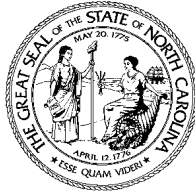

NORTH CAROLINA



STATEWIDE ACCOUNTS RECEIVABLE REPORT

***For the Year
Ended
June 30, 2007***

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

December 17, 2007

The Honorable Michael F. Easley, Governor
The Honorable Marc Basnight, Senate President Pro Tempore
The Honorable Joe Hackney, 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, 2007. This report is prepared in accordance with Article 6B of Chapter 147 of North Carolina General Statutes.

This Article provides that the State Controller shall implement a statewide accounts receivable program. It further provides that the State Controller shall report annually to the Governor, the Joint Legislative Commission on Governmental Operations, and each state agency a summary of accounts receivable using information provided by state agencies and any additional information available.

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

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EXECUTIVE SUMMARY

The *Statewide Accounts Receivable Report* includes all receivables at June 30, 2007 reported to the Office of the State Controller by state agencies. As defined by North Carolina General Statute, a receivable is an asset of the State of North Carolina (State) reflecting a debt that is owed to the State and has not been received by the state agency servicing the debt. A state agency is defined by statute as any department, institution, board, commission, committee, division, bureau, officer, official or any other entity for which the State has oversight responsibility including any university. As prescribed by statute for the statewide accounts receivable program, the term state agency does not include a community college, an area mental health, developmental disabilities, and substance abuse authority, or the General Court of Justice.

The receivables disclosed in this report are based on generally accepted accounting principles (GAAP) and reflect a snapshot of amounts owed to the State at June 30, the conclusion of the State's fiscal year. Receivables reported by state agencies are detailed by agency in Appendix A and summarized by type in Table 1:

Table 1 — Total Receivables by Type (dollars in thousands)			
	2007	2006	2005
Taxes Receivable.....	\$2,518,859	\$2,442,021	\$2,067,904
Accounts Receivable.....	1,362,896	1,417,701	1,150,945
Intergovernmental Receivable.....	1,061,252	1,234,591	993,851
Notes Receivable.....	5,561,279	4,819,274	4,326,517
Interfund Receivable.....	525,808	405,016	473,316
Other Receivable.....	713,762	653,298	600,249
Total Receivables.....	<u>\$11,743,856</u>	<u>\$10,971,901</u>	<u>\$9,612,782</u>

This report also discloses additional information about the State's receivables at fiscal year end such as: an aging of receivables which indicates the degree to which receivables are past due; allowances made for doubtful accounts which indicate agency estimates of receivables which will not be collected; and write-offs which are receivables that agencies will not, or most likely will not, collect and have deducted from their accounting records.

OSC strives for improvements in the management of accounts receivable and will continue to work with state agencies to improve collection results and ensure compliance with requirements. OSC recognizes that there are accounting system issues which limit collection performance and strongly recommends a new business infrastructure for accounts receivable, billing and collection systems.

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:

- Monitor the state's accounts receivable collection efforts;
- Coordinate information, systems, and procedures between state agencies to maximize the collection of past-due accounts receivable;
- Adopt policies and procedures for the management and collection of accounts receivable by state agencies; and
- 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

State agencies invoice businesses and individuals for services rendered through many different billing and receivable systems.

State policy provides that receivable systems of state agencies should:

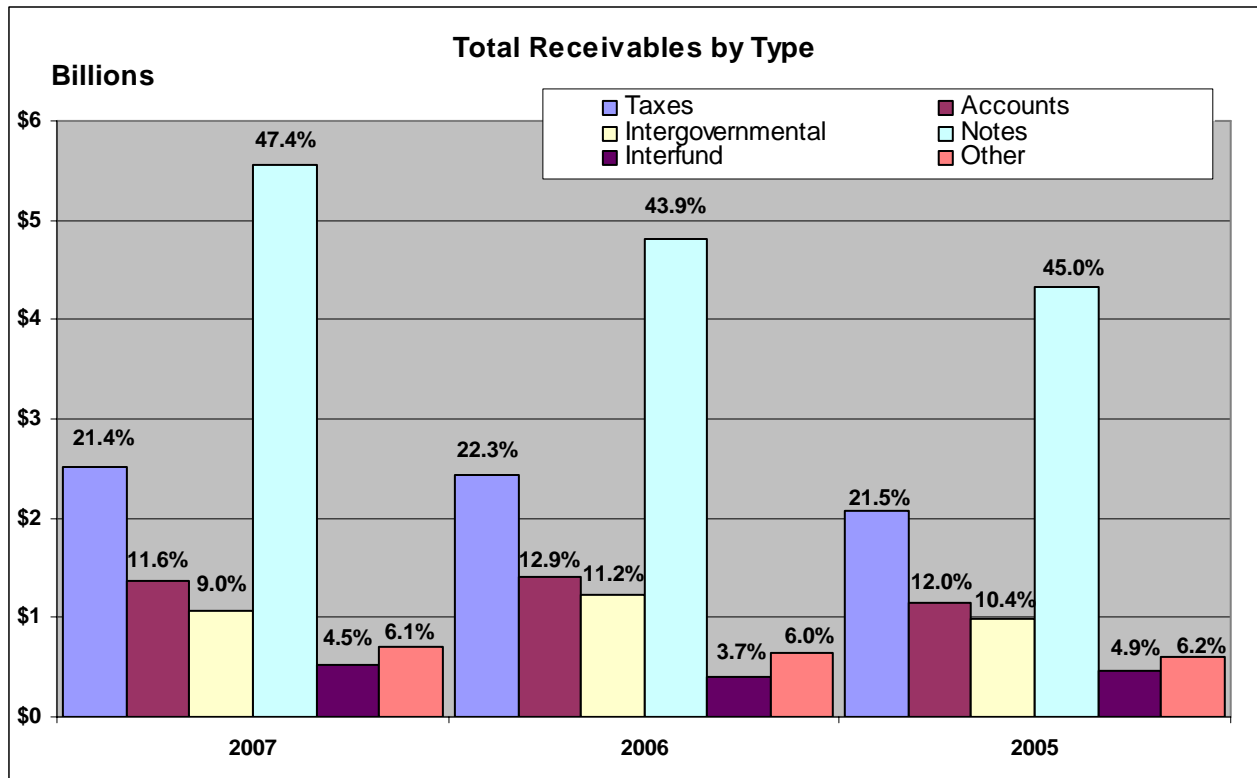
- Bill accounts on a timely basis, whether the receivables are due from private entities, the federal government, localities, or state agencies and institutions;
- Maintain an accurate record of receivables transactions;
- Effectively interface with other applicable agency-based accounting systems;
- Provide an aged trial balance of receivables;
- Provide information relative to specific collection efforts on each past-due account;
- Provide realistic estimates of, and properly account for, doubtful accounts;
- Properly account for receivables that are written off;
- Recognize and report receivables in accordance with generally accepted accounting principles (GAAP);
- Comply with federal and other contractual regulations;
- Maintain a record of year-end receivable balances; and
- Provide for the accrual of interest and penalties as allowed, or as required by law.

ACCOUNTS RECEIVABLE OVERVIEW

Year-End Amounts

As shown on Table 1, receivables totaled \$11.7 billion for fiscal 2007, \$11.0 billion for fiscal 2006 and \$9.6 billion for fiscal 2005. Total receivables grew by \$2.1 billion or 22 percent during this period. Most of this increase was due to a \$1.2 billion increase in notes receivable. The increase in notes receivable is predominantly due to the State Education Assistance Authority (SEAA) where loans increased by \$784 million. The increase in State aid funding from the NC Education Lottery gave SEAA the ability to issue more notes. Appendix A details year-end amounts by agency and receivable type for fiscal 2007. Exhibit 1 summarizes total receivables by type for fiscal years 2007, 2006, and 2005:

Exhibit 1



Taxes - Primarily consist of individual income tax, sales and use tax, and local sales tax collections.

Accounts - Primarily consist of student, patient and medical provider payments.

Intergovernmental - Primarily consists of funds due from federal and local governments.

Notes - Primarily consist of student loans, housing mortgage loans and EPA revolving loans that will be collected on a predetermined contractual basis.

Interfund - Primarily consists of funds moving between different state fund types.

Other - Primarily consists of participant contributions to the health and pension plans and State Treasurer investment earnings (distributions) owed to those funds (trust, special) that earn interest.

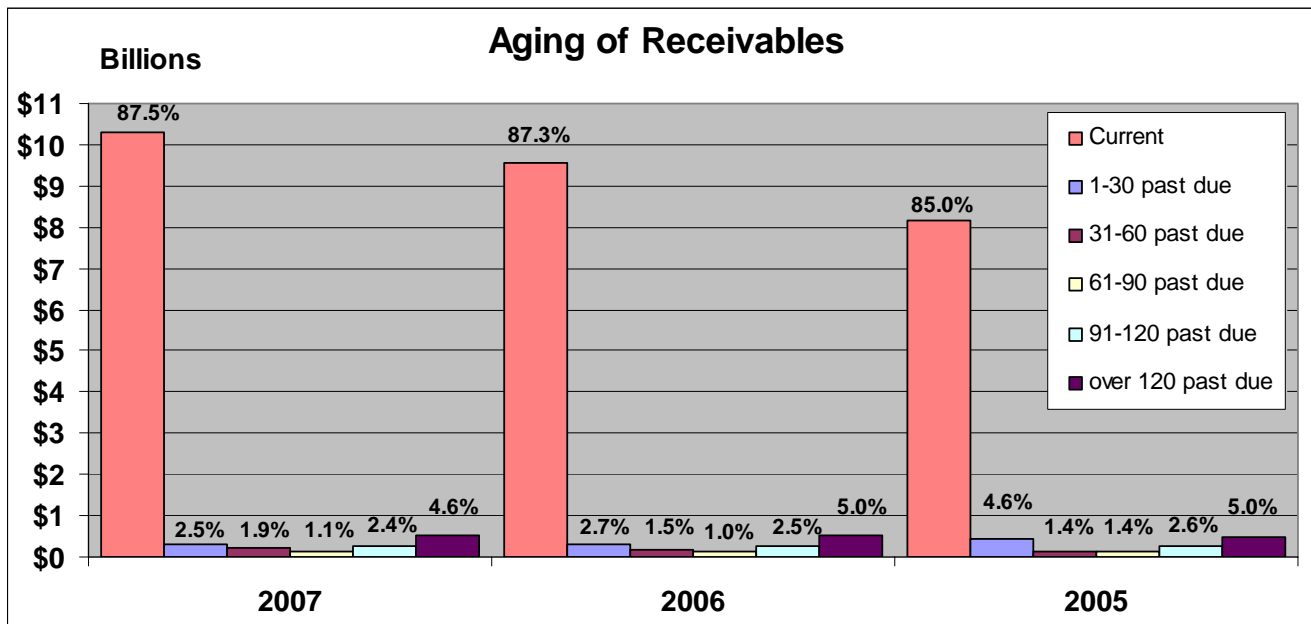
ACCOUNTS RECEIVABLE OVERVIEW

Aging of Receivables

An aging of receivables indicates the degree to which receivables are past due. State agencies provide the Office of the State Controller an aged trial balance of receivables each fiscal year end. The following aging categories are required to be used: current, 1-30 days past due, 31-60 days past due, 61-90 days past due, 91-120 days past due and over 120 days past due.

Accounts past due at year-end 2007 total \$1.5 billion, or 12 percent of total receivables. Accounts past due at year-end 2006 total \$1.4 billion, or 13 percent of total receivables. Most past due receivables at year-end 2007 are over 120 days past due: \$533 million. The Department of Revenue, UNC Hospitals and the Department of Health and Human Services account for \$387 million of receivables over 120 days past due. Appendix A details aging amounts by agency for fiscal 2007. Exhibit 2 summarizes aging amounts for fiscal years 2007, 2006, and 2005:

Exhibit 2



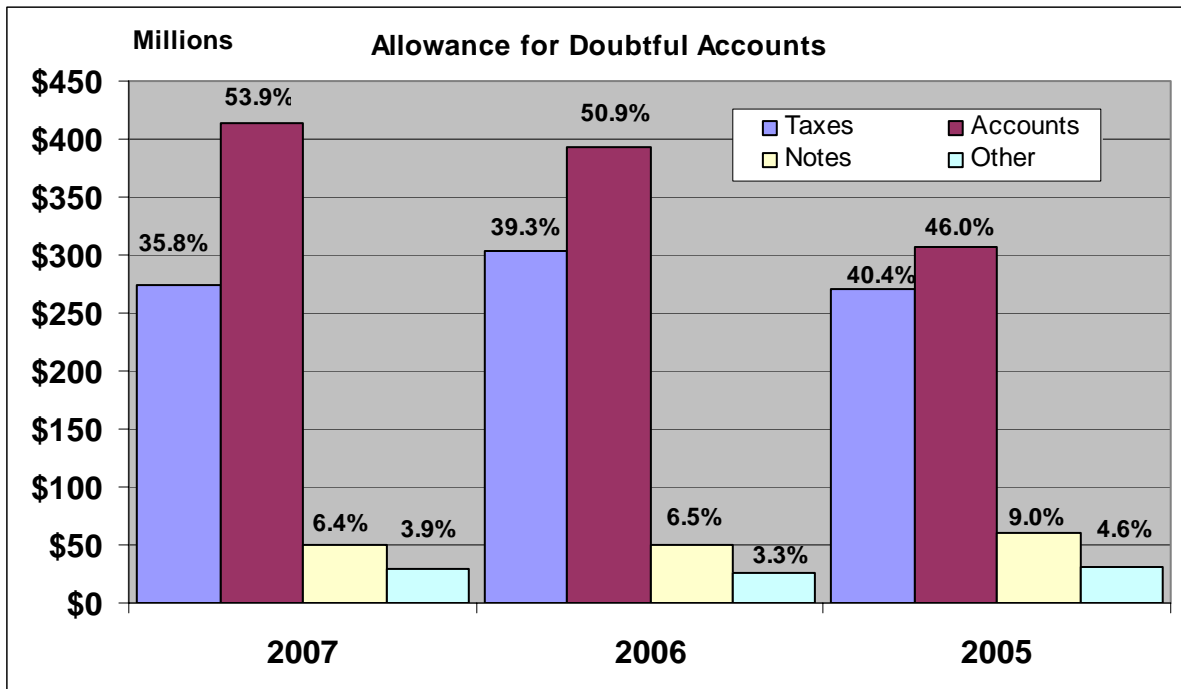
ACCOUNTS RECEIVABLE OVERVIEW

Allowance for Doubtful Accounts

The allowance for doubtful accounts is an estimate by agencies of uncollectible receivables. An agency must provide realistic estimates of, and properly account for, doubtful accounts. The estimated allowance should be based on historical data or other pertinent information relative to the receivables of a particular agency.

Agencies estimate that \$767 million, or 7 percent of total receivables at fiscal year-end 2007, are not collectible. Agencies also estimated that \$772 million, or 7 percent of total receivables at fiscal year-end 2006 and \$668 million, or 7 percent of total receivables at year-end 2005 were not collectible. Like past due receivable amounts, the Department of Revenue, UNC Hospitals and the Department of Health and Human Services account for the majority of estimated uncollectible receivables at year-end 2007: \$604 million or 78 percent. Appendix A details by receivable type agency estimates of uncollectible receivables. Exhibit 3 summarizes agency estimates by receivable type for fiscal years 2007, 2006 and 2005.

Exhibit 3



ACCOUNTS RECEIVABLE OVERVIEW

Write-offs

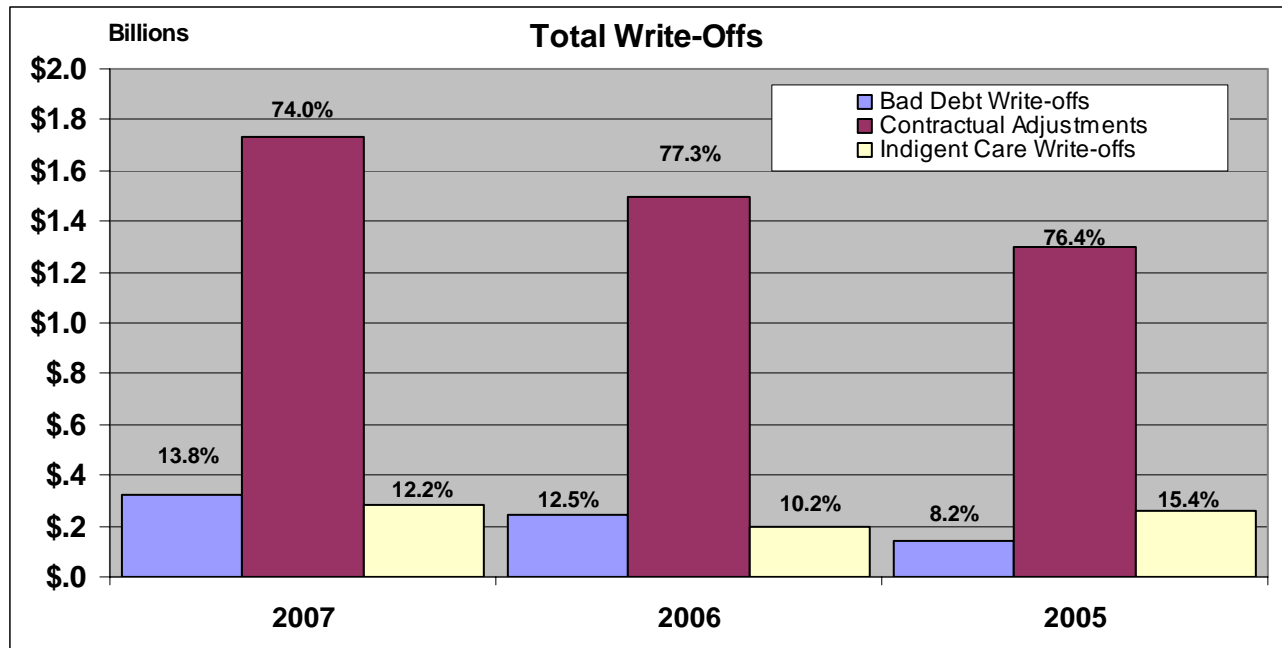
Write-offs are receivables that agencies will not, or most likely will not, collect and have deducted from their accounting records. Write-offs are caused by either bad debt adjustments (unsuccessful collection efforts), contractual adjustments or indigent care adjustments. Write-offs for year-end 2007 totaled \$2.3 billion consisting of \$323 million for bad debt, \$1.7 billion for contractual adjustments and \$287 million for indigent care. Total write-offs for 2007 increased by \$413 million, or 21 percent, over 2006.

Contractual adjustments account for the largest portion of write-offs, 74 percent at year-end 2007. Contractual adjustments increased by 16 percent over 2006. Indigent care adjustments account for 12 percent of total 2007 write-offs and increased by \$90.0 million, or 46 percent, when compared to the prior year. Bad debt adjustments account for 14 percent of write-offs during 2007 and increased by \$82 million from the prior year, largely due to an increase in bad debt write-offs by the Department of Revenue.

UNC Hospitals, including Rex Healthcare, reported to the Office of State Controller a write-off of \$1.3 billion of receivables based on Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. In addition, \$162 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 \$325 million for Medicare and Medicaid, the Workers' Compensation Program, indigent care, and bad debt receivables were written-off by the UNC-CH Physicians and Associates operation and the UNC-CH School of Dentistry.

Appendix A details by receivable type total agency write-offs during fiscal 2007. Exhibit 4 summarizes agency write-offs by type for fiscal years 2007, 2006 and 2005:

Exhibit 4



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, or business 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).

ACCOUNTS RECEIVABLE OVERVIEW

Indigent Care Adjustments - 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 Adjustments - All write-offs of bad debts other than those for contractual or indigent care reasons.

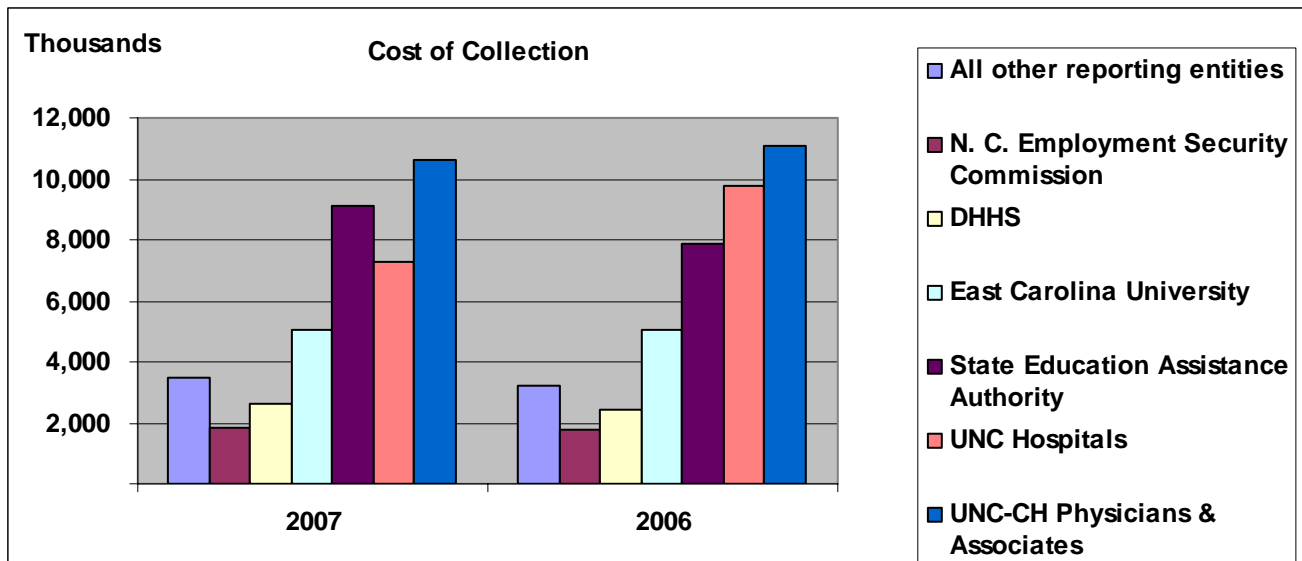
Cost of Collection

State agencies, excluding the Department of Revenue, reported to the Office of State Controller collection activity costs totaling over \$40 million during 2007. (Appendix B provides in a note the Department of Revenue's explanation for its inability to report collection costs.) Agencies also reported the full-time equivalent (FTE) of state employees dedicated to receivable activities during 2007, a total of 599. A large percentage of total collection costs and FTE reported by state agencies is attributable to patient accounts and student accounts, including student loans.

UNC Hospitals, part of the UNC Health Care System, reported 2007 collection costs of \$7.3 million, or 18 percent of total state collection costs, and FTE of 145. The UNC-CH Physicians and Associates, also part of the UNC Health Care System, reported collection costs of \$10.6 million, or 27 percent of total state collection costs, and FTE of 147. East Carolina University reported collection costs of \$3.9 million for its medical faculty practice and FTE of 67. Regarding student loans, the State Education Assistance Authority reported that loan administration and collection are out-sourced for a cost of \$9.0 million for 2007 and zero FTE, or 23 percent of total state collection costs.

Appendix B details by agency the collection costs and the FTE of state employees dedicated to collection. Exhibit 5 summarizes by agency collection costs.

Exhibit 5



ACCOUNTS RECEIVABLE OVERVIEW

Collection Activity – Attorney General

State agencies are required by statute to turn over unpaid billings to the Attorney General for collection no more than 60 days after the due date of the billing. The North Carolina Department of Justice then sends a letter to debtors demanding payment. If payment is not made within 30 days, the department recommends to agencies that unpaid billings be submitted to a state contracted collection agency. On August 1, 2007, the department renewed contracts with seven collection agencies.

During calendar year 2007, a total of \$11.9 million was submitted to the Attorney General for collection on behalf of state agencies. During fiscal year 2007, \$44.9 million was submitted by state agencies to collection agencies, and \$10.3 million was collected at a cost of \$1.9 million.

Setoff Debt Collection Activity – Department of Revenue

The North Carolina Department of Revenue administers the State's Setoff Debt Collection Program pursuant to Chapter 105A of North Carolina General Statute. This Chapter requires state agencies to cooperate in identifying debtors who owe money to the State and who qualify for refunds from the Department of Revenue.

Setoff collections totaled \$38.2 million during calendar 2006, a 9 percent increase over the prior year. Collections have increased over the past five years by \$15.8 million or 70 percent. The increase in collections is attributable to an increase in the number of setoffs. The number of completed setoffs totaled 172,000 in fiscal 2006, a 7 percent increase over the prior year. Completed setoffs increased over the last five years by over 70,000 or 69 percent.

To recover the costs incurred by the Department in collecting debts under this Chapter, the statute requires a fee of \$5.00 be imposed on each debt collected. The Department must collect this fee as part of the debt and retain it. During calendar 2006, a total of \$865,000 was imposed by the Department.

Table 2 summarizes setoff activity for the prior five calendar years:

**Table 2
Setoff Debt Activity for Calendar Years 2002-2006**

Tax Year	2005	2004	2003	2002	2001
Setoff Debt Occurs in Calendar Year	2006	2005	2004	2003	2002
Gross Amount of Refunds Setoff	\$38,222,241	\$34,982,536	\$30,182,268	\$22,545,441	\$22,452,410
Collection Assistance Fee Applied					
Based on Prior Year Actual Expenses	(864,931)	(665,191)	(478,859)	(324,251)	(301,839)
Net Amount of Refunds Paid to Claimant Agencies	<u>\$37,357,310</u>	<u>\$34,317,346</u>	<u>\$29,703,410</u>	<u>\$22,221,190</u>	<u>\$22,150,571</u>
DOR Administrative Expenses - Current Year	\$429,210	\$460,429	\$443,959	\$447,671	\$442,834
Total Setoffs (includes completed, denied and canceled setoffs)	180,207	167,723	142,320	104,608	106,006
Number of Completed Setoffs	172,907	161,749	136,685	101,125	102,426
Average Gross Setoff Amount	\$221.06	\$216.28	\$220.82	\$222.95	\$219.21
Average Cost per Setoff	\$2.38	\$2.75	\$3.12	\$4.28	\$4.18
Average Net Amount of Refunds Setoff	\$216.05	\$212.16	\$217.31	\$219.74	\$216.26

Note: Current year information is not available due to the Setoff Debt Program following the calendar year.

ACCOUNTS RECEIVABLE OVERVIEW

Agency Compliance with Statewide Accounts Receivable Program

For fiscal year 2007, the Office of the State Controller (OSC) required each state agency to complete a management representation signed by the agency's chief executive officer and chief financial officer. All state agencies returned a signed letter representing:

- Management is responsible for complying, and has complied, with requirements of Article 6B of Chapter 147 and Chapter 105A of the North Carolina General Statutes.
- Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance with the requirements of Article 6B of Chapter 147 and Chapter 105A of the North Carolina General Statutes.
- Information submitted to the Office of the State Controller for preparation of the *Statewide Accounts Receivable Report* is materially correct and verifiable to agency records.

However, OSC monitoring of receivable policies submitted by agencies as part of their cash management plan indicates areas of potential noncompliance with statutory requirements. We are concerned that some state agencies may not be submitting debt to the Setoff Debt Collection Program operated by the Department of Revenue. All agencies are required by law to participate unless exempted. Through increased awareness several more agencies have begun to submit debt to the Department of Revenue during the 2007 fiscal year.

The ability to charge interest and penalty on past due accounts receivable is a manual process that is not supported by some billing and accounts receivable systems currently operating within state government. The future BEACON (Building Enterprise Access for NC's Core Operation Needs) business infrastructure will have the ability to calculate interest on past due accounts. Since the current process is manual and does not interface with any financial system, many state agencies choose not to charge interest or assess penalties. Furthermore, the East Carolina University School of Medicine reports on its website that medical industry standards and many managed care plans dictate that past due medical accounts should not be charged interest. Also, House Bill 646 ratified in the 2007 Session of the North Carolina General Assembly will allow UNC Hospitals and UNC Physicians and Associates to waive the obligation to charge interest on delinquent patient accounts. This legislation also excludes the UNC Health Care System from the requirement of submitting unpaid billings to the Attorney General.

Current OSC Initiatives

OSC has completed the documentation and development of a Vendor Setoff Debt Collection Program designed to compliment the Setoff Debt Collection Program operated by the Department of Revenue. With the implementation of the vendor setoff debt collection program, the collection efforts of written off receivables will significantly strengthen and an agency will have the ability to setoff debt against payments to vendors along with individual tax refunds. This program will be included in the design of the new SAP financial planning project.

The General Assembly through enactment of section 6.14 of the 2007 Appropriations Act directed OSC to "evaluate the opportunities for efficiencies in State government through the use of electronic commerce as it relates to both disbursement and collection of funds, and shall report the results of that evaluation to the 2008 Regular Session of the 2007 General Assembly."

The report shall include all of the following:

- (1) Input from the entire State government user base along with central management agencies
- (2) Specific proposals that would, if implemented, expand electronic commerce activity in the State government fiscal environment. [The recommendations should address activities that are suitable for statewide contractual arrangements, as well as those suitable for governmental entities to pursue individually, expected costs and benefits of these implementations; recommendations for funding recurring and nonrecurring costs of the specific proposals; and a business case to support the recommendations.]

ACCOUNTS RECEIVABLE OVERVIEW

(3) Proposed legislation that may be considered by the 2008 Regular Session of the 2007 General Assembly to ensure compliance with merchant card industry policies and standards for operations and security.

(4) Proposed legislation that may be considered by the 2008 Regular Session of the 2007 General Assembly that addresses any inconsistencies or conflicts in existing statutes relating to electronic commerce activities.

Periodic updates on this activity may be requested by the Joint Legislative Commission on Governmental Operations. The final report is due no later than April 30, 2008.

To accomplish these directives and ensure the success of the development of the report, an E-Commerce task force was formed. The task force is chaired by the Chief Deputy State Controller, Gwen Canady. The project leader is David Reavis, OSC E-Commerce Manager. The task force meets on a regular basis and has a dedicated website for interactive communication. The task force will focus on financial activities as related to the disbursement and collection of funds. The task force will conduct the project in three phases; identify the scope of the study, conduct the study and prepare the report. The projected project completion date is April 30, 2008. Upon acceptance of the report, the General Assembly will be informed of the current and future activities of E-Commerce along with the tasks necessary for further expansion.

The increased statewide acceptance of electronic payments will greatly improve the collection results of receivables. In fiscal year 2007, there was a 23% increase in the usage of electronic payments when compared to fiscal year 2006.

CONCLUSION

Future Pathway

Building Enterprise Access for NC's Core Operation Needs (BEACON) is a statewide effort to transform the way North Carolina State Government does business by modernizing and standardizing key business functions. SAP's Enterprise Resource Planning software solution will be implemented to achieve the goals of BEACON. There are numerous statewide systems that will be impacted by BEACON including the North Carolina Accounting System. The account receivable module of the current system is used by a limited number of state agencies which causes a lack of standardization. The SAP software will allow for that standardization and assist agencies in the management of their accounts receivable. The financial reporting system has an accounts receivable module that automatically creates billings, payment reminders and overdue notices. The module can be set to automatically create overdue letters and reports of payments due and past due. All of these functions are currently performed manually by agency personnel without system support. The automated processes and reporting supported by the SAP software will allow for more centralized reporting and enhance the ability of OSC to perform the statewide monitoring required by GS 147-86.22 (a) (1). The process of accurate, concise and comparable accounts receivable reporting lies within the future of BEACON.

APPENDICES

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B	Cost of Collection	17

Receivable Summary Report
Fiscal Year Ended June 30, 2007
(Dollars in Thousands)

	Current Receivables	Past Due Receivables(Days)					Total	Allow. for Doubtful Accounts	Receivables Net of Allow. for Doubtful Accounts	Total Write-offs
		1-30	31-60	61-90	91-120	Over 120				
Taxes Receivable										
Revenue ¹	\$35,756	\$32,588	\$18,590	\$18,352	\$90,571	\$271,714	431,817	\$ —	467,573	\$146,587
Revenue-CAFR ²	1,905,392	—	—	—	—	—	—	(274,564)	1,630,828	—
DOT	143,677	—	—	—	—	—	—	—	143,677	—
DENR	2,217	—	—	—	—	—	—	—	2,217	—
Total	2,087,042	32,588	18,590	18,352	90,571	271,714	431,817	(274,564)	2,244,295	146,587
% of Total	82.86%	1.29%	0.74%	0.73%	3.60%	10.79%	17.14%			
Accounts Rec.										
General Assembly	6	—	—	—	—	—	—	—	6	—
Governor's Office	1,297	—	—	—	—	—	—	—	1,297	—
Secretary of State	—	6	8	10	123	—	148	—	148	—
State Auditor	779	—	—	20	—	—	20	—	799	—
State Treasurer	13,607	—	—	—	—	—	—	—	13,607	1
DPI	106	3	1	1	3	—	7	—	113	—
Justice	—	359	21	3	3	18	404	—	404	13
Agriculture	745	20	6	18	55	—	100	(15)	830	—
Labor	378	344	210	111	4,221	—	4,886	—	5,264	106
Insurance	41	561	—	719	—	—	1,280	—	1,321	—
Administration	6,332	1,203	200	772	33	—	2,208	—	8,540	—
DOT	11,314	241	241	114	107	776	1,479	—	12,793	1,404
DENR	819	2,357	389	25	21	390	3,182	—	4,001	—
Wildlife	270	—	—	—	—	—	—	—	270	—
ITS	23,817	4,308	201	822	257	1,534	7,121	—	30,938	—
Correction	2,204	83	35	13	60	722	913	(299)	2,818	1
Commerce	15	3,520	300	84	48	332	4,285	—	4,300	37
ESC	6,948	1,153	823	1,108	40,995	—	44,079	(20,597)	30,430	5,550
Education Lottery	10,303	32	3	3	5	138	182	(175)	10,310	—
DHHS	149,678	50,514	49,417	12,392	7,255	47,067	166,644	(125,788)	190,534	237,376
UNC Hospitals	172,016	46,476	46,936	27,121	28,757	64,726	214,016	(204,092)	181,940	1,442,065
UNC-GA	1,497	—	—	—	—	—	—	—	1,497	—
UNC-Chapel Hill	100,360	12,690	8,508	5,320	4,888	13,218	44,623	(2,107)	142,876	324,680
North Carolina State	25,438	892	510	343	3,279	1,639	6,662	(2,912)	29,188	—
UNC-Greensboro	51,522	146	146	41	765	—	1,098	(232)	52,388	154
UNC-Charlotte	4,089	1,615	2,057	5,321	311	311	9,616	(111)	13,594	759
UNC-Asheville	453	61	26	28	337	—	453	(2)	904	2
UNC-Wilmington	1,140	150	4	391	—	—	545	(68)	1,617	160
East Carolina	23,502	7,929	3,985	3,280	3,153	38,383	56,729	(52,660)	27,571	183,860
North Carolina A & T	343	316	187	499	59	1,445	2,506	(596)	2,253	569
Western Carolina	1,261	33	(70)	1,027	—	—	990	(677)	1,574	3
Appalachian State	2,044	709	83	1,703	851	—	3,346	(500)	4,890	115
UNC-Pembroke	1,312	268	207	187	543	1,268	2,473	(334)	3,451	160
Winston-Salem State	6	102	43	1,138	—	—	1,283	(381)	908	—
Elizabeth City State	126	—	—	—	—	1,877	1,877	(88)	1,915	116
Fayetteville State	499	339	44	15	442	633	1,473	(580)	1,392	—
North Carolina Central	5,331	(983)	169	166	6,519	—	5,871	(1,071)	10,131	33
NC School of the Arts	—	—	—	—	—	18	18	(18)	—	—
Disability Incom Plan	8,169	—	—	—	—	—	—	—	8,169	—
Housing Finance	10,577	—	—	—	—	—	—	—	10,577	23
State Health Plan	44,033	854	—	—	—	—	854	—	44,887	—
NC Ports Authority	7,976	—	—	—	—	—	—	—	7,976	—
SEAA	8,510	—	—	—	—	—	—	—	8,510	—
General Fund ³	72,662	—	—	—	—	—	—	—	72,662	—
Total⁴	771,525	136,301	114,690	62,795	103,090	174,495	591,371	(413,303)	949,593	2,197,187
% of Total	56.61%	10.00%	8.42%	4.61%	7.56%	12.80%	43.39%			
Intergovernmental										
Office of Courts	392	—	—	—	—	—	—	—	392	—
State Treasurer	3	—	—	—	—	13	13	—	16	—
Justice	4	21	2	13	1	2	38	—	42	—
Agriculture	1,291	—	—	—	—	—	—	—	1,291	—
Labor	545	—	—	—	—	—	—	—	545	—
Administration	51	—	—	—	—	—	—	—	51	—
DOT	54,939	175	1	48	(4)	135	356	—	55,295	—
DENR	2,157	—	—	—	—	—	—	—	2,157	—
Wildlife	3,606	—	—	—	—	—	—	—	3,606	—
Juvenile Justice	554	1,087	—	—	—	—	1,087	—	1,641	—
Correction	1,609	495	12	142	13	1,270	1,933	(80)	3,462	—
ESC	549	—	—	—	—	—	—	—	549	—
Revenue	36	—	—	—	—	—	—	—	36	—

Receivable Summary Report
Fiscal Year Ended June 30, 2007
(Dollars in Thousands)

	Current Receivables	Past Due Receivables(Days)					Total	Allow. for Doubtful Accounts	Receivables Net of Allow. for Doubtful Accounts	Total Write-offs
		1-30	31-60	61-90	91-120	Over 120				
CC&PS	6,381	—	—	—	—	—	—	—	6,381	—
Comm. Coll. Office	315	—	—	—	—	—	—	—	315	—
DHHS	837,141	—	—	—	—	—	—	—	837,141	—
UNC-GA	1,640	—	—	—	—	—	—	—	1,640	—
UNC-Chapel Hill	45,716	—	—	—	—	—	—	—	45,716	—
North Carolina State	7,158	2,781	3,352	650	6,415	—	13,198	—	20,356	—
UNC-Greensboro	3,062	—	—	—	—	—	—	—	3,062	—
UNC-Charlotte	4,550	—	—	—	—	—	—	—	4,550	—
UNC-Asheville	626	—	—	—	—	—	—	—	626	—
UNC-Wilmington	221	—	6	21	2	—	30	—	251	—
East Carolina	25	—	—	—	—	248	248	—	273	—
NC A&T	6,065	—	—	—	—	—	—	—	6,065	—
Western Carolina	1,985	358	—	—	—	—	358	—	2,343	—
Appalachian State	736	255	30	613	306	—	1,205	—	1,941	—
UNC-Pembroke	992	78	—	20	—	—	98	—	1,090	—
Winston-Salem State	1,045	—	—	—	—	—	—	—	1,045	—
Elizabeth City State	3,218	—	—	—	—	—	—	—	3,218	—
Fayetteville State	1,490	—	—	58	—	333	391	—	1,881	—
North Carolina Central	—	32	6	18	7	30	92	—	92	—
Housing Finance	16,285	—	—	—	—	—	—	—	16,285	—
State Health Plan	—	—	16,085	—	—	—	16,085	—	16,085	—
SEAA	21,733	—	—	—	—	—	—	—	21,733	—
Total	1,026,120	5,282	19,494	1,583	6,740	2,031	35,132	(80)	1,061,172	—
% of Total	96.70%	0.50%	1.84%	0.15%	0.64%	0.19%	3.31%			
Notes Receivable										
DPI	51,615	—	—	—	—	—	—	(42,147)	9,468	32
Agriculture Finance	13,205	2	13	3	382	—	400	—	13,605	2
DOT	334	—	—	—	—	—	—	—	334	—
DENR	745,411	—	—	—	—	—	—	—	745,411	—
Commerce	215,981	—	—	—	—	—	—	—	215,981	—
UNC-Chapel Hill	35,304	36	35	25	26	1,272	1,394	(1,382)	35,316	—
North Carolina State	13,792	11	6	7	18	1,154	1,195	(30)	14,957	331
UNC-Greensboro	5,313	—	—	—	1,240	—	1,240	(74)	6,479	—
UNC-Charlotte	5,864	—	—	—	—	—	—	—	5,864	—
UNC-Asheville	1,145	—	—	1	130	—	131	(3)	1,273	3
UNC-Wilmington	5,261	—	—	—	—	—	—	(506)	4,755	—
East Carolina	11,293	12	7	5	39	248	310	(668)	10,935	331
North Carolina A & T	1,398	—	—	—	—	518	518	(518)	1,398	—
Western Carolina	6,644	13	8	19	2	100	143	(1,206)	5,581	—
Appalachian State	303	105	12	252	126	3,238	3,733	(235)	3,801	1
UNC-Pembroke	219	28	6	40	40	1,312	1,425	(262)	1,382	—
Winston-Salem State	704	—	—	—	677	—	677	(594)	787	—
Elizabeth City State	1,514	—	—	—	—	—	—	(475)	1,039	—
Fayetteville State	2,320	47	8	52	19	274	401	(417)	2,304	—
North Carolina Central	14	—	—	7	2	3,161	3,170	(198)	2,986	198
NC School of the Arts	610	—	—	—	—	—	—	(181)	429	—
University Foundations	74,575	—	—	—	—	—	—	—	74,575	—
401(k) Supplemental	171,810	—	—	—	—	—	—	—	171,810	—
Housing Finance	1,348,203	—	18,267	10,114	4,125	7,725	40,232	—	1,388,435	—
SEAA	2,533,964	91,067	47,768	35,477	28,493	56,708	259,514	(248)	2,793,230	—
Total	5,246,796	91,321	66,130	46,002	35,319	75,710	314,483	(49,144)	5,512,135	898
% of Total	94.35%	1.64%	1.19%	0.83%	0.64%	1.36%	5.65%			
Interfund Rec.										
Governor's Office	4,149	—	—	—	—	—	—	—	4,149	—
State Treasurer	73,282	—	—	—	—	—	—	—	73,282	—
Justice	35	—	—	—	—	—	—	—	35	—
Agriculture	331	—	—	—	—	—	—	—	331	—
Insurance	618	—	—	—	—	—	—	—	618	—
Administration	3,262	—	—	—	—	—	—	—	3,262	—
DOT	48,811	—	—	—	—	—	—	—	48,811	—
DENR	1,522	—	—	—	—	—	—	—	1,522	—
Juvenile Justice	310	—	—	—	—	—	—	—	310	—
ITS	2,981	—	—	—	—	—	—	—	2,981	—
Correction	7,984	1,421	445	35	10	221	2,133	(25)	10,092	—
ESC	190	—	—	—	—	—	—	—	190	—
Revenue	1,465	—	—	—	—	—	—	—	1,465	—
Revenue-CAFR	25,752	—	—	—	—	—	—	—	25,752	—
Cultural Resources	944	—	—	—	—	—	—	—	944	—

Receivable Summary Report
Fiscal Year Ended June 30, 2007
(Dollars in Thousands)

	Current Receivables	Past Due Receivables(Days)					Total	Allow. for Doubtful Accounts	Receivables Net of Allow. for Doubtful Accounts	Total Write-offs
		1-30	31-60	61-90	91-120	Over 120				
Crime Control	853	—	—	—	—	—	—	—	853	—
UNC Hospitals	6,013	—	—	—	—	—	—	—	6,013	—
School of Science and Math	96	—	—	—	—	—	—	—	96	—
DHHS	7,135	19	6	896	—	—	921	—	8,056	—
Universities	267,321	—	—	—	—	—	—	—	267,321	—
Housing Finance Agency	43,235	—	—	—	—	—	—	—	43,235	—
SEAA	26,465	—	—	—	—	—	—	—	26,465	—
Total	522,754	1,440	451	931	10	221	3,054	(25)	525,783	—
% of Total	99.43%	0.27%	0.09%	0.18%	0.00%	0.04%	0.58%			
Other Receivables										
State Treasurer	121,698	—	—	—	—	—	—	—	121,698	—
DPI	4,828	—	—	—	—	—	—	—	4,828	—
Agriculture	439	31	13	—	—	—	44	—	483	—
DOT	2,206	(27)	5,124	162	3,058	3,720	12,036	—	14,242	—
DENR	5,634	—	—	—	—	—	—	—	5,634	—
Wildlife	21	—	—	—	—	—	—	—	21	—
ESC	343,675	4,802	2,241	1,009	40,135	—	48,186	(29,128)	362,733	—
UNC Hospitals	4,997	14,614	358	200	513	3,765	19,450	—	24,447	—
NC Education Lottery	974	—	—	—	—	—	—	—	974	—
DHHS	539	—	—	—	—	—	—	—	539	—
UNC-GA	915	—	—	—	—	—	—	(96)	819	—
UNC-Chapel Hill	42,583	—	—	—	—	—	—	—	42,583	—
North Carolina State	2,208	—	—	—	—	—	—	—	2,208	—
UNC-Greensboro	4,653	—	—	—	—	—	—	—	4,653	—
UNC-Charlotte	627	—	—	—	—	—	—	—	627	—
UNC-Asheville	196	—	—	—	—	2	2	—	198	—
UNC-Wilmington	1,867	—	—	—	—	—	—	—	1,867	—
ECU	5,818	—	—	—	—	—	—	—	5,818	—
North Carolina A & T	1,513	675	16	—	2	4	697	(456)	1,754	—
Western Carolina	2,638	117	74	168	20	891	1,270	—	3,908	—
Appalachian State	882	111	11	27	13	—	162	—	1,044	—
UNC-Pembroke	2,111	—	—	—	—	—	—	—	2,111	—
Winston-Salem State	1,015	—	—	—	—	—	—	—	1,015	—
Elizabeth City State	1,621	—	—	—	—	—	—	—	1,621	—
Fayetteville State	86	—	—	—	—	—	—	—	86	—
North Carolina Central	169	32	38	18	1	67	156	—	325	—
Housing Finance	10,967	—	—	—	—	—	—	—	10,967	—
SEAA	43,268	1,555	816	606	487	968	4,431	—	47,699	—
General Fund ⁵	19,180	—	—	—	—	—	—	—	19,180	—
Total	627,328	21,910	8,691	2,190	44,229	9,417	86,434	(29,680)	684,082	—
% of Total	87.89%	3.07%	1.22%	0.31%	6.20%	1.32%	12.11%			
Total Receivables	\$10,281,565	\$288,842	\$228,046	\$131,853	\$279,959	\$533,588	\$1,462,291	\$(766,796)	\$10,977,060	\$2,344,672
% of Total	87.55%	2.46%	1.94%	1.12%	2.38%	4.54%	12.45%			

¹ Assessed taxes receivable.

² Accruals for taxes receivable.

³ Deferred revenue for MSA/Tobacco Settlement.

⁴ Total write-off for AR receivables include contractual adjustments and indigent care write-offs.

⁵ Accrued interest of Treasurer investments.

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Cost of Collection
Fiscal Year Ended June 30, 2007
(Whole Dollars)

<u>Agency Name</u>	<u>Collection Unit</u>	<u>Type of Receivable</u>	<u>Collection Cost</u>	<u>FTE</u>
General Assembly	Financial Services	Accounts Receivable	\$75	0.03
Secretary of State	Budget	Accounts Receivable	47,287	1
Office of State Auditor	Receivables Dept	Interfund	4,779	0.08
State Treasurer	Local Government	Accounts Receivable	3,805	0.1
N. C. Department of Public Instruction	NCSEAA	Loans Receivable	17,404	0
N. C. Department of Justice	Financial Services	Intergovernmental	2,500	0.1
N. C. Department of Justice	Collections Section	Intergovernmental	500	0
N. C. Department of Agriculture	First Point	All Receivables	540	0
N. C. Department of Labor	Budget	Accounts Receivable	170,770	2.75
N. C. Department of Insurance	Risk Management	Accounts Receivable	31,397	1
Department of Administration	Budget	Accounts Receivable	12,000	0.25
N. C. Department of Transportation	Receivables Dept	All Receivables	512,204	8
DENR	Receivables Dept	Accounts Receivable	45,000	1
Wildlife	Receivables Dept	Accounts Receivable	600	0.01
DHHS-Central Administration	Receivables Dept	Accounts Receivable	35,721	0.65
DHHS-Division of Aging	Receivables Dept	Accounts Receivable	8,243	0.15
DHHS-Division of Child Development	Receivables Dept	Accounts Receivable	60,450	1.1
DHHS-Office of Education	Receivables Dept	Accounts Receivable	21,982	0.4
DHHS-Division of Social Services	Receivables Dept	Accounts Receivable	170,360	3.1
DHHS-Division of Medical Assistance	Receivables Dept	Accounts Receivable	473,664	10
DHHS-Division of Medical Assistance	Receivables Dept	Intergovernmental	47,366	1
DHHS-Division of Blind Services	Receivables Dept	Accounts Receivable	27,477	0.5
DHHS-Division of Facility Services	Receivables Dept	Accounts Receivable	41,216	0.75
DHHS-Division of Vocational Rehab	Receivables Dept	Accounts Receivable	32,973	0.6
DHHS-Division of Pulic Health	Receivables Dept	Accounts Receivable	156,622	2.85
DHHS-DMH/DD/SAS	Central Billing	Accounts Receivable	1,192,168	26
DHHS-DMH/DD/SAS	Revenue Maximization Contract-PCG	Accounts Receivable	317,954	3
DHHS-DMH/DD/SAS	DOR	Accounts Receivable	7,105	0
DHHS-DMH/DD/SAS	Receivables Dept	Accounts Receivable	49,459	0.9
ITS	Receivables Dept	Accounts Receivable	70,382	1.55
N. C. Department of Correction	Correction Enterprise	Interfund	17,647	0.6
N. C. Department of Correction	Correction Enterprise	Intergovernmental	6,476	0.15
N. C. Department of Correction	Correction Enterprise	Accounts Receivable	27,608	1
N. C. Department of Correction	Receivables Dept	Intergovernmental	32,794	7
N. C. Department of Correction	Receivables Dept	Accounts Receivable	3,644	0.25
N. C. Department of Correction	Payroll	Accounts Receivable	8,967	0.15
N. C. Department of Commerce	Receivables Dept	Accounts Receivable	16,193	0.06
N. C. Employment Security Commission	Tax Dept	Other Receivable	1,172,167	18.43
N. C. Employment Security Commission	Benefit Payment	Accounts Receivable	661,470	10.37
Revenue	*See note below			
Crime Control	Receivables Dept	Intergovernmental	462	0.1
N. C. Education Lottery	Retail Accounting	Accounts Receivable	85,295	1.75
UNC Hospitals	Patient Accounts	Accounts Receivable	1,904,690	102
UNC Hospitals	Patient Accounts	Accounts Receivable	2,765,000	43
UNC Hospitals	Collection Agency	Accounts Receivable	2,619,000	0
University of North Carolina at Chapel Hill	Patient Accounts	Accounts Receivable	46,647	1
University of North Carolina at Chapel Hill	Collection Agency	Accounts Receivable	1,015	0
University of North Carolina at Chapel Hill	Collection Agency	Accounts Receivable	36,439	0
University of North Carolina at Chapel Hill	Student Loans	Loans Receivable	1,910	0.2
University of North Carolina at Chapel Hill	Student Accounts	Accounts Receivable	29,587	1
University of North Carolina at Chapel Hill	Physicians & Associates	Accounts Receivable	10,640,873	147
North Carolina State University	Non-student	Accounts Receivable	15,293	0.25
North Carolina State University	Student Loans	Loans Receivable	107,147	1
North Carolina State University	Student Accounts	Accounts Receivable	98,274	1
North Carolina State University	Vet Hospital	Accounts Receivable	22,334	0.5
University of North Carolina at Greensboro	Immediate Credit Recovery	Accounts Receivable	4,236	0
University of North Carolina at Greensboro	NCO Financial	Accounts Receivable	22,622	0
University of North Carolina at Greensboro	Student Loans	Loans Receivable	91,431	2.25

Cost of Collection
Fiscal Year Ended June 30, 2007
(Whole Dollars)

<u>Agency Name</u>	<u>Collection Unit</u>	<u>Type of Receivable</u>	<u>Collection Cost</u>	<u>FTE</u>
University of North Carolina at Charlotte	Student Accounts	Accounts Receivable	91,468	3
University of North Carolina at Asheville	Student Accounts	Accounts Receivable	1,492	0.25
University of North Carolina at Asheville	Student Loans	Loans Receivable	254	0.15
University of North Carolina at Wilmington	Student Accounts	Accounts Receivable	91,292	2.5
East Carolina University	Collection Agency	Accounts Receivable	437,277	0
East Carolina University	Student Loans	Loans Receivable	152,313	3
East Carolina University	Student Accounts	Accounts Receivable	327,333	9
East Carolina University	Parking	Accounts Receivable	171,094	0
East Carolina University	Patient Accounts	Accounts Receivable	3,951,098	67
North Carolina A & T	Student Loans	Loans Receivable	144,244	5
North Carolina A & T	Treasurer Office	Accounts Receivable	197,790	3
North Carolina A & T	Parking	Accounts Receivable	13,573	1
Western Carolina University	Student Accounts	Accounts Receivable	39,709	2
Appalachian State University	Student Loans	Loans Receivable	58,901	2
Appalachian State University	Student Accounts	Accounts Receivable	103,260	3
Appalachian State University	Grants	Intergovernmental	23,000	1
University of North Carolina at Pembroke	Receivables Dept	Accounts Receivable	296,123	7
Winston-Salem State University	NCO Financial	Accounts Receivable	15,238	0
Winston-Salem State University	Student Accounts	Accounts Receivable	78,487	2
Elizabeth City State University	Collection Agency	Accounts Receivable	2,867	0
Elizabeth City State University	Student Accounts	Accounts Receivable	37,007	1
Fayetteville State University	Student Accounts	Accounts Receivable	12,625	0.3
Fayetteville State University	Student Loans	Accounts Receivable	30,037	1
North Carolina Central University	Student Accounts	Accounts Receivable	389,318	11
North Carolina Central University	Student Loans	Loans Receivable	148,144	4
North Carolina School of the Arts	Student Accounts	Accounts Receivable	10,432	1
North Carolina School of the Arts	Student Loans	Loans Receivable	37,334	1
N. C. Housing Finance Agency	Notes/Loans Department	Loans Receivable	42,192	1
Major Medical-State Health Plan	First Point	Accounts Receivable	2,700	0
NC Ports Authority	Receivables Dept	Accounts Receivable	8,200	0.25
State Education Assistance Authority	State Scholarship Loan Recovery	Loans Receivable	60,000	2
State Education Assistance Authority	Out sourcing	Loans Receivable	9,049,000	0
Total			9,049,000	0
			\$40,025,026	

- * The State Controller requested that agencies report the collection cost during fiscal year 2007. The agency responses are disclosed above. However, the Department of Revenue was unable to provide this information. Quoting the Department of Revenue,
"One of the core functions of the North Carolina Department of Revenue is the collection of state taxes owed to the State of North Carolina. Collection activities in the Department are so varied and widespread throughout the agency, that it is not reasonably possible to determine the portion of the Department's budget that is directly and indirectly attributable to the cost of collecting past due taxes (accounts receivables). Nor is it reasonably possible to determine the cost of collecting taxes that have not yet been assigned the status of an account receivable."