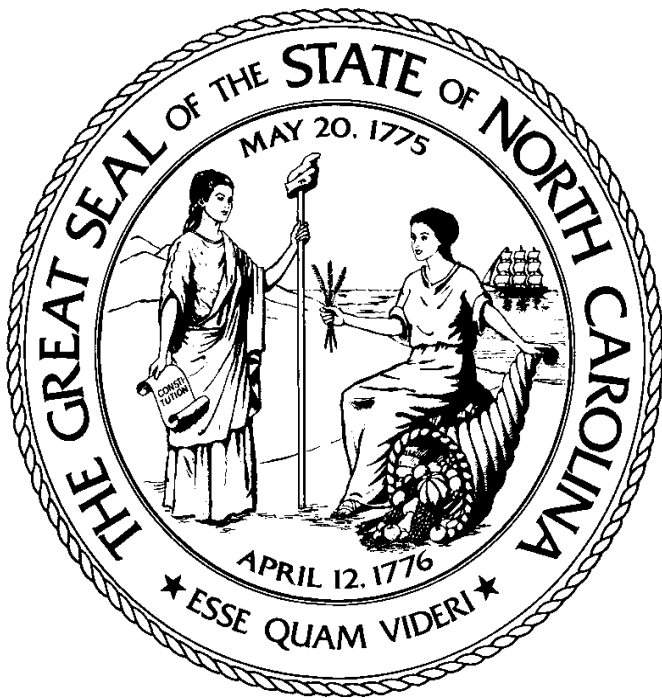

NORTH CAROLINA



STATEWIDE ACCOUNTS RECEIVABLE REPORT

***For the Year
Ended
June 30, 2014***

North Carolina Office of the State Controller

Linda Combs, State Controller



State of North Carolina

Office of the State Controller

LINDA COMBS
STATE CONTROLLER

March 17, 2015

The Honorable Pat McCrory, Governor
The Honorable Phil Berger, President Pro Tempore of the Senate
The Honorable Tim Moore, Speaker of the House of Representatives

Dear Sirs:

Attached please find the North Carolina Statewide Accounts Receivable Report for the fiscal year ended June 30, 2014. The Statewide Accounts Receivable Report includes all receivables at the fiscal year's end reported to the Office of the State Controller (OSC) by state agencies. This legislatively-mandated report is prepared in accordance with Article 6B of Chapter 147 of the North Carolina General Statutes.

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 the conclusion of the fiscal year. 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 and write-offs which are receivables that agencies will not, or most likely will not, collect and have therefore been deducted from their accounting records.

I trust you will find this report both informative and useful. If you have questions related to this report, my staff or I can be reached at (919) 707-0500.

Finally, additional statewide financial reports are located on the OSC website at: www.osc.nc.gov.

Respectfully submitted,

Linda Combs

cc: Members of the North Carolina Joint Legislative
Commission on Governmental Operations
Chief Fiscal Officers

2014 Statewide Accounts Receivable Report

Introduction

The *Statewide Accounts Receivable Report* includes all receivables at June 30, 2014, reported to the Office of the State Controller (OSC) by state agencies. As defined by the North Carolina General Statutes, a receivable is an asset of the State of North Carolina (State) reflecting a debt that is owed to the State that 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. 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 and write-offs which are receivables that agencies will not, or most likely will not, collect and have therefore deducted from their accounting records.

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.

2014 Statewide Accounts Receivable Report

Types of Receivables

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

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

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

Notes - Primarily consists 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.

Aging of Receivables

An aging of receivables indicates the degree to which receivables are past-due. State agencies provide OSC an aged trial balance of receivables each fiscal year-end.

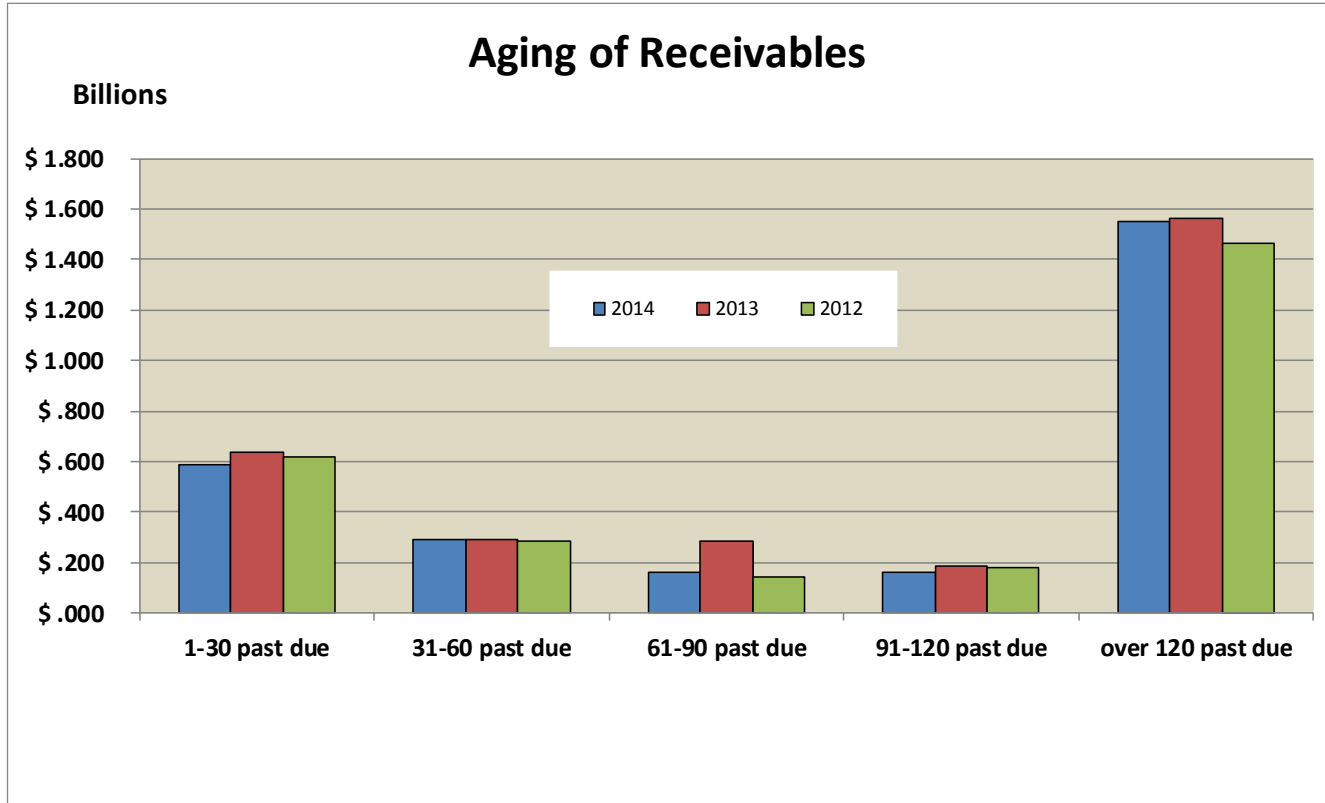
**The chart below summarizes past due receivable activity at year-end 2014.
(in thousands)**

<u>Past Due Receivables by Type</u>	<u>Past Due</u>					<u>Total Past Due</u>
	<u>1-30 Days</u>	<u>31-60 Days</u>	<u>61-90 Days</u>	<u>91-120 Days</u>	<u>Over 120 Days</u>	
Taxes Receivable	\$84,659	\$26,558	\$20,983	\$40,341	\$879,639	\$1,052,180
Accounts Receivable	244,991	143,818	65,671	61,670	508,137	1,024,287
Intergovernmental Receivable	7,530	4,654	1,528	1,064	11,599	26,375
Notes Receivable	230,325	112,221	71,475	55,009	125,325	594,355
Interfund Receivable	10,458	3,160	1,073	773	265	15,729
Other Receivable	8,100	2,154	1,450	2,225	25,479	39,408
	\$586,063	\$292,565	\$162,180	\$161,082	\$1,550,444	\$2,752,334

Accounts past-due at year-end 2014 total \$2.8 billion of total receivables. The North Carolina Department of Revenue (NCDOR), the North Carolina Department of Commerce (NCDOC), UNC Hospitals, the Department of Health and Human Services (DHHS), State Education Assistance Authority (SEAA), Housing Finance Agency (HFA), and the UNC System account for \$2.6 billion, or 96 percent, of these past due receivables. Each of these entities employs specific collection techniques to aggressively collect past due accounts receivables. Appendix A details the aging amounts by agency for fiscal 2014.

2014 Statewide Accounts Receivable Report

The chart below summarizes aging amounts for fiscal years 2014, 2013, 2012:



Year-end Amounts

The State's Comprehensive Annual Financial Report (CAFR) disclosure of receivables includes both *estimated* receivables and *invoiced* receivables, net of allowance for doubtful accounts as of June 30. The chart below summarizes CAFR total receivables by type for fiscal years 2014, 2013 2012:

Total Receivables by Type - Fiscal Years 2014, 2013 and 2012 (in thousands)				Change FY13 to FY14	
	2014	2013	2012	Amount	Percent
Notes Receivable	\$ 4,963,586	\$ 5,289,036	\$ 5,685,461	\$ (325,450)	(6.2)%
Taxes Receivable	2,166,315	2,225,097	2,062,247	(58,782)	(2.6)%
Intergovernmental Receivables	982,133	1,316,556	870,682	(334,423)	(25.4)%
Accounts Receivable	1,903,273	1,629,366	1,554,383	273,907	16.8%
Interfund Receivables	415,384	437,704	433,127	(22,320)	(5.1)%
Contributions, Premiums, Other Receivables	692,763	659,513	666,210	33,250	5.0%
Interest Receivable	10,075	10,905	12,326	(830)	(7.6)%
Total Receivables	\$ 11,133,529	\$11,568,177	\$ 11,284,436	\$ (434,648)	(3.8)%

As shown in the table above, receivables totaled \$11.1 billion for fiscal 2014, \$11.6 billion for fiscal 2013 and \$11.3 billion for fiscal 2012. Total receivables for 2014 decreased by \$435 million or 3.8%. The 25.4% decrease in intergovernmental receivables was directly related to the decrease in funds due from the federal government. In addition, accounts receivables increased by \$274 million of which \$232 million was due to an increase in net receivables for the University of North Carolina System.

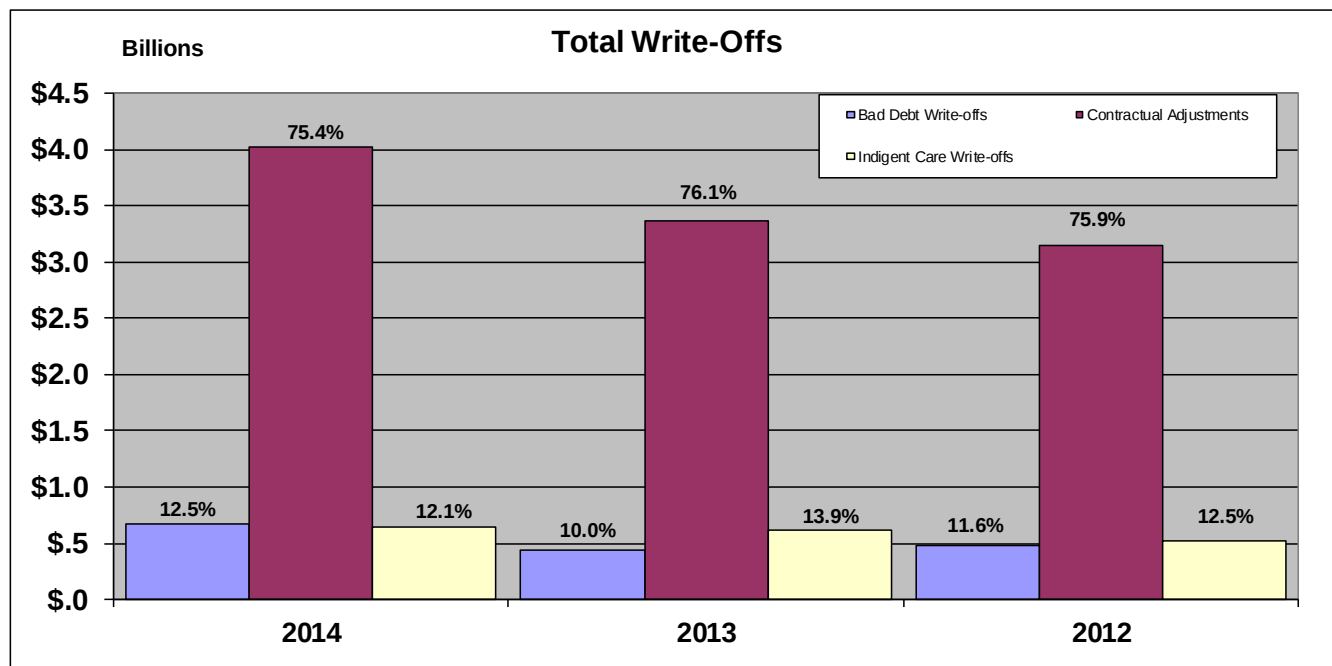
2014 Statewide Accounts Receivable Report

Write-offs

Write-offs are receivables that agencies will not, or most likely will not, collect and have been deducted from their accounting records. Write-offs are caused by bad debt adjustments (unsuccessful collection efforts), contractual adjustments or indigent care adjustments. Write-offs for year-end 2014 totaled \$5.3 billion consisting of \$669 million for bad debt, \$4.1 billion for contractual adjustments and \$645 million for indigent care. Total write-offs for 2013 were \$4.4 billion.

UNC Hospitals, including Rex Healthcare, Chatham Hospital, High Point Hospital, Caldwell Hospital, and Triangle Physicians Network, reported write-offs of \$3.9 billion of receivables based on Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. NCDOR reported write-offs of \$266 million. UNC Chapel Hill (UNC CH) and East Carolina University (ECU) reported write-offs of \$458 million and \$256 million, respectively.

Appendix A details total agency write-offs during fiscal 2014 by receivable type. The chart below summarizes agency write-offs by type for fiscal years 2014, 2013, 2012.



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).

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.

2014 Statewide Accounts Receivable Report

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

Cost of Collection

State agencies, excluding NCDOR, reported collection activity costs totaling over \$82 million during 2014. Agencies also reported a total of 801 full-time equivalent (FTE) state employees dedicated to receivable activities during 2014. 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 2014 collection costs of \$25 million and 204 FTE. The UNC-CH Physicians and Associates, also part of the UNC Health Care System, reported collection costs of \$23 million, and FTE of 285. ECU reported collection costs of \$5 million for its medical faculty practice and FTE of 94. Regarding student loans, SEAA reported that loan administration and collection are out-sourced for a cost of \$14 million for 2014.

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

Collection Activity – Attorney General

State agencies are required by G.S. 147-86.11(e)(4) to forward unpaid billings to the Attorney General for collection. Statewide policy specifies the unpaid billings be turned over no more than 60 days after the due date of the billing. The North Carolina Department of Justice (NCDOJ) 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. As of July 1, 2014, NCDOJ has contracts with six collection agencies.

During fiscal year 2014, a total of \$130.4 million was submitted to the Attorney General for collection on behalf of state agencies. During fiscal year 2014, \$60.8 million was submitted by state agencies to collection agencies, and \$7.3 million was collected at a cost of \$1.3 million.

Setoff Debt Collection Program Activity

NCDOR continues to administer the State's Setoff Debt Collection Program that requires NCDOR and state agencies to cooperate in identifying debtors who owe money to the State and who qualify for refunds from the NCDOR. The procedure for setting off against any refund the sum of any debt owed to the State resulted in \$66.9 million of net refunds to claimant agencies during the 2014 calendar year for the 2013 tax year.

G.S. 105A, the Setoff Debt Collection Act, requires all claimant agencies and the NCDOR to cooperate in identifying debtors who owe money to the State through its various agencies and who qualify for refunds from the NCDOR. It further requires that procedures be established for setting off against any refund the sum of any debt owed to the State. G.S. 105A, also requires a State agency to register with the NCDOR and OSC. Each State agency must report annually to OSC the amount of debts owed to the agency for which the agency did not submit a claim for setoff and the reason for not submitting the claim. OSC reviews this information annually to confirm program participation compliance.

2014 Statewide Accounts Receivable Report

Summary data from NCDOR for the prior five tax years is reflected below (whole dollars).

Debt Setoff Activity for Tax Years 2009-2013

Tax Year	2013	2012	2011	2010	2009
Debt Setoff Occurs in Calendar Year	2014	2013	2012	2011	2010
Gross amount of Refunds Setoff	\$68,252,280	\$79,178,212	73,640,930	\$67,889,978	\$60,575,209
Collection Assistance Fees applied Based on Actual Expenses	(\$1,326,395)	(\$1,492,065)	(\$1,380,525)	(\$1,294,975)	(\$1,129,410)
Net Amount of Refunds Paid to Claimant Agencies	\$66,925,885	\$77,686,147	\$72,260,405	\$66,595,003	\$59,445,799
DOR Administrative Expenses - Current Year	\$563,096	\$567,448	\$556,175	\$537,355	\$479,667
Total Setoffs (includes completed, denied, and cancelled setoffs)	299,166	330,945	311,122	291,300	259,261
Number of Completed Setoffs	294,044	326,832	305,108	287,092	253,072
Average Gross Setoff Amount	\$232.12	\$242.26	\$241.36	\$236.48	\$239.36
Average Cost per Setoff	\$1.89	\$1.72	\$1.79	\$1.85	\$1.85
Average Net Amount of Refunds Setoff	\$227.61	\$237.70	\$236.84	\$231.97	\$234.90

- The cost of collecting child support debts is not charged against the taxpayer's refund. Instead, the gross amount of the refund is applied to the debt and the NCDOR receives a collection assistance fee for these debts from individual income tax collections. For the calendar year 2014, collection assistance fees for child support debts collected through setoff were \$143,755 bringing the total collection assistance fees received by the NCDOR to \$1,470,150.
- A flat collection assistance fee of \$5.00 is imposed for each debt collected through setoff.

Agency Compliance with Statewide Accounts Receivable Program

Since the 2007 fiscal year, OSC has required each state agency to complete an attestation document signed by the agency's chief executive officer and chief financial officer. All state agencies must and have returned a signed letter stating that:

- 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 OSC for preparation of the *Statewide Accounts Receivable Report* is materially correct and verifiable to agency records.

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. Future business infrastructure projects should incorporate the ability to calculate interest on past due accounts.

2014 Statewide Accounts Receivable Report

Vendor Attachment

OSC and NCDOR in September 2010 implemented a vendor attachment program. The program is authorized by G.S. 105-242(b) and G.S. 147-86.25. Phase I involves state agencies using the North Carolina Accounting System (NCAS). The program identifies vendor payments for attachment due to uncollected taxes.

In Vendor Attachment, OSC provides NCDOR a file each night of vendors who are to be paid through NCAS. NCDOR compares the file against outstanding collections cases. As matches are discovered, the process generates an attachment and garnishment notice and the funds are redirected to NCDOR before the vendor receives the payment. The funds are applied to the vendor's tax debt.

As of December 31, 2014, the program has collected approximately \$8.7 million in unpaid taxes due to the state.

2014 Statewide Accounts Receivable Report

Appendix A

Past Due Receivable Summary Aging Report

Fiscal Year Ended June 30, 2014

(in thousands)

Past Due Receivables by Department/Institution	Past Due					Total	Total
	1-30 Days	31-60 Days	61-90 Days	91-120 Days	Over 120 Days	Past Due	Write-offs
General Assembly	\$ —	\$1	\$ —	\$ —	\$ —	\$1	\$ —
Secretary of State	\$10	\$10	\$3	\$2	\$46	\$71	\$8
Office of the State Auditor	—	100	—	—	—	100	—
State Treasurer	1,108	2,523	1,167	557	29,363	34,718	230
Public Instruction	—	—	—	4	—	4	—
Justice	345	1,163	170	41	248	1,967	28,123
Agriculture	257	66	31	5	173	532	97
Labor	—	519	743	132	4,930	6,324	273
Insurance	831	627	—	4	4	1,466	—
Administration	8,825	1,685	722	691	—	11,923	143
Office of State Controller	1	—	—	—	1	2	—
Transportation	3,380	1,311	1,197	1,827	28,520	36,235	415
ENR	137	245	19	35	1,220	1,656	276
Wildlife	—	5	—	1	4	10	6
Public Safety	1,129	555	347	82	3,458	5,571	14
DHHS	80,231	48,994	8,957	4,824	193,705	336,711	362,708
ITS	1,006	(7)	233	(23)	582	1,791	—
Commerce	9,140	10,869	7,463	6,882	165,780	200,134	31,757
Revenue	81,967	22,193	17,850	38,763	813,968	974,741	265,786
Cultural Resources	2	1	1	—	4	8	—
UNC Hospitals	84,722	51,942	32,195	30,717	69,692	269,268	3,929,592
Education Lottery	32	33	29	8	645	747	48
Housing Finance Agency	58,014	16,959	5,862	16,516	20,980	118,331	976
North Carolina Board of Nursing	—	—	—	1	8	9	4
North Carolina Board of Cosmetic Arts	—	—	—	—	18	18	—
Global TransPark	11	—	10	—	2	23	—
NC Ports Authority	4,490	1,236	386	448	311	6,871	213
State Education Assistance Authority	172,801	96,323	65,829	38,723	87,611	461,287	252
Gateway University Research Park	55	2	—	15	—	72	55
UNC - Chapel Hill	52,106	19,028	10,596	11,866	68,094	161,690	457,966
North Carolina State Univ	9,155	6,520	2,097	2,482	9,319	29,573	2,683
UNC - Greensboro	—	382	243	256	3,674	4,555	—
UNC - Charlotte	1,644	553	8	2,903	111	5,219	1,771
UNC - Asheville	474	32	38	407	254	1,205	109
UNC - Wilmington	263	530	8	62	886	1,749	157
East Carolina Univ	8,700	6,083	3,687	2,388	24,169	45,027	255,639
NC A & T State Univ	611	136	9	9	1,398	2,163	447
Western Carolina Univ	1,289	489	1,106	48	1,622	4,554	5
Appalachian State Univ	703	281	488	69	3,807	5,348	370
UNC - Pembroke	719	82	131	107	689	1,728	434
Winston-Salem State Univ	611	250	413	45	2,961	4,280	503
Elizabeth City State Univ	118	194	44	—	1,234	1,590	93
Fayetteville State Univ	153	451	8	21	1,189	1,822	834
North Carolina Central Univ	1,023	197	90	115	9,217	10,642	—
North Carolina School of the Arts	—	2	—	49	498	549	—
North Carolina School of Science and Math	—	—	—	—	49	49	—
	\$586,063	\$292,565	\$162,180	\$161,082	\$1,550,444	\$2,752,334	\$5,341,987

2014 Statewide Accounts Receivable Report

Appendix B

Cost of Collecting Receivables by Agency

Fiscal Year Ended June 30, 2014

(Whole Dollars)

<u>Agency</u>	<u>Collection Unit</u>	<u>Collection Cost</u>	<u># FTE</u>
Secretary of State	Accounts Receivable Department	\$12,656	—
Office of the State Auditor	Agency/Division Budget/Fiscal Office	28	—
Public Instruction	Other	15,877	—
Justice	Accounts Receivable Department	303,783	5
Labor	Accounts Receivable Department	380,410	6
Labor	Collection Agency/Outsourced	2,194	—
Labor	Other	174,629	2
Insurance	Agency/Division Budget/Fiscal Office	16,286	1
Transportation	Agency/Division Budget/Fiscal Office	161,388	1
Transportation	Accounts Receivable Department	616,548	11
Transportation	Collection Agency/Outsourced	2,495,951	—
ENR	Accounts Receivable Department	274,775	1
Wildlife	Accounts Receivable Department	2,150	—
Public Safety	Accounts Receivable Department	70,272	2
Public Safety	Collection Agency/Outsourced	1,067	—
Public Safety	Payroll Section	16,228	1
DHHS	Accounts Receivable Department	2,620,718	55
DHHS	Collection Agency/Outsourced	61,088	—
DHHS	Other	8,855	—
ITS	Accounts Receivable Department	108,064	2
Commerce	Accounts Receivable Department	541,022	8
Commerce	Tax Department	1,286,147	19
Revenue * (see note below)	Agency/Division Budget/Fiscal Office		
UNC Hospitals	Collection Agency/Outsourced	11,776,812	—
UNC Hospitals	Patient Accounts	13,477,560	204
Education Lottery	Accounts Receivable Department	113,087	3
Education Lottery	Collection Agency/Outsourced	1,689	—
Office of Administrative Hearings	Agency/Division Budget/Fiscal Office	2	1
Housing Finance Agency	Agency/Division Budget/Fiscal Office	45,000	—
North Carolina Board of CPA Examiners	Agency/Division Budget/Fiscal Office	2,200	1
North Carolina Board of Cosmetic Arts	Accounts Receivable Department	1,546	—
NC Ports Authority	Accounts Receivable Department	6,990	—
State Education Assistance Authority	Other	13,953,956	—
State Education Assistance Authority	Student Accounts	110,623	3
Gateway University Research Park	Accounts Receivable Department	3,863	—
UNC - Chapel Hill	Accounts Receivable Department	8,319	2
UNC - Chapel Hill	Collection Agency/Outsourced	40,499	—
UNC - Chapel Hill	Patient Accounts	23,395,127	285
UNC - Chapel Hill	Student Accounts	21,688	1
UNC - Chapel Hill	Student Loans	1,618	1
North Carolina State Univ	Agency/Division Budget/Fiscal Office	200,004	3
North Carolina State Univ	Accounts Receivable Department	65,408	1
North Carolina State Univ	Collection Agency/Outsourced	123,464	—
North Carolina State Univ	Grants Office	55,611	1
North Carolina State Univ	Student Accounts	92,272	2
North Carolina State Univ	Student Loans	92,272	2

2014 Statewide Accounts Receivable Report

Appendix B

UNC - Greensboro	Collection Agency/Outsourced	74,968	—
UNC - Greensboro	Grants Office	63,494	1
UNC - Greensboro	Student Accounts	28,356	1
UNC - Greensboro	Student Loans	56,981	1
UNC - Charlotte	Collection Agency/Outsourced	71,395	—
UNC - Charlotte	Student Accounts	24,487	2
UNC - Charlotte	Student Loans	23,667	2
UNC - Asheville	Student Accounts	590	—
UNC - Asheville	Student Loans	915	—
UNC - Wilmington	Accounts Receivable Department	13,000	—
UNC - Wilmington	Collection Agency/Outsourced	80,997	—
UNC - Wilmington	Other	1,697	—
UNC - Wilmington	Student Accounts	78,222	2
UNC - Wilmington	Student Loans	35,125	1
East Carolina Univ	Accounts Receivable Department	65,630	1
East Carolina Univ	Collection Agency/Outsourced	261,064	—
East Carolina Univ	Grants Office	45,155	1
East Carolina Univ	Other	1,365,049	24
East Carolina Univ	Patient Accounts	5,094,707	94
East Carolina Univ	Student Accounts	628,632	14
East Carolina Univ	Student Loans	227,912	5
NC A & T State Univ	Accounts Receivable Department	62,420	1
NC A & T State Univ	Collection Agency/Outsourced	57,186	—
NC A & T State Univ	Student Loans	167,022	2
Western Carolina Univ	Student Accounts	5,759	—
Western Carolina Univ	Student Loans	67,807	2
Appalachian State Univ	Collection Agency/Outsourced	130,704	—
Appalachian State Univ	Grants Office	47,000	1
Appalachian State Univ	Student Accounts	119,812	3
Appalachian State Univ	Student Loans	25,801	1
UNC - Pembroke	Accounts Receivable Department	12,742	—
UNC - Pembroke	Student Accounts	13,542	—
UNC - Pembroke	Student Loans	12,098	—
Winston-Salem State Univ	Student Loans	44,348	1
Elizabeth City State Univ	Accounts Receivable Department	47,983	—
Elizabeth City State Univ	Collection Agency/Outsourced	23,801	—
Fayetteville State Univ	Collection Agency/Outsourced	32,911	1
Fayetteville State Univ	Other	60,959	1
Fayetteville State Univ	Student Loans	29,394	1
North Carolina Central Univ	Collection Agency/Outsourced	25,811	12
North Carolina Central Univ	Student Accounts	682	1
North Carolina School of the Arts	Student Accounts	11,054	—
North Carolina School of the Arts	Student Loans	34,592	1
Total		\$82,035,217	801.00

#FTE -Full Time Equivalent positions utilized by an entity for collections

One of the core functions of the NCDOR is the collection of state taxes owed to the State of North Carolina. Collection activities in the Department are so varied and widespread 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.