	4	2
Total Governmental Funds.....	<u>16,609</u>	<u>12,611</u>	<u>14,670</u>
Proprietary Funds:			
Enterprise Funds.....	3,236	2,635	2,744
Internal Service Funds.....	47	41	54
Total Proprietary Funds.....	<u>3,283</u>	<u>2,676</u>	<u>2,798</u>
Fiduciary Funds:			
Pension Trust Funds.....	1,424	1,338	2,951
Private Purpose Trust Funds (GASB 34).....	2	2	2
Investment Trust Fund.....	3,071	1,673	4,685
Agency Funds.....	1	5,571	6,643
Total Fiduciary Funds.....	<u>4,498</u>	<u>8,584</u>	<u>14,281</u>
Component Units:			
College and University.....	6,877	6,760	10,696
Other Component Units.....	31,086	29,798	30,154
Total Component Units	<u>37,963</u>	<u>36,558</u>	<u>40,850</u>
Total Interest Receivable.....	<u>\$ 62,353</u>	<u>\$ 60,429</u>	<u>\$ 72,599</u>
Percent Increase/Decrease from Prior Year.....	3.18%	(16.76%)	