

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1998

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

Receivables/Deferred Revenue (Continued)

(b) Due from Reimbursable Employers – Net

The amounts due from reimbursable employers – net includes those amounts attributable to the actual benefits paid on behalf of certain non-profit employers to former employees net of the allowance for uncollectibles.

The provision for uncollectibles for receivables in excess of six months is established based on a three-year historical collection experience for these receivables. The Commission's policy is to write off collectibles that are twelve months old unless the receivable goes into tax execution. Uncollectible receivables in tax execution in excess of ten years are written off. Receivables are written off by reducing the allowance account and the corresponding receivable.

Deferred revenues related to the amounts due from reimbursable employers is that portion of the net receivable that is not collected within sixty days.

(c) Intergovernmental Receivables

The federal receivable amount represents reimbursements due under various federal grant programs in which the Commission participates. Revenues and related receivables are recognized at the time and to the extent that allowable expenditures are incurred under such programs.

The amounts due from the State, local governments and other states represent unemployment benefit reimbursements due from other South Carolina state agencies. The benefit reimbursement receivable from other states is based on the prorata share of wages earned by the employees to which benefits are being paid by South Carolina in those states.

Deferred revenues related to the intergovernmental receivables due from local governments and other states is that portion of the receivable that is not collected within sixty days.

(d) Benefit Overpayments Receivable

Overpayments of unemployment compensation benefits occur due to changes in facts or estimates upon which benefits were originally paid or by claimant fraud. Overpayments are due upon detection or discovery and are recovered by cash recoupments or withheld from subsequent benefits due the claimants. During 1986, the State enacted a law which provides for recovery of overpayments by the South Carolina Department of Revenue from State income tax refunds. Benefit overpayments attributable to reimbursable employers or federal programs are due to such employers or the Federal Government. The Commission generally uses collection on overpayments to fund current benefit obligations. Refunds are made only when there are no current benefit obligations. Benefit overpayment receivables recorded net of an allowance for uncollectibles.

Benefit overpayment receivables in excess of three years are written off if not collected. The provision for uncollectibles for receivables is applied to the entire receivable balance and is established based on a three-year historical collection experience. Receivables are written off by reducing the allowance account and the corresponding receivables.

Deferred revenue related to benefit overpayment receivables – net is that portion of the net receivable that is not collected within sixty days.