

STATE OF COLORADO

**GENERAL SUPPORT SERVICES
OFFICE OF THE STATE CONTROLLER**

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Roy Romer
Governor

Department of Personnel
André N. Pettigrew
Executive Director

Clifford W. Hall
State Controller

TO: The Honorable Roy Romer
Governor

The Honorable Tom Norton
President of the Senate

The Honorable Charles Berry
Speaker of the House of Representatives

FROM: Arthur L. Barnhart
State Controller

DATE: December 24, 1998

SUBJECT: *Report on the State's Accounts Receivable*

This report provides information about the state's accounts receivable at June 30, 1998 in accordance with CRS 24-30-202.4(7). Attached for your information are:

Exhibit A - Summary of the state's total accounts receivable by type.

Exhibit B - Summary of the state's accounts receivable by agency.

Exhibit C - Pie chart of the state's accounts receivable by type.

Exhibit D - Bar graph comparing the state's accounts receivable and the related allowance for doubtful accounts by type.

At June 30, 1998, the state's accounts receivable totaled \$2.0 billion for all state agencies and funds. The comparable amount for June 30, 1997 was \$1.87 billion. Thus, the state's accounts receivable at June 30, 1998 increased by \$130 million or 6.9% when compared to the previous year. Over half of this increase relates to taxes receivable which is consistent with the overall growth within the state.

The state's allowance for doubtful accounts at June 30, 1998 was \$281 million as compared to \$277 million for the previous year. The allowance for doubtful accounts represents the dollar



amount of accounts receivable that are estimated by state agencies to be uncollectible. The amount of past due receivables declined by \$8 million during the past fiscal year. At the end of last fiscal year, the Central Collection Service (CCS) and State Controller's Office worked to identify and review the accounts recorded the state's books in excess of two years old. The accounts determined to be uncollectible were removed from the state's accounting records; however, automated collection efforts such as vendor and tax offsets on these accounts will continue indefinitely.

Of the state's total accounts receivable at June 30, 1998, \$1.15 billion or 57% are accrual estimates. Accrual estimates are prepared at the end of the fiscal year in accordance with generally accepted accounting principles and represent revenue earned in fiscal year 1997-98 which are expected to be collected after June 30th. The Department of Revenue (DOR) provided the largest portion of the accrual estimate. DOR estimates that \$616 million in taxes are due to the state. This estimate is based upon historical revenue data and, in some cases, an analysis of selected tax returns filed with DOR during early July 1998. This amount will ultimately be paid to the state by taxpayers in the normal course of filing their tax returns during fiscal year 1998-99.

Comments concerning significant matters are provided below:

- CRS 24-30-202.4 allows the State Controller's Office to further assist in collecting overdue state debts. This new law allowed the state controller to begin intercepting payments to vendors and deduct debts owed to the state for back taxes, student loans and past due child support. The system to accomplish these vendor offsets was implemented as planned on April 10, 1998. As of June 30, \$1,312.771 in back taxes have been collected. In FY98-99 debts owed to the state for student loans and past due child support will be added to this system.
- Included on *Exhibit A* under the classification *Customer Accounts*, are \$42 million of receivables that are past due, which is \$7 million less than last fiscal year. Approximately 68% of these accounts are over one year old. The amount of customer accounts receivable in excess of one year old has decreased 23% from last fiscal year. Most of these past due accounts have been referred to the CCS in the Department of Personnel/General Support Services for collection effort.
- Included on *Exhibit A* under the classification *Other Receivables* are \$58 million of client overpayments for the Department of Human Services (DHS) that have been on the state's books for a number of years. It is doubtful that many of these accounts will be collected and therefore most of the accounts have been fully reserved in the allowance for doubtful accounts. The client receivables relate to programs such as Aid for Dependent Children (AFDC), Food Stamps, Aid to the Needy Disabled and Old Age Pension. Information about the client including the amount owed and the reason for the debt is retained at the county social services offices. While each county is responsible to collect client overpayments, the state also has a responsibility to attempt collection. The DHS has

implemented a plan that encourages the counties to turn these accounts over to the CCS for collection and write-off if necessary.

- As of June 30, 1998, the total number of new accounts assigned to the Central Collection Service for collection was 111,858. The aggregate dollar value of these new accounts is \$70.4 million. During FY97-98, the CCS collected \$12.6 million of past due accounts. In November and December 1998, the CCS has been converting to a new Windows NT server. The new server will provide CCS with improved functionality.

Please contact me if you have questions or desire more information. This report plus the ones for previous years are also available on the website for the State Controller's Office—<http://www.sco.state.co.us/>. Thank you for your cooperation and support.

Attachments

cc: André Pettigrew, GSS
Renny Fagan, OSPB
Department Controllers/Chief Financial Officers

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STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
ANNUAL ACCOUNTS RECEIVABLE REPORT
ALL STATE AGENCIES AND HIGHER EDUCATION INSTITUTIONS
AT JUNE 30, 1998

| | Taxes Receivable | Student Tuition Receivable | Customer Accounts | Interagency Receivables | Loans and Notes Receivable | Receivables from Other Governments | Other Receivables | Long-Term Over 1 Year Receivables | Student Loans | Total Receivables |
|------------------------------------|---------------------|----------------------------------|----------------------|----------------------------|----------------------------------|--|----------------------|---|------------------|----------------------|
| NET COLLECTIBLE RECEIVABLES | | | | | | | | | | |
| Gross Accounts Receivable | \$ 941,680,620 | \$ 40,931,274 | \$ 86,895,818 | \$ 236,480,734 | \$ 6,769,250 | \$ 289,963,188 | \$ 172,395,834 | \$ 137,809,983 | \$ 91,410,988 | \$ 2,004,337,689 |
| Less Allow. for Doubtful Accounts | (158,147,702) | (15,113,953) | (30,070,713) | - | (381,244) | - | (63,237,994) | (3,141,745) | (10,442,084) | (280,535,435) |
| Net Collectible Receivables | \$ 783,532,918 | \$ 25,817,321 | \$ 56,825,105 | \$ 236,480,734 | \$ 6,388,006 | \$ 289,963,188 | \$ 109,157,840 | \$ 134,668,238 | \$ 80,968,904 | \$ 1,723,802,254 |

AGING OF TOTAL GROSS RECEIVABLES

| | | | | | | | | | | |
|--|-----------------------|----------------------|----------------------|-----------------------|---------------------|-----------------------|-----------------------|-----------------------|----------------------|-------------------------|
| Not Past Due | | | | | | | | | | |
| Accrued and Not Billed | \$ 711,233,723 | \$ 96,953 | \$ 9,265,058 | \$ 174,939,797 | \$ - | \$ 182,344,470 | \$ 67,038,704 | \$ 22,373 | \$ 358,277 | \$ 1,145,299,355 |
| Billed | 3,919,252 | 19,115,310 | 35,675,482 | 59,542,208 | 6,374,632 | 102,167,120 | 38,390,626 | 137,369,158 | 77,151,682 | 479,705,470 |
| Total Not Past Due | 715,152,975 | 19,212,263 | 44,940,540 | 234,482,005 | 6,374,632 | 284,511,590 | 105,429,330 | 137,391,531 | 77,509,959 | 1,625,004,825 |
| Past Due | | | | | | | | | | |
| 1-30 Days | 51,219,439 | 2,461,444 | 2,207,381 | 814,021 | 7,615 | 2,621,740 | 1,328,470 | - | 1,534,585 | 62,194,695 |
| 31-90 Days | 37,518,871 | 1,240,701 | 4,377,654 | 381,190 | 13,196 | 1,449,687 | 1,458,904 | - | 1,380,743 | 47,820,946 |
| 91 Days to 1 Year | 48,524,762 | 6,652,899 | 6,807,140 | 209,315 | 34,747 | 803,865 | 3,569,735 | - | 2,704,112 | 69,306,575 |
| Over 1 Year | 89,264,573 | 11,363,967 | 28,563,103 | 594,203 | 339,060 | 576,306 | 60,609,395 | 418,452 | 8,281,589 | 200,010,648 |
| Total Past Due | 226,527,645 | 21,719,011 | 41,955,278 | 1,998,729 | 394,618 | 5,451,598 | 66,966,504 | 418,452 | 13,901,029 | 379,332,864 |
| Total Gross Accounts Receivable | \$ 941,680,620 | \$ 40,931,274 | \$ 86,895,818 | \$ 236,480,734 | \$ 6,769,250 | \$ 289,963,188 | \$ 172,395,834 | \$ 137,809,983 | \$ 91,410,988 | \$ 2,004,337,689 |

TOTAL ANNUAL GROSS REVENUES \$ 7,360,809,592 \$ 658,743,407 \$ 558,571,368 \$ 1,879,917,531 \$ 378,542 \$ 2,963,052,684 \$ 1,378,740,155 0 \$ 71,159,162

PERFORMANCE MEASURES BY CATEGORY

| | STATEWIDE TARGET | | | | | | | | | |
|----------------------------------|------------------|-----|-----|------|-----|------|-----|-----|-----|-----|
| Days of Gross Revenues in Billed | | | | | | | | | | |
| Accounts Receivable | 4 | 14 | 32 | N/A | N/A | 14 | 12 | N/A | N/A | 20 |
| Net Collectible Receivables As | | | | | | | | | | |
| A Percent of Gross A/R | 83% | 63% | 65% | 100% | 94% | 100% | 63% | 98% | 89% | 95% |

PERFORMANCE MEASURES STATEW

| | Target | Actual |
|----------------------------------|--------|--------|
| Days of Gross Revenues in Billed | | |
| Accounts Receivable | 20 | 9 |
| Net Collectible Receivables As | | |
| A Percent of Gross A/R | 95% | 86% |

STATE OF COLORADO
 OFFICE OF THE STATE CONTROLLER
 SUMMARY OF THE STATE'S GROSS ACCOUNTS RECEIVABLE BY STATE AGENCY
 AT JUNE 30, 1998

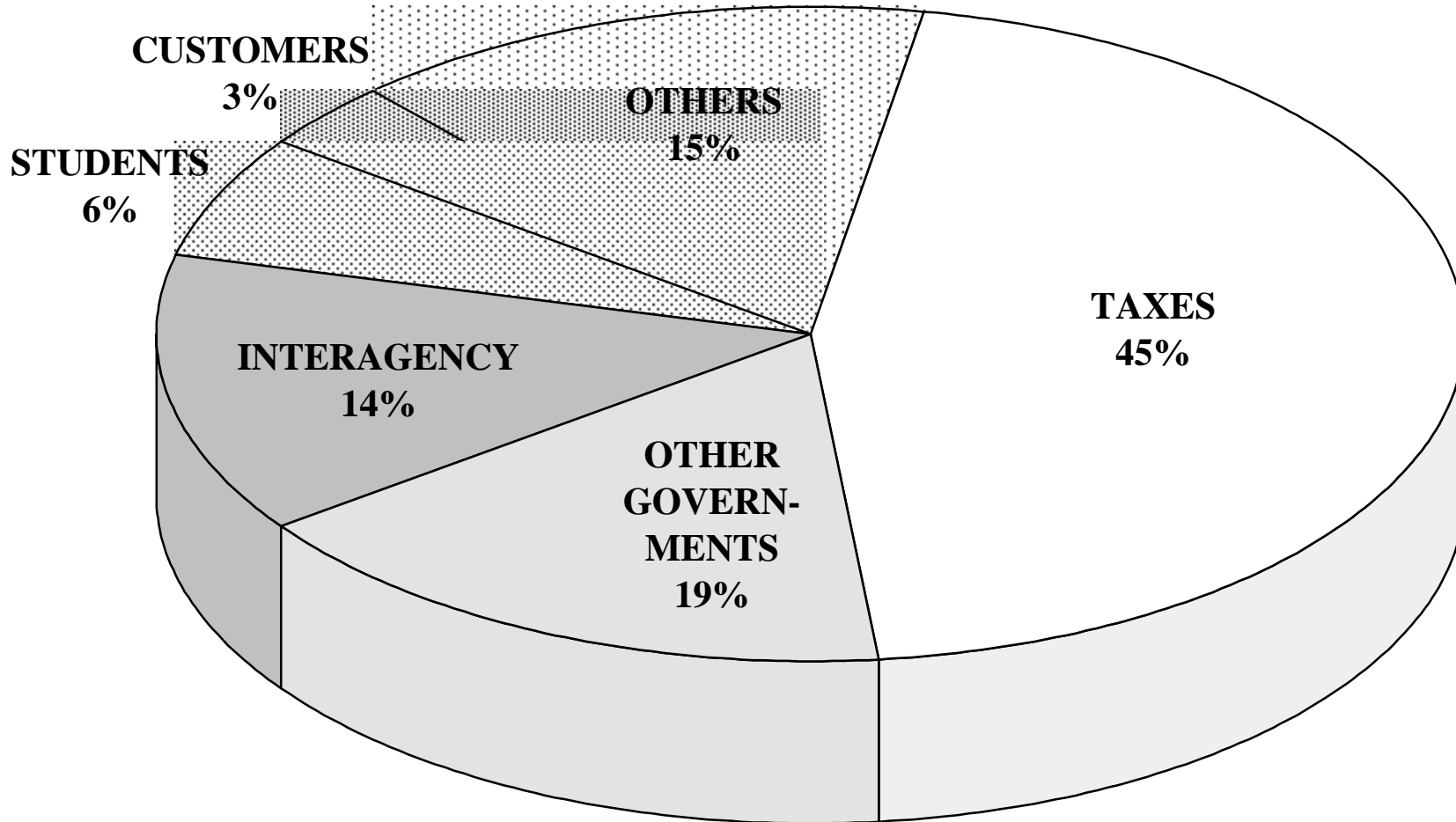
| AGY | AGENCY NAME | AMOUNT | AGY | AGENCY NAME | AMOUNT |
|-----|--------------------------------|-------------|-----|--------------------------------|-------------|
| AAA | DOP - EXECUTIVE DIRECTOR | 2,991,449 | GJA | COLO COMM COLL & OCC ED SYS | 5,046,881 |
| BAA | DEPARTMENT OF AGRICULTURE | 640,404 | GJB | ARAPAHOE COMMUNITY COLLEGE | 1,106,115 |
| BSF | STATE FAIR AUTHORITY | 243,401 | GJC | COMMUNITY COLLEGE OF AURORA | 857,850 |
| CAA | CORRECTIONS ADMINISTRATION | 776,598 | GJD | COMMUNITY COLLEGE OF DENVER | 1,258,255 |
| CBA | PENITENTIARY | 294,030 | GJE | FRONT RANGE COMMUNITY COLLEGE | 3,707,739 |
| CFA | CORRECTIONAL INDUSTRIES | 1,902,945 | GJF | LAMAR COMMUNITY COLLEGE | 721,586 |
| CFB | SURPLUS PROPERTY | 31,287 | GJG | MORGAN COMMUNITY COLLEGE | 420,622 |
| DAA | DEPARTMENT OF EDUCATION | 17,651,072 | GJH | OTERO JUNIOR COLLEGE | 472,552 |
| DBA | SCHOOL FOR THE DEAF AND BLIND | 247,487 | GJJ | PIKES PEAK COMMUNITY COLLEGE | 2,793,685 |
| EAA | OFFICE OF THE GOVERNOR | 1,814,130 | GJK | PUEBLO COMMUNITY COLLEGE | 2,087,387 |
| EBA | LIEUTENANT GOVERNOR | 20,659 | GJL | RED ROCKS COMMUNITY COLLEGE | 2,175,961 |
| ECA | STATE PLANNING & BUDGETING | 207,391 | GJM | TRINIDAD STATE JUNIOR COLLEGE | 1,083,761 |
| EDA | OFFICE OF ECONOMIC DEVELOPMENT | 560,581 | GJP | LOWRY HEAT CENTER | 298,398 |
| EFA | OFFICE OF ENERGY CONSERVATION | 1,400,526 | GJR | NORTHEASTERN JUNIOR COLLEGE | 327,163 |
| FAA | DEPT OF PUB HLTH & ENVIRONMENT | 12,833,311 | GKA | UNIVERSITY OF NORTHERN COLO | 16,587,467 |
| FEA | HEALTH-HAZARDOUS MATERIALS | 3,872,614 | GLA | COLORADO SCHOOL OF MINES | 10,519,066 |
| FFA | HEALTH - CONSUMER PROTECTION | 100,391 | GMA | AURARIA HIGHER EDUCATION CTR | 3,685,003 |
| FHA | HEALTH-DISEASE CONTROL & EPI | 2,892,901 | GNA | CHILDREN'S TRUST BOARD | 195,105 |
| FLA | HEALTH-PREVENTION | 1,217,784 | HAA | COLO DEPT OF TRANSPORTATION | 132,426,938 |
| FMA | HEALTH-HEALTH FACILITIES | 1,171,570 | IHA | DEPARTMENT OF HUMAN SERVICES | 100,074,324 |
| GAA | COLO COMMISSION ON HIGHER ED | 641,272 | IHH | PUBLIC HOUSING AUTHORITY | 117,001 |
| GCA | STATE HISTORICAL SOCIETY | 16,668,508 | IHM | ALCOHOL AND DRUG ABUSE DIV | 3,771,222 |
| GDA | COLORADO STUDENT LOAN | 11,642,954 | IIA | OHR - ADMINISTRATIVE OFFICES | 1,148,080 |
| GEA | COLO ADVANCED TECHNOLOGY INST | 44,166 | IIB | COLO. MENT HEALTH INST PUEBLO | 10,673,373 |
| GFA | CU - REGENTS | 128,665,283 | IIC | COLO. MENT HEALTH INST F LOGAN | 4,125,877 |
| GGB | COLORADO STATE UNIVERSITY | 51,996,047 | IJB | GRAND JUNCTION REGIONAL CTR | 1,685,919 |
| GGH | FORT LEWIS COLLEGE | 3,109,063 | IJC | RIDGE REGIONAL CENTER | 1,800,740 |
| GGJ | UNIVERSITY OF SOUTHERN COLO | 6,356,310 | IJD | PUEBLO REGIONAL CENTER | 724,240 |
| GHA | STATE COLLEGES IN COLORADO | 15,939 | IKA | DIV OF YOUTH CORRECTIONS | 588,324 |
| GHB | ADAMS STATE COLLEGE | 2,254,487 | ILA | TRINIDAD STATE NURSING HOME | 306,763 |
| GHC | MESA STATE COLLEGE | 2,549,013 | ILB | STATE VET CENTER AT HOMELAKE | 206,384 |
| GHD | METROPOLITAN STATE COLLEGE | 12,968,656 | ILC | VET NURSING HOME AT FLORENCE | 379,703 |
| GHE | WESTERN STATE COLLEGE | 3,068,440 | ILD | VET NURSING HOME AT RIFLE | 338,876 |
| GHF | WESTERN COLO GRADUATE CTR | 52 | ILE | WALSENBERG VET NURSING HOME | 398,374 |

STATE OF COLORADO
 OFFICE OF THE STATE CONTROLLER
 SUMMARY OF THE STATE'S GROSS ACCOUNTS RECEIVABLE BY STATE AGENCY
 AT JUNE 30, 1998

| <u>AGY AGENCY NAME</u> | <u>AMOUNT</u> | <u>AGY AGENCY NAME</u> | <u>AMOUNT</u> |
|------------------------------------|---------------|-------------------------------|-----------------|
| JAA JUDICIAL | 1,371,041 | WAA TREASURY - ADMINISTRATION | 15,643,313 |
| JBA SUPREME COURT LIBRARY | 994 | WBA TREASURY - OPERATING | 114,823,428 |
| JCA PUBLIC DEFENDER | 114,283 | | |
| JDA SUPREME COURT GRIEVANCE | 137,995 | | |
| KAA DEPT OF LABOR AND EMPLOYMENT | 110,963,865 | TOTAL | \$2,004,337,689 |
| LAA DEPARTMENT OF LAW | 274,992 | | |
| MDA STATE AUDITOR | 72,592 | | |
| NAA DEPARTMENT OF LOCAL AFFAIRS | 27,494,406 | | |
| OAA DIVISION OF NATIONAL GUARD | 2,127,064 | | |
| OCA CIVIL AIR PATROL | 15 | | |
| PAA DNR - EXECUTIVE DIRECTOR | 142,465 | | |
| PBA DIVISION OF WILDLIFE | 4,058,380 | | |
| PCA BOARD OF LAND COMMISSIONERS | 1,581,920 | | |
| PDA WATER CONSERVATION BOARD | 109,652,784 | | |
| PEA DIVISION OF WATER RESOURCES | 7,317 | | |
| PFA SOIL CONSERVATION BOARD | 43,568 | | |
| PHA OIL AND GAS CONSERVATION COMM | 543,802 | | |
| PIA COLORADO GEOLOGICAL SURVEY | 247,817 | | |
| PJA PARKS AND OUTDOOR RECREATION | 3,694,454 | | |
| PKA MINED LAND RECLAMATION DIV | 392,810 | | |
| RAA DEPARTMENT OF PUBLIC SAFETY | 2,722,809 | | |
| SAB OFFICE OF CERTIFICATION | 2,016 | | |
| SCA DIVISION OF BANKING | 125,000 | | |
| SFA DIVISION OF INSURANCE | 27,533,841 | | |
| SGA PUBLIC UTILITIES COMMISSION | 113,255 | | |
| SIA DIVISION OF REAL ESTATE | 1,530 | | |
| SJN NURSING BOARD | 8,872 | | |
| SLA DIVISION OF SECURITIES | 33,032 | | |
| TAA REVENUE - ADMINISTRATION | 1,370,588 | | |
| TBA REVENUE - COLLECTIONS | 828,066,097 | | |
| TFA STATE LOTTERY DIVISION | 22,489,867 | | |
| TGA REVENUE - GAMING DIVISION | 28,128,370 | | |
| UHA DEPT OF HLTH CARE POLICY & FIN | 97,293,029 | | |
| VAA DEPARTMENT OF STATE | 98,623 | | |

**STATE OF COLORADO
NET ACCOUNTS RECEIVABLE BY TYPE
AT JUNE 30, 1998**

Exhibit C



**STATE OF COLORADO
ACCOUNTS RECEIVABLE BY TYPE
AT JUNE 30, 1998**

Exhibit D

