



Office of the State Controller

STATE OF NORTH CAROLINA

ACCOUNTS RECEIVABLE REPORT

FOR THE YEAR ENDED JUNE 30, 2019



State of North Carolina Office of the State Controller

LINDA COMBS
STATE CONTROLLER

January 28, 2020

The Honorable Roy Cooper, 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, 2019. 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

2019 Statewide Accounts Receivable Report

Introduction

The *Statewide Accounts Receivable Report* includes all receivables at June 30, 2019, 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.

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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.

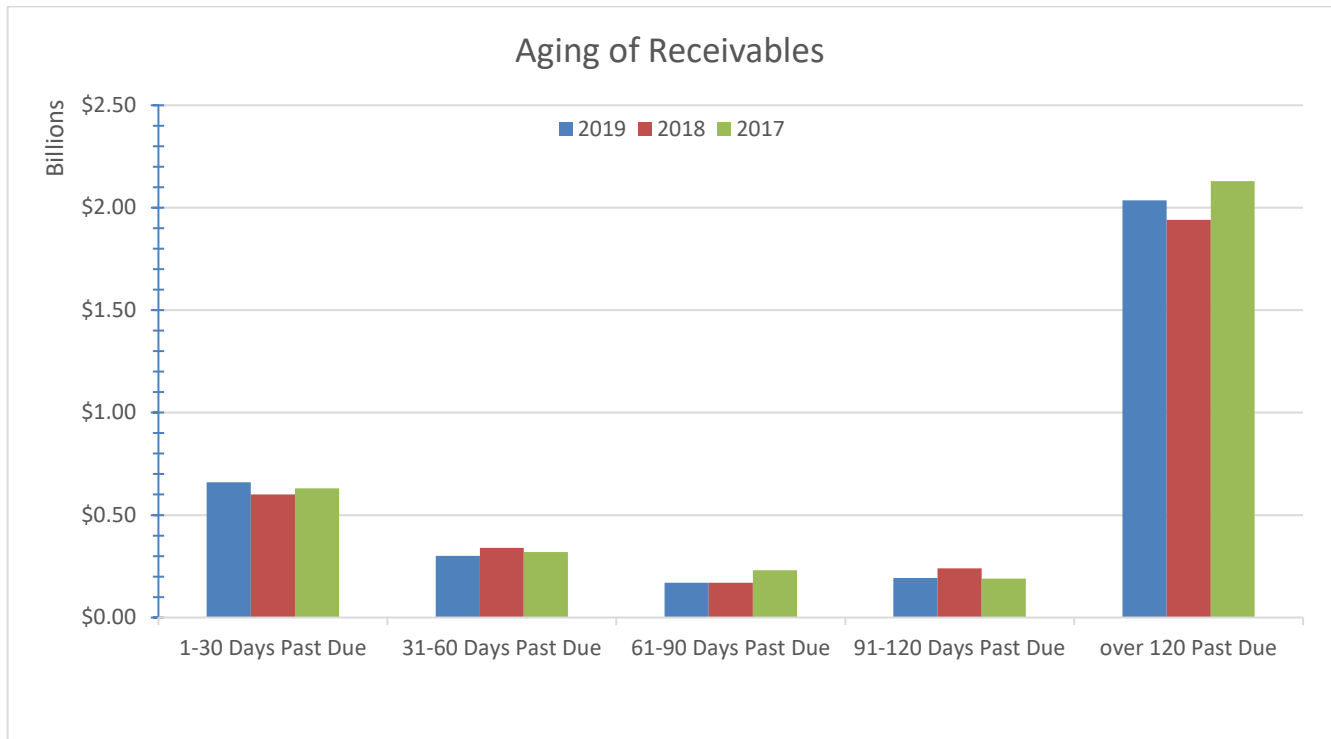
The chart below summarizes past due receivable activity at year-end 2019. (in thousands)

<u>Past Due Receivables by Type</u>	<u>Past Due</u>					<u>Total Past Due</u>	<u>Total Write-offs</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	\$122,453	\$55,434	\$24,133	\$34,046	\$1,212,307	\$1,448,373	\$267,598
Accounts Receivable	363,184	168,596	91,340	85,004	623,079	1,331,203	7,506,011
Intergovernmental Receivable	22,408	6,845	5,649	24,239	20,483	79,624	0
Notes Receivable	122,696	57,733	41,365	32,644	128,977	383,415	1,819
Interfund Receivable	11,059	4,701	1,343	5,844	6,362	29,308	14
Other Receivable	18,026	7,048	6,156	10,747	45,079	87,056	90
Total Past Due	\$659,826	\$300,357	\$169,986	\$192,523	\$2,036,288	\$3,358,979	\$7,775,532
Percent of Total Past Due	19.6%	8.9%	5.1%	5.7%	60.6%		

Accounts past due at year-end 2019 total \$3.4 billion of total receivables. The North Carolina Department of Revenue (NCDOR), the North Carolina Department of Commerce (NCDOC), UNC Health Care System, the Department of Health and Human Services (DHHS), State Education Assistance Authority (SEAA), Housing Finance Agency (HFA), and the UNC System account for \$3.1 billion, or 93 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 2019.

2019 Statewide Accounts Receivable Report

The chart below summarizes aging amounts for fiscal years 2019, 2018, 2017:



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 2017-2019:

Total Receivables by Type - Fiscal Years 2019, 2018 and 2017 (in thousands)	2019			2018			2017			Change FY18 to FY19	
	Amount	Percent		Amount	Percent		Amount	Percent		Amount	Percent
Taxes Receivable	\$ 2,504,348		\$ 2,404,226	\$ 2,265,696	\$ 100,122	4.2%					
Accounts Receivable	2,104,275		1,984,345	2,013,597	119,930	6.0%					
Intergovernmental Receivables	1,068,839		997,932	1,011,735	70,907	7.1%					
Notes Receivable	3,470,986		3,834,244	4,163,730	(363,258)	(9.5)%					
Interfund Receivables	1,641,255		639,958	310,615	1,001,297	156.5%					
Contributions, Premiums, Other Receivables	341,031		329,668	393,333	11,363	3.4%					
Interest Receivable	49,102		41,168	31,962	7,934	19.3%					
Total Receivables	\$ 11,179,836		\$ 10,231,541	\$ 10,190,668	\$ 948,295	9.3%					

As shown in the table above, receivables totaled \$11.2 billion for fiscal year 2019, \$10.3 billion for fiscal year 2018 and \$10.2 billion for fiscal year 2017. Total receivables for 2019 increased by \$948 million or 9.3%. Taxes Receivables increased by \$100 million due to the timing of the tax billing process. Accounts Receivables increased \$120 million primarily due employer-related receivables. Intergovernmental Receivables increased by \$71 million primarily due to federal funds for Hurricane Florence. Notes Receivables decreased by \$363 million due to decreasing loan balances. Interfund Receivables increased \$1 billion due to the Highway Trust Fund advancing \$868 million to the Highway Fund and Senate Bill 605 that required the General Fund to advance \$90 million to the Highway Fund to meet cash flow needs related to disaster relief. Contributions, Premiums and Other Receivables increased by \$11 million primarily due to a change in the calculation of pharmacy rebates for the State Health Plan. Interest Receivables increased by \$8 million due to an increase in earnings from investments.

2019 Statewide Accounts Receivable Report

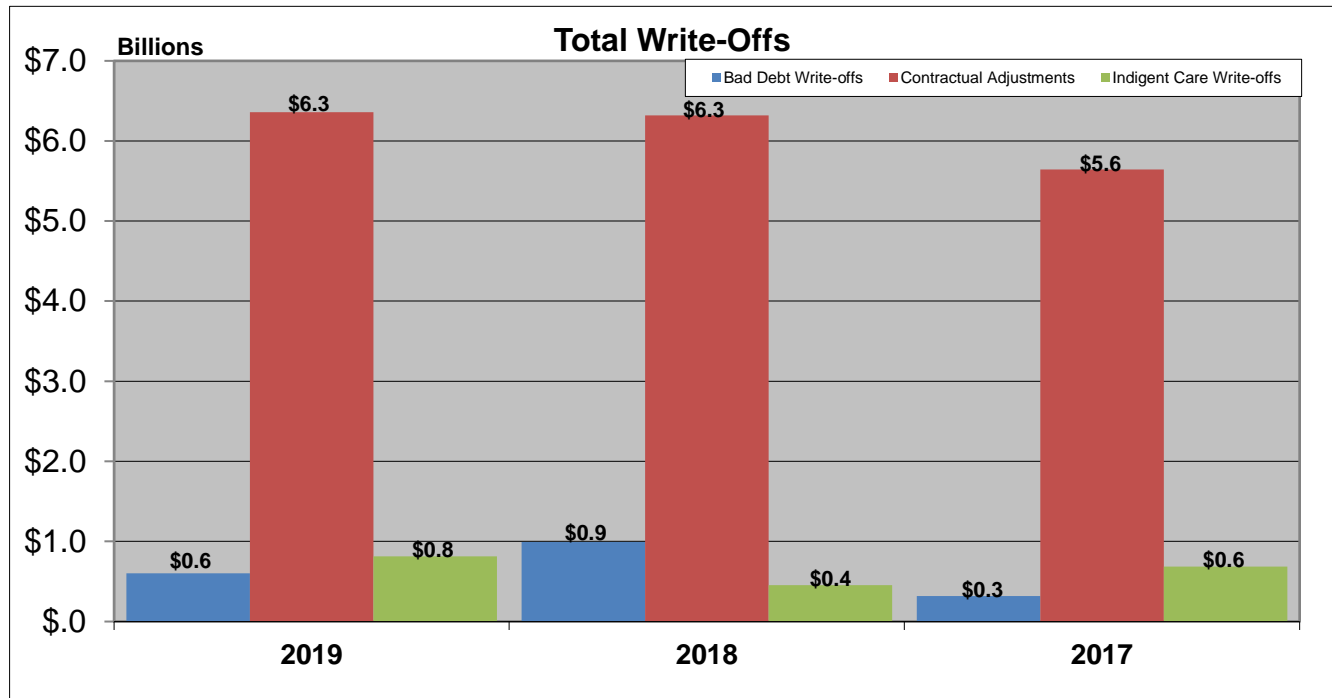
Write-offs

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 2019 totaled \$7.8 billion consisting of \$601 million for bad debt, \$6.3 billion for contractual adjustments and \$813 million for indigent care. Total write-offs for 2018 were \$7.8 billion.

UNC Health Care System reported write-offs of \$6.1 billion of receivables based on Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. UNC Chapel Hill (UNC-CH) and East Carolina University (ECU) reported write-offs of \$665 million and \$220 million respectively.

NCDOR reported a decrease in write-offs of \$400 million for fiscal year 2019. The past two fiscal years have reported significant increases in NCDOR write-offs due to a write-off reversal program and system changes for unauthorized substance (USUB) tax write-offs. Since these programs and projects have ended in 2018, write-offs for fiscal year 2019 dropped significantly.

Appendix A details total agency write-offs during fiscal 2019. The chart below summarizes agency write-offs by type for fiscal years 2017-2019.



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.

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

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Cost of Collection

State agencies, excluding NCDOR, reported collection activity costs totaling over \$84 million during 2019. Agencies also reported a total of 685 full-time equivalent (FTE) state employees dedicated of receivable activities during 2019. This is an increase of \$3 million in collection costs and a decrease in 98 FTE from 2018. A large percentage of total collection costs and FTE reported by state agencies is attributable to patient accounts, and student accounts, including student loans. The decrease in FTE is primarily due to UNC Health Care System correcting an overstatement that was reported in 2018.

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 Department of Justice (DOJ) for collection. Statewide policy specifies the unpaid billings are to be submitted to DOJ after the billings are more than 90 days past due. DOJ 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, 2019, DOJ has contracts with twenty-three collection agencies.

During fiscal year 2019, state agencies and universities submitted a total of \$34.5 million in past due accounts to the Attorney General's Office for collection. Due to efforts by NCDOJ, agencies and universities received over \$6.3 million, at no charge to the agencies and universities. During that same time period, \$76.6 million in past due accounts were submitted to collection agencies. Due to efforts by those collection agencies, state agencies and universities received \$17.6 million, at a charge of \$3 million.

Setoff Debt Collection Program Activity

The NC Department of Revenue (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 NCDOR. The procedure for setting off against any refund the sum of any debt owed to the State resulted in \$42.5 million of net refunds to claimant agencies during the 2019 calendar year for the 2018 tax year.

G.S. 105A, the Setoff Debt Collection Act, requires all claimant agencies and NCDOR to cooperate in identifying debtors who owe money to the State through its various agencies and who qualify for refunds from NCDOR. It further requires that procedures be established for setting off against any refund the sum of any debt owed to the State.

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

Table 2
Debt Setoff Activity for Tax Years 2014-2018

Tax Year	2018	2017	2016	2015	2014
Debt Setoff Occurs in Calendar Year	2019	2018	2017	2016	2015
Gross amount of Refunds Setoff	\$43,511,191	\$44,265,856	\$46,698,316	\$40,708,976	\$38,526,590
Collection Assistance Fees applied Based on Actual Expenses	(\$958,130)	(\$990,480)	(\$1,059,185)	(\$925,050)	(\$852,895)
Net Amount of Refunds Paid to Claimant Agencies	\$42,553,061	\$43,275,376	\$45,639,131	\$39,783,926	\$37,673,695
DOR Administrative Expenses - Current Year	\$410,121	\$420,026	\$550,625	\$545,821	\$532,229
Total Setoffs (includes completed, denied, and cancelled setoffs)	212,838	220,778	236,827	205,920	194,269
Number of Completed Setoffs	210,127	216,667	232,094	204,870	190,935
Average Gross Setoff Amount	\$207.07	\$204.30	\$201.20	\$198.71	\$201.78
Average Cost per Setoff	\$1.93	\$1.90	\$2.33	\$2.65	\$2.74
Average Net Amount of Refunds Setoff	\$202.51	\$199.73	\$196.64	\$194.20	\$197.32

- 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 NCDOR receives a collection assistance fee for these debts from individual income tax collections. For the calendar year 2019, collection assistance fees for child support debts collected through setoff were \$92,480 bringing the total collection assistance fees received by NCDOR to \$1,050,610.

Agency Compliance with Statewide Accounts Receivable Program

OSC requires each state agency to complete an attestation document signed by the agency's chief executive officer and chief financial officer. All state agencies must return a completed DocuSign form 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.

2019 Statewide Accounts Receivable Report

Vendor Attachment

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

As of December 31, 2019, the program has collected approximately \$16.7 million in unpaid taxes due to the state. For additional information regarding the Vendor Attachment Program, contact NCDOR at 1-877-252-3052.

2019 Statewide Accounts Receivable Report

Appendix A

Past Due Receivable Summary Aging Report

Fiscal Year Ended June 30, 2019

(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
Administration	5,333	1,827	276	2,545	877	10,858	—
Agriculture	111	45	17	61	38	273	62
Board of Barber Examiners	—	1	—	1	12	14	1
Board of Elections	28	21	6	19	647	722	—
Commerce	2,209	1,601	2,090	1,201	142,017	149,118	10,273
Cultural Resources	3	1	—	—	2	6	—
DEQ	74	185	25	21	1,213	1,519	1,476
DHHS	155,167	47,638	6,468	7,042	229,566	445,881	446,640
Economic Development Partnership of NC	305	4	150	2	—	460	—
Education Lottery	14	—	14	(11)	518	535	21
Gateway University Research Park	6	27	5	5	23	66	2
General Assembly	2	—	—	—	—	2	—
Global TransPark	33	26	(25)	41	20	95	—
Governor's Office	3	—	—	—	—	3	—
Housing Finance Agency	26,278	9,000	2,803	7,231	6,497	51,810	90
Insurance	21,277	1,445	2,258	2,507	19,429	46,916	—
ITS	433	241	149	181	305	1,309	—
Justice	36	257	77	73	504	947	14
Labor	565	922	477	410	6,430	8,804	715
North Carolina Biotechnology Center	40	23	6	28	—	97	532
North Carolina Board of Cosmetic Arts	8	7	9	6	21	51	—
North Carolina Board of CPA Examiners	—	—	—	—	—	—	2
North Carolina Board of Nursing	5	1	2	—	20	28	14
North Carolina Ports Authority	6,360	850	744	52	78	8,084	715
Office of the State Auditor	—	—	120	—	—	120	—
Public Instruction	4,956	4	5	11,151	9,006	25,122	—
Revenue	120,768	54,613	22,763	33,639	1,153,513	1,385,296	257,382
Secretary of State	7	5	10	7	31	59	26
State Education Assistance Authority	98,006	49,635	38,899	25,765	109,247	321,551	382
State Treasurer	529	3,575	3,817	8,687	31,971	48,580	80
Transportation	5,159	3,794	2,109	6,278	46,928	64,268	3,699
UNC Health Care System	143,619	87,829	60,033	49,425	163,037	503,942	6,161,210
Wildlife	1	—	—	—	112	113	—
Appalachian State Univ	198	49	243	380	1,568	2,437	350
East Carolina Univ	5,654	2,522	1,836	1,637	7,898	19,548	220,264
Elizabeth City State Univ	4,956	4	5	11,151	9,006	25,122	—
Fayetteville State Univ	150	229	26	64	2,132	2,601	530
NC A & T State Univ	300	174	94	406	1,756	2,731	959
North Carolina School of Science and Math	—	—	—	—	—	—	—
North Carolina School of the Arts	9	—	—	79	325	413	—
North Carolina State Univ	23,226	9,993	8,474	5,670	18,275	65,639	1,332
UNC – Asheville	248	69	79	118	1,520	2,034	130
UNC – Chapel Hill	26,754	18,213	12,138	15,882	39,973	112,961	665,935
UNC – Charlotte	742	2,726	317	7	3,261	7,053	1,629
UNC – Greensboro	152	146	193	130	3,145	3,766	744
UNC – Pembroke	1,460	9	13	60	1,281	2,823	133
UNC – Wilmington	1,352	133	6	82	1,848	3,422	271
Western Carolina Univ	682	578	2,187	112	1,066	4,625	15
Winston-Salem State Univ	436	139	218	78	3,140	4,010	558
	\$659,826	\$300,357	\$169,986	\$192,523	\$2,036,288	\$3,358,979	\$7,775,532

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Appendix B

Cost of Collecting Receivables by Agency

Fiscal Year Ended June 30, 2019

(Whole Dollars)

<u>Agency</u>	<u>Collection Unit</u>	<u>Collection Cost</u>	<u># FTE</u>
Agriculture	Accounts Receivable Department	\$150,154	4
Agriculture	Agency/Division Budget/Fiscal Office	6,198	—
Agriculture	Payroll Section	2,165	—
Commerce	Tax Department	1,511,376	18
Commerce	Other	232,875	4
DEQ	Agency/Division Budget/Fiscal Office	411,045	3
DHHS	Collection Agency/Outsourced	13,880	—
DHHS	Accounts Receivable Department	3,084,738	60
Education Lottery	Collection Agency/Outsourced	2,130	—
Education Lottery	Accounts Receivable Department	21,245	—
Gateway University Research Park	Accounts Receivable Department	4,500	—
Housing Finance Agency	Agency/Division Budget/Fiscal Office	55,000	—
Insurance	Collection Agency/Outsourced	882	—
Insurance	Agency/Division Budget/Fiscal Office	106,329	3
ITS	Accounts Receivable Department	111,975	2
Labor	Collection Agency/Outsourced	17,005	—
Labor	Accounts Receivable Department	183,439	6
Labor	Agency/Division Budget/Fiscal Office	133,467	1
Labor	Other	162,972	2
North Carolina Biotechnology Center	Accounts Receivable Department	30,000	1
North Carolina Board of Cosmetic Arts	Accounts Receivable Department	26,081	—
North Carolina Ports Authority	Accounts Receivable Department	22,795	—
Office of Administrative Hearings	Other	13	—
Office of State Auditor	Agency/Division Budget/Fiscal Office	36	—
Public Safety	Accounts Receivable Department	113,993	2
Public Safety	Payroll Section	51,294	1
Revenue * (see note below)	Agency/Division Budget/Fiscal Office		
Secretary of State	Collection Agency/Outsourced	42,800	1
State Education Assistance Authority	Student Loans	327,081	—
State Education Assistance Authority	Other	8,266,533	—
State Treasurer	Other	110,433	2
Transportation	Collection Agency/Outsourced	4,273,436	68
Transportation	Accounts Receivable Department	692,646	11
Transportation	Other	3,519,131	2
UNC Health Care System	Collection Agency/Outsourced	9,128,569	—
UNC Health Care System	Patient Accounts	6,479,029	98
Wildlife	Accounts Receivable Department	2,150	—
Appalachian State University	Collection Agency/Outsourced	140,999	—
Appalachian State University	Student Loans	20,675	1
Appalachian State University	Student Accounts	146,455	3
Appalachian State University	Grants Office	62,824	1
East Carolina University	Collection Agency/Outsourced	86,742	—
East Carolina University	Accounts Receivable Department	7,958,712	66
East Carolina University	Patient Accounts	1,215,506	23
East Carolina University	Student Loans	74,497	1
East Carolina University	Student Accounts	877,462	13
East Carolina University	Grants Office	131,777	3

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East Carolina University	Other	169,793	—
Elizabeth City State University	Collection Agency/Outsourced	21,210	—
Elizabeth City State University	Accounts Receivable Department	24,273	—
Fayetteville State University	Student Loans	43,870	1
Fayetteville State University	Student Loans	8,000	—
Fayetteville State University	Student Accounts	8,750	—
NC A & T State University	Collection Agency/Outsourced	82,683	—
NC A & T State University	Student Loans	60,682	—
NC A & T State University	Student Accounts	66,484	1
NC A & T State University	Grants Office	11,756	—
North Carolina Central University	Collection Agency/Outsourced	447,027	8
North Carolina Central University	Student Accounts	35,221	1
North Carolina State University	Collection Agency/Outsourced	84,804	—
North Carolina State University	Accounts Receivable Department	71,134	1
North Carolina State University	Agency/Division Budget/Fiscal Office	206,772	3
North Carolina State University	Student Loans	94,341	2
North Carolina State University	Student Accounts	94,341	2
North Carolina State University	Grants Office	57,131	1
UNC – Asheville	Student Loans	708	—
UNC – Asheville	Student Accounts	1,264	—
UNC – Chapel Hill	Collection Agency/Outsourced	55,463	—
UNC – Chapel Hill	Patient Accounts	31,086,715	250
UNC – Chapel Hill	Student Loans	223,654	3
UNC – Chapel Hill	Student Accounts	147,957	2
UNC – Charlotte	Collection Agency/Outsourced	189,219	—
UNC – Charlotte	Student Loans	12,924	1
UNC – Charlotte	Student Accounts	22,223	1
UNC – Charlotte	Grants Office	16,363	1
UNC – Charlotte	Payroll Section	3,628	—
UNC – Charlotte	Other	775	—
UNC – Greensboro	Collection Agency/Outsourced	73,144	—
UNC – Greensboro	Student Loans	68,622	1
UNC – Greensboro	Student Accounts	32,014	1
UNC – Greensboro	Grants Office	79,419	1
UNC – Pembroke	Accounts Receivable Department	45,223	1
UNC – Pembroke	Student Accounts	7,546	1
UNC – Wilmington	Collection Agency/Outsourced	71,263	—
UNC – Wilmington	Accounts Receivable Department	5,687	—
UNC – Wilmington	Student Loans	46,160	1
UNC – Wilmington	Student Accounts	84,101	1
UNC – Wilmington	Other	1,850	—
Western Carolina University	Student Loans	101,112	2
Western Carolina University	Student Accounts	25,253	—
Winston-Salem State University	Student Accounts	50,612	1
Total		\$84,053,616	685

#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.