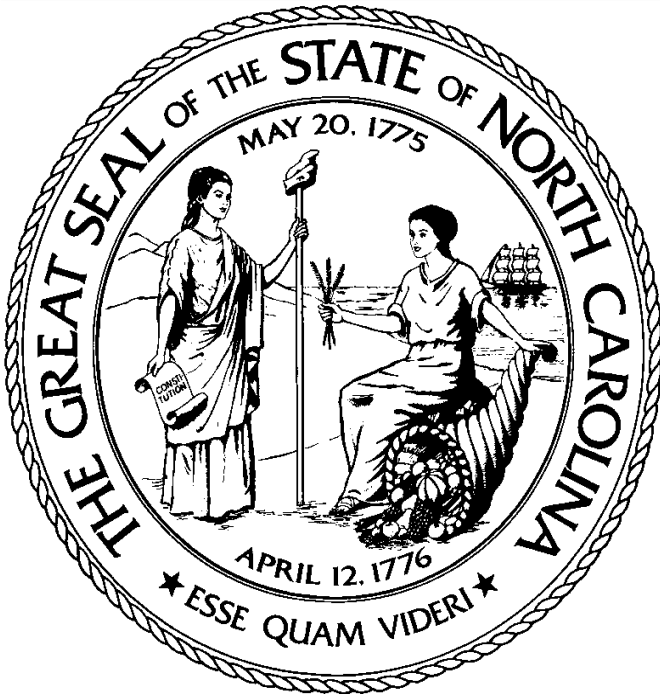

NORTH CAROLINA

**STATEWIDE
ACCOUNTS
RECEIVABLE
REPORT**



***For the Year
Ended
June 30, 2013***

North Carolina Office of the State Controller

David McCoy, State Controller



State of North Carolina

Office of the State Controller

DAVID T. MCCOY
STATE CONTROLLER

February 26, 2014

The Honorable Pat McCrory, Governor
The Honorable Phil Berger, President Pro Tempore of the Senate
The Honorable Thom Tillis, 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, 2013. 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. 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 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 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, I encourage your review of other statewide financial reports located on the OSC website at: <http://www.osc.nc.gov/>.

With regards, I am

Sincerely,

David McCoy

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

2013 Statewide Accounts Receivable Report

Introduction

The *Statewide Accounts Receivable Report* includes all receivables at June 30, 2013, 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.

2013 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.

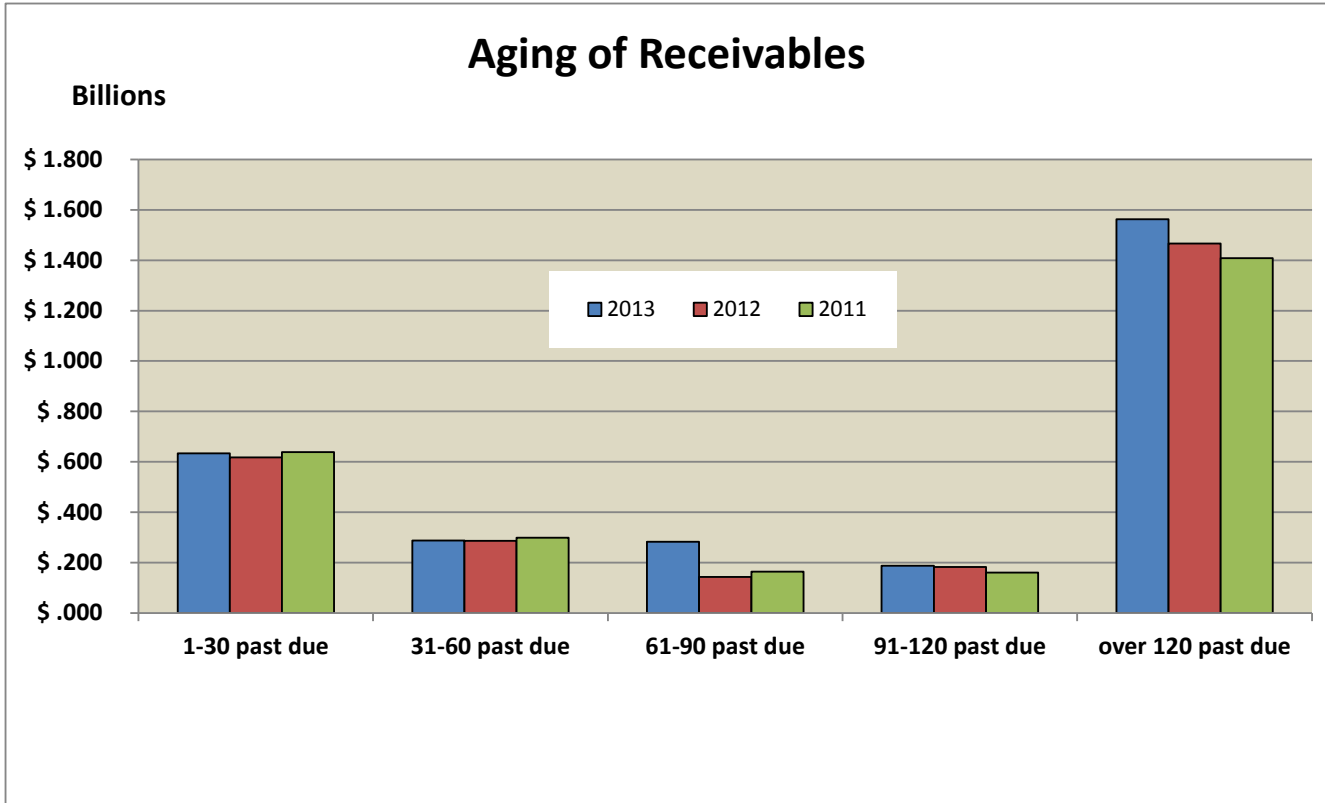
**The chart below summarizes past due receivable activity at year-end 2013.
(in thousands)**

<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	\$125,359	\$47,429	\$138,898	\$58,140	\$946,545	\$1,316,371
Accounts Receivable	236,615	115,461	64,861	60,189	445,384	922,510
Intergovernmental Receivable	4,027	4,868	1,744	1,230	7,892	19,761
Notes Receivable	254,855	114,969	69,521	64,841	143,510	647,696
Interfund Receivable	1,539	2,056	356	361	927	5,239
Other Receivable	11,285	3,249	6,364	2,383	18,383	41,664
	\$633,680	\$288,032	\$281,744	\$187,144	\$1,562,641	\$2,953,241

Accounts past-due at year-end 2013 total \$3 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 \$2.9 billion, or 97 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 2013.

2013 Statewide Accounts Receivable Report

The chart below summarizes aging amounts for fiscal years 2013, 2012, 2011:



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 2013, 2012, 2011:

Total Receivables by Type - Fiscal Years 2013, 2012 and 2011 (in thousands)				Change FY12 to FY13	
	2013	2012	2011	Amount	Percent
Notes Receivable	\$ 5,289,036	\$ 5,685,461	\$ 6,174,295	\$ (396,425)	(7.0)%
Taxes Receivable	2,225,097	2,062,247	1,898,307	162,850	7.9%
Intergovernmental Receivables	1,316,556	870,682	992,800	445,874	51.2%
Accounts Receivable	1,629,366	1,554,383	1,576,858	74,983	4.8%
Interfund Receivables	437,704	433,127	287,700	4,577	1.1%
Contributions, Premiums, Other Receivables	659,513	666,210	634,434	(6,697)	(1.0)%
Interest Receivable	10,905	12,326	17,183	(1,421)	(11.5)%
Total Receivables	\$ 11,568,177	\$11,284,436	\$ 11,581,577	\$ 283,741	2.5%

As shown in the table above, receivables totaled \$11.6 billion for fiscal 2013, \$11.3 billion for fiscal 2012 and \$11.6 billion for fiscal 2011. Total receivables for 2013 grew by \$284 million or 2.5 percent. Of the \$163 million increase in taxes receivable, \$155.2 million was for individual income taxes. In addition, intergovernmental receivables increased by \$446 million in part due to DHHS Division of Medical Assistance (DMA) accruing federal receipts which were received in the 2013-14 fiscal year.

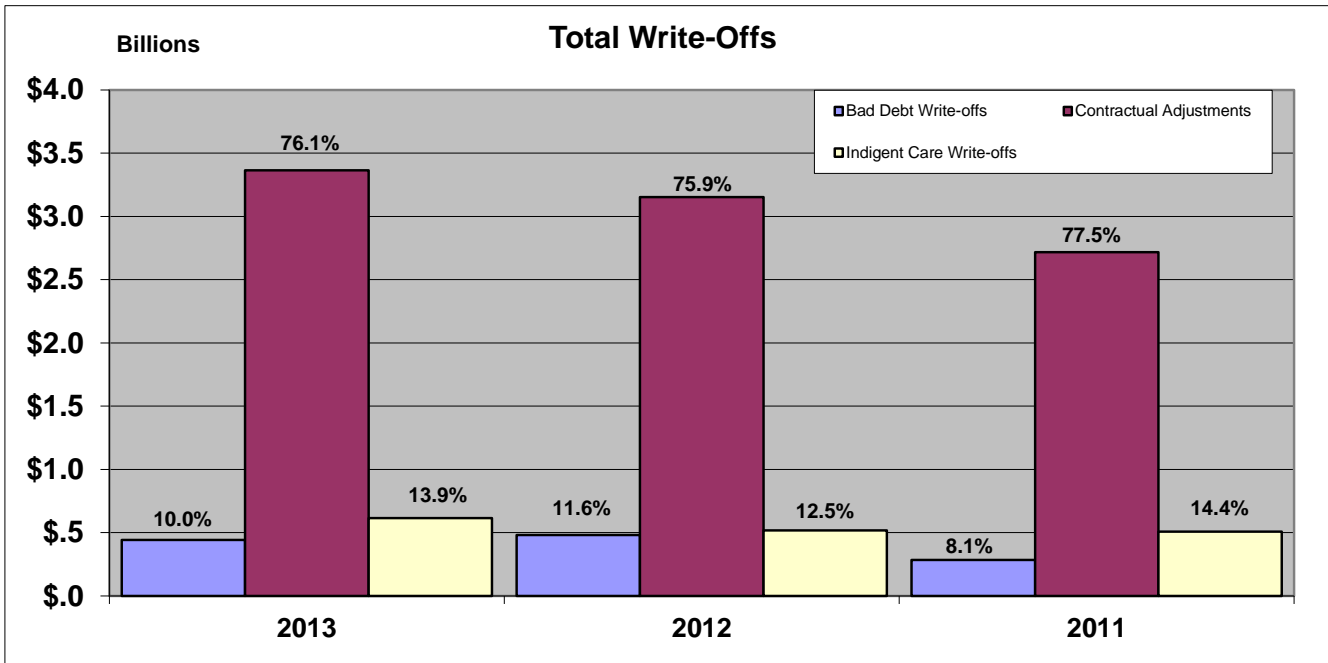
2013 Statewide Accounts Receivable Report

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 2013 totaled \$4.4 billion consisting of \$443 million for bad debt, \$3.4 billion for contractual adjustments and \$614 million for indigent care. Total write-offs for 2012 were \$4.2 billion.

UNC Hospitals, including Rex Healthcare, Chatham Hospital, High Point Hospital, Caldwell Hospital, UNC Hospital Partnerships, and Triangle Physicians Network, reported write-offs of \$3.1 billion of receivables based on Medicare and Medicaid adjustments, indigent care provider adjustments, and managed care contractual adjustments. NCDOR reported write-offs of \$207 million. UNC Chapel Hill (UNC CH) and East Carolina University (ECU) reported write-offs of \$458 million and \$251 million, respectively.

Appendix A details total agency write-offs during fiscal 2013 by receivable type. The chart below summarizes agency write-offs by type for fiscal years 2013, 2012, 2011.



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.

2013 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 \$62 million during 2013. Agencies also reported a total of 650 full-time equivalent (FTE) state employees dedicated to receivable activities during 2013. 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 2013 collection costs of \$18 million and 150 FTE. The UNC-CH Physicians and Associates, also part of the UNC Health Care System, reported collection costs of \$16.7 million, and FTE of 204. ECU reported collection costs of \$4 million for its medical faculty practice and FTE of 79. Regarding student loans, SEAA reported that loan administration and collection are out-sourced for a cost of \$11.1 million for 2013.

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, 2013, NCDOJ has contracts with nine collection agencies.

During fiscal year 2013, a total of \$93.7 million was submitted to the Attorney General for collection on behalf of state agencies. During fiscal year 2013, \$51.3 million was submitted by state agencies to collection agencies, and \$8.3 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 \$77.6 million of net refunds to claimant agencies during the 2013 calendar year for the 2012 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.

2013 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 2008-2012

Tax Year	2012	2011	2010	2009	2008
Debt Setoff Occurs in Calendar Year	2013	2012	2011	2010	2009
Gross amount of Refunds Setoff	\$79,178,212	\$73,640,930	\$67,889,978	\$60,575,209	\$57,376,802
Collection Assistance Fees applied Based on Actual Expenses	(\$1,492,065)	(\$1,380,525)	(\$1,294,975)	(\$1,129,410)	(\$1,098,000)
Net Amount of Refunds Paid to Claimant Agencies	\$77,686,147	\$72,260,405	\$66,595,003	\$59,445,799	\$56,278,802
DOR Administrative Expenses - Current Year	\$567,448	\$556,175	\$537,355	\$479,667	\$1,091,720
Total Setoffs (includes completed, denied, and cancelled setoffs)	330,945	311,122	291,300	259,261	253,045
Number of Completed Setoffs	326,832	305,108	287,092	253,072	248,830
Average Gross Setoff Amount	\$242.26	\$241.36	\$236.48	\$239.36	\$230.59
Average Cost per Setoff	\$1.72	\$1.79	\$1.85	\$1.85	\$4.31
Average Net Amount of Refunds Setoff	\$237.70	\$236.84	\$231.97	\$234.90	\$226.17

- 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 2013, collection assistance fees for child support debts collected through setoff were \$142,025 bringing the total collection assistance fees received by the NCDOR to \$1,634,090.
- 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.

2013 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, 2013, the program has collected approximately \$7.2 million in unpaid taxes due to the state.

2013 Statewide Accounts Receivable Report

Appendix A

Past Due Receivable Summary Aging Report

Fiscal Year Ended June 30, 2013

(in thousands)

Past Due Receivables by <u>Department/Institution</u>	<u>Past Due</u>					<u>Total</u>	<u>Total</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>	<u>Past Due</u>	<u>Write-offs</u>
Secretary of State	\$8	\$5	\$5	\$2	\$36	\$56	\$30
Office of the State Auditor	—	7	—	—	—	7	—
State Treasurer	1,817	3,756	1,992	359	27,939	35,863	—
Public Instruction	—	—	—	4	—	4	—
Justice	2,040	256	539	82	104	3,021	116
Agriculture	159	48	59	13	198	477	20
Labor	—	417	314	260	4,511	5,502	413
Insurance	691	60	40	2	2	795	—
Administration	—	654	367	564	—	1,585	6
Office of State Controller	—	—	—	—	1	1	—
Transportation	2,586	1,471	5,903	1,992	17,759	29,711	342
ENR	340	186	71	33	799	1,429	287
Wildlife	—	—	—	4	4	8	2
Public Safety	856	86	102	83	3,335	4,462	1,480
DHHS	94,337	36,506	14,760	5,653	183,522	334,778	336,592
ITS	349	(1)	(201)	16	384	547	—
Commerce	11,154	9,284	7,841	7,088	176,527	211,894	20,902
Revenue	121,611	43,482	135,581	56,356	887,331	1,244,361	207,477
Cultural Resources	3	—	—	—	3	6	—
UNC Hospitals	72,883	43,472	25,052	29,003	50,813	221,223	3,134,799
Education Lottery	51	17	77	35	429	609	83
Housing Finance Agency	68,336	20,678	8,721	21,831	23,100	142,666	1,710
North Carolina Board of Nursing	1	—	1	1	8	11	—
Global TransPark	—	113	1	(4)	7	117	3
NC Ports Authority	4,342	3,444	569	216	704	9,275	491
State Education Assistance Authority	187,785	95,511	60,976	43,169	104,415	491,856	173
UNC - Chapel Hill	44,047	16,621	11,110	8,870	35,887	116,535	457,767
North Carolina State Univ	6,780	3,399	1,806	1,747	7,165	20,897	1,164
UNC - Greensboro	131	215	192	201	3,462	4,201	695
UNC - Charlotte	1,426	1,411	130	1,984	—	4,951	2,089
UNC - Asheville	542	27	31	466	227	1,293	135
UNC - Wilmington	262	155	369	(62)	1,034	1,758	163
East Carolina Univ	7,452	4,226	2,989	1,635	15,690	31,992	251,027
NC A & T State Univ	1,055	265	220	98	1,781	3,419	486
Western Carolina Univ	511	391	813	104	765	2,584	244
Appalachian State Univ	521	300	624	50	3,474	4,969	269
UNC - Pembroke	302	57	36	338	1,121	1,854	424
Winston-Salem State Univ	271	302	435	47	2,945	4,000	560
Elizabeth City State Univ	309	407	10	—	991	1,717	311
Fayetteville State Univ	127	483	68	17	1,523	2,218	648
North Carolina Central Univ	595	321	138	4,838	4,129	10,021	1,400
North Carolina School of the Arts	—	—	—	49	471	520	—
North Carolina School of Science and Math	—	—	3	—	45	48	—
	\$633,680	\$288,032	\$281,744	\$187,144	\$1,562,641	\$2,953,241	\$4,422,308

2013 Statewide Accounts Receivable Report

Appendix B

Cost of Collecting Receivables by Agency

Fiscal Year Ended June 30, 2013

(Whole Dollars)

<u>Agency</u>	<u>Collection Unit</u>	<u>Collection Cost</u>	<u># FTE</u>
Secretary of State	Accounts Receivable Department	\$50,533	1
Office of the State Auditor	Agency/Division Budget/Fiscal Office	25	—
Public Instruction	Other	19,048	—
Agriculture	Agency/Division Budget/Fiscal Office	64,895	7
Agriculture	Collection Agency/Outsourced	27,731	1
Labor	Accounts Receivable Department	333,404	5
Labor	Collection Agency/Outsourced	1,581	—
Labor	Other	386,196	5
Insurance	Agency/Division Budget/Fiscal Office	16,286	1
Transportation	Accounts Receivable Department	354,826	11
Transportation	Collection Agency/Outsourced	608,712	—
ENR	Agency/Division Budget/Fiscal Office	379,664	2
Wildlife	Accounts Receivable Department	2,150	—
Public Safety	Accounts Receivable Department	120,967	3
Public Safety	Collection Agency/Outsourced	745	—
Public Safety	Payroll Section	7,783	—
DHHS	Accounts Receivable Department	2,422,249	49
DHHS	Collection Agency/Outsourced	361	—
DHHS	Other	162,199	1
DHHS	Tax Department	8,960	—
ITS	Accounts Receivable Department	115,651	2
Commerce	Accounts Receivable Department	541,022	8
Commerce	Tax Department	1,370,519	20
Revenue * (see note below)	Agency/Division Budget/Fiscal Office		
UNC Hospitals	Collection Agency/Outsourced	7,249,901	—
UNC Hospitals	Patient Accounts	10,708,594	150
Education Lottery	Accounts Receivable Department	113,087	3
Education Lottery	Collection Agency/Outsourced	2,012	—
Office of Administrative Hearings	Accounts Receivable Department	2	1
Housing Finance Agency	Agency/Division Budget/Fiscal Office	45,000	—
North Carolina Board of CPA Examiners	Agency/Division Budget/Fiscal Office	2,143	1
NC Ports Authority	Accounts Receivable Department	6,990	—
State Education Assistance Authority	Other	11,067,300	—
State Education Assistance Authority	Student Accounts	104,836	3
UNC - Chapel Hill	Collection Agency/Outsourced	34,355	—
UNC - Chapel Hill	Patient Accounts	16,705,309	204
UNC - Chapel Hill	Student Accounts	43,178	1
UNC - Chapel Hill	Student Loans	1,008	1
North Carolina State Univ	Agency/Division Budget/Fiscal Office	161,882	3
North Carolina State Univ	Accounts Receivable Department	53,544	1
North Carolina State Univ	Collection Agency/Outsourced	143,793	—
North Carolina State Univ	Grants Office	53,544	1
North Carolina State Univ	Student Accounts	53,544	1
North Carolina State Univ	Student Loans	53,544	1

2013 Statewide Accounts Receivable Report

Appendix B

UNC - Greensboro	Collection Agency/Outsourced	63,057	—
UNC - Greensboro	Grants Office	59,281	1
UNC - Greensboro	Student Accounts	25,489	1
UNC - Greensboro	Student Loans	54,242	1
UNC - Charlotte	Collection Agency/Outsourced	75,619	—
UNC - Charlotte	Student Accounts	24,331	2
UNC - Charlotte	Student Loans	23,554	2
UNC - Asheville	Student Accounts	2,785	—
UNC - Asheville	Student Loans	2,421	—
UNC - Wilmington	Accounts Receivable Department	25,625	1
UNC - Wilmington	Collection Agency/Outsourced	72,075	—
UNC - Wilmington	Other	2,536	—
UNC - Wilmington	Student Accounts	70,540	2
UNC - Wilmington	Student Loans	39,028	1
East Carolina Univ	Collection Agency/Outsourced	237,901	—
East Carolina Univ	Grants Office	1,065	1
East Carolina Univ	Other	1,410,446	23
East Carolina Univ	Patient Accounts	3,997,508	79
East Carolina Univ	Student Accounts	749,898	19
East Carolina Univ	Student Loans	169,499	2
NC A & T State Univ	Accounts Receivable Department	65,729	1
NC A & T State Univ	Collection Agency/Outsourced	58,683	—
NC A & T State Univ	Student Loans	173,053	2
Western Carolina Univ	Student Accounts	5,373	—
Western Carolina Univ	Student Loans	64,528	2
Appalachian State Univ	Collection Agency/Outsourced	76,981	—
Appalachian State Univ	Grants Office	47,000	1
Appalachian State Univ	Student Accounts	119,812	3
Appalachian State Univ	Student Loans	25,800	1
UNC - Pembroke	Accounts Receivable Department	12,635	—
UNC - Pembroke	Student Accounts	14,044	—
UNC - Pembroke	Student Loans	12,231	—
Winston-Salem State Univ	Collection Agency/Outsourced	507	—
Winston-Salem State Univ	Student Loans	54,956	1
Elizabeth City State Univ	Accounts Receivable Department	46,794	—
Elizabeth City State Univ	Collection Agency/Outsourced	22,369	—
Fayetteville State Univ	Collection Agency/Outsourced	9,950	1
Fayetteville State Univ	Other	61,899	1
Fayetteville State Univ	Student Loans	55,940	1
North Carolina Central Univ	Collection Agency/Outsourced	27,217	12
North Carolina Central Univ	Student Accounts	409	1
North Carolina School of the Arts	Student Accounts	11,054	—
North Carolina School of the Arts	Student Loans	34,592	1
Total		<u>\$61,707,529</u>	650.00

#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.