



Steven L. Beshear
Governor

Commonwealth of Kentucky
FINANCE AND ADMINISTRATION CABINET
OFFICE OF THE CONTROLLER

Room 484, Capitol Annex
702 Capital Avenue
Frankfort, Kentucky 40601
(502) 564-2210
(502) 564-6597 Facsimile

Lori H. Flanery
Secretary

Ed Ross
Controller

TO: Agency Heads and Fiscal Officers
FROM: Edgar C. Ross, Controller
DATE: May 12, 2015
SUBJECT: Fiscal Year 2015 Accounts Receivable Data Solicitations

Through the attached materials, we request that you provide certain information to the Finance and Administration Cabinet regarding accounts receivable. This information will enable the Finance and Administration Cabinet and the Department of Revenue to fulfill the reporting requirements of KRS 45.241 (10) and KRS 45.237(6).

Please complete the attached forms as of June 30, 2015 and return to the Office of Statewide Accounting Services by August 24, 2015. Please email a pdf copy to Phil.Nally@ky.gov. If you or your staff have any questions, please contact Kim Moore at (502)564-5120. Your cooperation and assistance is appreciated in this matter.

Attachment

Commonwealth of Kentucky
Accounts Receivable

The attached materials request that you provide certain information to the Finance and Administration Cabinet regarding accounts receivable. This information is needed to enable the Finance and Administration Cabinet and the Department of Revenue to fulfill the reporting requirements of KRS 45.241 (10) and KRS 45.237 (6). **Please read the information below and see the sample letter on page 3, a response (i.e. letter) is needed from everyone even if you do not have any accounts receivable.**

In accordance with KRS 45.241 (10) and KRS 45.237 (6), each department must provide information regarding both liquidated and unliquidated debts and improper payments due the Commonwealth as of June 30, 2015. According to KRS 45.241, "Liquidated debt means *a legal debt for a sum certain which has been certified by an agency as final due and owing, all appeals and legal actions having been exhausted; and for the Court of Justice means a legal debt including any fine, fee, court costs, or restitution due the Commonwealth, which have been imposed by a final sentence of a trial court of the Commonwealth and for which the time permitted for payment pursuant to the provisions of KRS 23A.205(3) or KRS 24A.175(4) has expired.*" While the legislation does not provide a definition of unliquidated debt, it is reasonable to believe that any debt that is not liquidated constitutes unliquidated debt. Unliquidated debt includes *a legal debt which has been billed by an agency but is under administrative appeal.* According to KRS 45.237, "Improper Payments means *a payment made to a vendor, provider, or recipient due to error, fraud, or abuse.*" All organizational units or administrative bodies in the executive branch of state government as defined by KRS 12.010 must provide the requested information as of June 30, 2015.

The following summarizes the information that must be reported to the Interim Joint Committee on Appropriations and Revenue and/or The Legislative Research Commission on October 1, 2015, for the amounts due as of June 30, 2015:

The **Finance and Administration Cabinet** must report the following for the General Government Cabinet's unliquidated debt: amount by department, fund type, and age categorized as less than one (1) year, less than five (5) years, less than ten (10) years, and over ten (10) years.

The **Department of Revenue** must report the following for liquidated debts referred to them for collection: amount by department, fund type, and age, categorized as ninety (90) to one hundred seventy-nine (179) days old, one hundred eighty (180) to three hundred sixty-four (364) days old, over one (1) year but less than three (3) years old and over three (3) years.

Each **Cabinet** must report the following for both unliquidated and liquidated debts and improper payments: amount by department, fund type, and age categorized as less than one (1) year, less than five (5) years, less than ten (10) years, and over ten (10) years.

In an effort to satisfy these reporting requirements and ensure that the information reported is uniform for all departments, we are requesting that each department complete the attached forms. The definitions included in this text and on the AFR instructions correspond to the appropriate statutes. Remember to include items outstanding as of June 30, 2015.

Do not include:

- Amounts due from the Federal government
- Amounts due from other states
- Amounts due from other state departments

Completion of the reports will not only assist your department in complying with the mandated reporting requirements but will also allow the Department of Revenue to determine where to focus their resources when determining which departments need assistance with their collection efforts and will provide Finance with the information they are required to report. **The Finance and Administration Cabinet will compile the data provided by all state departments and will submit the report to the appropriate committees; however, each department must be prepared to address any questions that may arise as a result of the reports.**

If your department's total accounts receivable are **less than \$10,000**, it is not necessary to complete these forms. However, it should be noted that you may receive a request for additional information for amounts less than \$10,000 at a later date. In the event you are reporting less than \$10,000 in receivables, complete a transmittal certification letter on your department's letterhead and choose the appropriate response. Attached is the list of responses to choose from (see page 3). Please feel free to add any additional comments or explanations that may help us to understand your accounts receivable.

NOTE:

- Total liquidated debt (AFR-34B)
- + Unliquidated debt (AFR-34A)
- + The above exceptions:
 - Amounts due from the Federal government
 - Amounts due from other states
 - Amounts due from other state departments
- = Total receivables for your department

AFR-34C shows receivables as a result of improper payments recorded under either liquidated or unliquidated debt.

In the event you are reporting no receivables, receivables totaling less than \$10,000, or total receivables due from the federal government, other state governments, or other state departments, complete a transmittal certification letter on your agency's letterhead and choose the appropriate response.

Transmittal Certification Letter

August 2015

Edgar C. Ross, Controller
Finance and Administration Cabinet
702 Capital Avenue, Room 484
Frankfort, KY 40601

Attention: Office of Statewide Accounting Services

Dear Mr. Ross:

Response 1: I do hereby certify that to the best of my knowledge _____ (Agency Name) _____ has outstanding accounts receivable as of June 30, 2015, that are less than \$10,000.

Response 2: I do hereby certify that to the best of my knowledge _____ (Agency Name) _____ has no outstanding accounts receivables as of June 30, 2015.

Response 3: I do hereby certify that to the best of my knowledge _____ (Agency Name) _____ has outstanding accounts receivable in the amount of \$ _____. However, they are due from (a) the federal government (b) other state departments or (c) other states.

Signed _____

Date Signed _____

Typed Name _____

Title _____

Cabinet or Department _____

Detailed Instructions
AFR-34A
Report of All Unliquidated Debt

Unliquidated Debt Due the Commonwealth *defined as a legal debt which has been billed by an agency but is under administrative appeal. (Any debt that is not liquidated)*

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the fund type name.
5. Enter the four-digit fund type number.
6. Enter the number of debtors. (The number of vendors from whom amounts are due.)*
7. Total the number of debtors.
8. Enter the revenue source code or object code under which the receipt will be reported.
9. Enter the amounts outstanding in the appropriate columns by age:
 - Under 1 year
 - 1 to 5 years
 - 5 to 10 years
 - Over 10 years
10. Total amounts by revenue source code/(object code).
11. Total each column.
12. Enter the percentage of unliquidated debt expected to be collected within the time periods indicated.*
13. Enter the percentage of unliquidated debt that is expected to be uncollectible.
14. Total the percentages to ensure that they equal 100%.
15. Enter the name of the person who prepared this form.
16. Enter the phone number of the person who prepared this form.

*** This information is not mandated by the legislation but is needed for review purposes.**

Detailed Instructions
AFR-34B
Report of All Liquidated Debt

Liquidated Debt Due the Commonwealth *defined as a legal debt for a sum certain which has been certified by an agency as final due and owing, all appeals and legal actions have been exhausted; and for the Court of Justice means a legal debt including any fine, fee, court costs, or restitution due the Commonwealth, which have been imposed by a final sentence of a trial court of the Commonwealth and for which the time permitted for payment pursuant to the provisions of KRS23A.205(3) or KRS 24A.175(4) has expired.*

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the fund type name.
5. Enter the four-digit fund type number.
6. Enter the number of debtors. (The number of vendors from whom amounts are due.)*
7. Total the number of debtors.
8. Enter the revenue source code or object code under which the receipt will be reported.
9. Enter the amounts outstanding in the appropriate columns by age:
 - 1-89 days
 - 90 to 179 days
 - 180-364 days
 - 1 to 3 years
 - 3 to 5 years
 - 5 to 10 years
 - Over 10 years
10. Total amounts by revenue source code/(object code).
11. Total each column.
12. Enter the amount of receivables that is under payment agreement for each column.*
13. Enter the amount of receivables that is prohibited from active collection for each column.*
14. Enter the amount of receivables in bankruptcy for each column.*

Detailed Instructions
AFR-34B
Report of All Liquidated Debt
(continued)

15. Enter the percentage of liquidated debt expected to be collected within the time periods indicated.
16. Enter the percentage of liquidated debt that is expected to be uncollectible.
17. Total the percentages to ensure they equal 100%.
18. Enter the name of the person who prepared this form.
19. Enter the phone number of the person who prepared this form.

*** This information is not mandated by the legislation but is needed for review purposes.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REPORT OF ALL LIQUIDATED DEBT
AS OF JUNE 30, 2015

DATE: 1

DEPARTMENT NAME: 2 CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4 FUND TYPE NUMBER: 5

LENGTH OF TIME OUTSTANDING

NUMBER OF DEBTORS: REV SOURCE/(OBJECT)	LENGTH OF TIME OUTSTANDING						TOTAL
	1-89 DAYS	90-179 DAYS	180-364 DAYS	1 to 3 Years	3 To 5 Years	5 to 10 Years	
8	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 9	\$ 10
	6	6	6	6	6	6	7
	11	11	11	11	11	11	11
TOTAL LIQUIDATED DEBT \$	11	11	11	11	11	11	11

AMOUNT UNDER A PAYMENT AGREEMENT	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12	\$ 12
AMOUNT PROHIBITED FROM ACTIVE COLLECTION	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13	\$ 13
AMOUNT IN BANKRUPTCY	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14	\$ 14

Percentage expected to be collected	15	15	15	15	15	15	15	15
Percentage Uncollectible	16	16	16	16	16	16	16	16
Total Percentage	17	17	17	17	17	17	17	17

PREPARER'S NAME: 18 PHONE NUMBER: 19

Detailed Instructions
AFR-34C
Report of All Improper Payments
(continued)

Improper Payments “means a payment made to a vendor, provider, or recipient due to error, fraud, or abuse.”

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the fund type name.
5. Enter the four-digit fund type number.
6. Enter the number of debtors. (The number of vendors, providers, or recipients from whom amounts are due.)*
7. Total the number of debtors.
8. Enter the revenue source code or object code under which the receipt will be reported.
9. Enter the amounts outstanding in the appropriate columns by age:
 - Under 1 year
 - 1 to 5 years
 - 5 to 10 years
 - Over 10 years
10. Total amounts by revenue source code/(object code).
11. Total each column.
12. Enter the percentage of improper payments expected to be collected within the time periods indicated.*
13. Enter the percentage of improper payments expected to be uncollectible.
14. Total the percentages to ensure they equal 100%.
15. Record total receivables identified as resulting from error, fraud, or abuse.
16. Enter the amount collected during the 60 day period pursuant to KRS 45.237(4).

Detailed Instructions
AFR-34C (Continued)
Report of All Improper Payments

17. Mark Yes or No on whether any of the amounts have been certified. If the answer is No, skip questions 18-20.
18. If the answer to question 17 is Yes, enter the amount certified.
19. If the answer to question 17 is Yes, enter the amount referred to the Department of Revenue.
20. If the answer to question 17 is Yes, enter the amount referred to the State Treasurer.
21. Enter the name of the person who prepared this form.
22. Enter the phone number of the person who prepared this form.

*** This information is not mandated by the legislation but is needed for review purposes.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REPORT OF ALL IMPROPER PAYMENTS
AS OF JUNE 30, 2015

DATE: _____ 1

DEPARTMENT NAME: _____ 2 CABINET/DEPT. NUMBER: _____ 3

FUND TYPE NAME: _____ 4 FUND TYPE NUMBER: _____ 5

NUMBER OF DEBTORS: REV SOURCE/(OBJECT)	LENGTH OF TIME OUTSTANDING						TOTAL
	UNDER 1 YEAR	1 to 5 Years		5 to 10 Years		Over 10 Years	
8	6	9	6	9	6	6	7
\$	\$	\$	\$	\$	\$	\$	\$
11	11	12	13	14	11	11	11
Percentage expected to be collected:	12 %	12 %	13 %	14 %	12 %	13 %	14 %
Percentage Uncollectible	13 %	13 %	13 %	14 %	12 %	13 %	14 %
Total Percentage	14 %	14 %	14 %	14 %	12 %	13 %	14 %
TOTALS	\$	\$	\$	\$	\$	\$	\$

Additional questions on debts due to error, fraud, or abuse:
 Total receivables identified as resulting from error, fraud, or abuse \$ 15
 Amount collected during the 60 day period pursuant to KRS 45.237 (4) 16

Have any amounts been certified? 17
 YES ___
 NO ___

If yes, how much?
 Amount referred to Department of Revenue \$ 18
 Amount referred to the State Treasurer 19
 20

PREPARER'S NAME: _____ 21 PHONE NUMBER: _____ 22