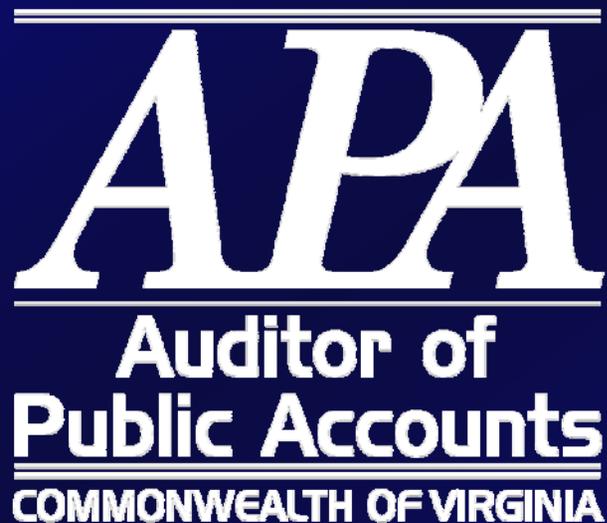


Accounts Receivable

Presented to the
Senate Finance Committee



May 21, 2009

Objectives

- Why does the Commonwealth have receivables?
- Types of receivables
- Aging information
- Who is responsible for managing receivables

Why are there receivables?

- Required to provide indigent individuals services
- Agent for collection of child support payments
- Statutory obligations – taxes, fines, court costs
- Commonwealth does not have opportunity to:
 - Perform credit checks
 - Establish individual's credit worthiness

Types of Receivables

Gross Receivables at June 30, 2008:

Taxation	\$1,520,018,716
Court fines and costs	625,686,658
Everything else	<u>1,460,157,572</u>
	<u>\$3,605,862,946</u>

Types of Receivables

- Taxation – will be discussed in more detail by the Commissioner
- Courts
 - Unpaid fines and costs are often highly uncollectible
 - APA reported on fines and costs in November 2000
 - Fines are deposited to the Literary Fund

Receivables by Fund Type

General	\$ 32,654,433	2%
Special Funds	466,254,435	32%
Federal Funds	201,012,629	14%
Higher Education	363,441,711	25%
Highways	155,647,791	11%
Enterprise/Internal Svc	92,886,105	6%
Trust & Agency	128,573,064	9%
Debt Service/Local	19,687,404	1%
Total	\$ 1,460,157,572	100%

Receivables – Highlights

- Most of the receivables are not related to the General Fund
- Often receivables are recovering money that an agency has already spent
- In some cases the money is owed to a third party

Types of Receivables - Remainder

Federal Reimb. Grants (NGF) \$305 million 21%

Patient Services (NGF) \$296 million 20%

Child Support Enforcement
(NGF) \$289 million 20%

Types of Receivables - Remainder

Overpayments 6%

- Provider (GF/NGF) \$49.9 million
- Unemployment benefits (NGF) \$19.7 million
- SNAP/TANF (NGF) \$11.3 million

Types of Receivables - Remainder

Higher Education (NGF) 4%

- Tuition and Fees \$19.9 million
- Private Grants \$14.5 million
- Student Loans \$12.7 million
- Miscellaneous \$ 9.7 million

Types of Receivables - Remainder

Transportation (NGF) 2%

- Project Settlements \$15.3 million
- Damage Payments \$ 6.4 million
- Locality Payments \$ 5.4 million
- Miscellaneous \$ 6.7 million

Types of Receivables - Remainder

Unemployment Taxes Due (NGF)	\$74.4 million	5%
Lottery Sales (NGF)	\$48.3 million	3%
DMAS 3 rd Party Liability (GF/NGF)	\$34.0 million	2%
E-911 Wireless Svc Providers (NGF)	\$ 8.4 million	1%
Interagency Receivables (NGF)	\$67.6 million	5%
Other (GF/NGF)	\$166.4 million	11%

Aging of Receivables

Age	Amount	Percent
Current	\$1,015,241,475	70%
1-30 days	\$107,163,862	7%
31-60 days	\$47,285,800	3%
61-90 days	\$27,559,640	2%
91-120 days	\$18,612,346	1%
121-180 days	\$25,631,482	2%
181-1 year	\$43,399,843	3%
Greater than 1 year	\$175,272,124	12%
Total	\$1,460,157,572	100%

Management of Receivables

- Department of Accounts
- Office of the Attorney General's
Division of Debt Collection
- Taxation
- Social Services
- Commonwealth's Attorneys

Department of Accounts

- Prescribes policies, procedures and guidelines
- Provides technical assistance to agencies regarding accounting and revenue recognition
- Monitors and analyzes receivables
- Operate a web-based receivables database
- Quarterly and annual reports

Division of Debt Collection

- Provides legal services and advice
- Litigation of past-due receivables
- Currently provides debt collection services to 49 agencies
- Agencies provide cases to the Division

Division of Debt Collection

- Division may refer to private attorneys depending on venue, amount, special expertise, and case load
- Use a case management system to track debtor information, account history and financial activity and to generate documents such as garnishments and demand letters

Division of Debt Collection

- Uses databases maintained by DMV, VEC, Taxation, VCU Health System and SCC to locate debtors and their assets
- Use Equifax for credit information and LexisNexis for locator and real property ownership information

Division of Debt Collection

- In 2008, the Division had 10,774 accounts totaling \$141 million
- Collected \$9.7 million in 2008

Taxation

- Exempt by statute from using collection services of the Division of Debt Collection
- Utilize in-house delinquent collections unit, Taxation district office personnel and an outside collection agency
- Also administer the Debt Setoff Collection Act

Department of Social Services

- Collect delinquent child support
- Ability to issue support orders, subpoena financial records of noncustodial parents, summons noncustodial parents to appear for questioning
- Contract with private entities to collect arrearages and perform some administrative functions

Commonwealth's Attorneys

- Collection services for fines, costs, forfeitures and penalties, including court-ordered restitutions
- May contract with private attorneys or private collection agencies or use Taxation

QUESTIONS?