

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 1998

## NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (CONTINUED)

**Cash and Cash Equivalents (Continued)**

of its political subdivisions, certificates of deposit, collateralized repurchase agreements, and certain corporate bonds. The pool operates as a demand deposit. For credit risk information pertaining to the cash management pool, see the deposits disclosure in Note 2.

The State's internal cash management pool consists of a general deposit account and several special deposit accounts. The State records each fund's equity interest in the general deposit account; however, all earnings on that account are credited to the General Fund of the State. The Commission records and reports its deposits in the general deposit account at cost.

Some State Treasurer accounts are not included in the State's internal cash management pool because of restrictions on the use of the funds. For those accounts, cash equivalents include investments in short-term highly liquid securities having an initial maturity of three months or less.

**Receivables/Deferred Revenue**

Receivables and related deferred revenue consist of the following:

**(a) Taxes Receivable – Net**

Taxes receivable- net includes employer tax contributions, contingency assessments and related penalties, interest and collection charges, net of the allowance for uncollectibles.

Unemployment tax contributions are assessed each quarter based on covered wages during the quarter. Also, effective January 1, 1986, most covered employers are assessed a special contingency assessment at the rate of six one-hundredths of one percent upon all covered wages. This contingency assessment is due in the same time and manner as the unemployment tax contribution.

Taxes and contingency assessments for a quarter are due on or before the end of the month following the close of the quarter. Amounts not paid by such date are considered delinquent and the Commission is required to notify employers of such tax delinquencies. If the delinquent amount is not paid within ten days thereafter, the Commission is directed to issue a warrant of execution upon real and personal property of the employer.

Various penalties and interest are levied on delinquent employer receivables for failure to timely file quarterly wage reports and timely make the required payments.

Receivables in excess of twelve months are written off unless it goes into tax execution. Uncollectible receivables in tax execution are written off after ten years. The provision for uncollectibles for receivables in excess of six months is established based on a three-year historical collection experience for those receivables.

Receivables are written off by reducing the allowance account and the corresponding receivable.

Deferred revenue related to taxes receivable is that portion of the net receivable that is not collected within sixty days.