



MATTHEW G. BEVIN
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

WILLIAM M. LANDRUM III
Secretary

EDGAR C. ROSS
Controller

TO: Agency Heads and Fiscal Officers
FROM: Edgar C. Ross, Controller 
DATE: May 18, 2016
SUBJECT: Fiscal Year 2016 Closing Financial Data Solicitations

Through the attached materials, we request that you provide certain financial information to the Finance and Administration Cabinet by August 22, 2016. This information will be used in the preparation of financial reports for the fiscal year ended June 30, 2016 in accordance with generally accepted accounting principles.

Since the closing package has not changed from the prior year, training sessions will be provided upon request and are scheduled for Monday, June 6th through Friday, June 10th. However, due to the importance of the information provided in the closing package we recommend that all agencies receive training. Please contact Phil Nally at (502) 564-2994 to schedule training and/or participation in the workshop for your agency. In light of the importance of the Commonwealth's Comprehensive Annual Financial Report, we look forward to your cooperation, assistance, and prompt response to the tasks at hand.

Attachment

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
GENERAL COMMENTS

Please read the enclosed material and instructions carefully.

The solicitation of the information contained in this package is for the purpose of preparing the Commonwealth's Comprehensive Annual Financial Report (CAFR) in compliance with Generally Accepted Accounting Principles (GAAP) as mandated by the General Assembly. The information submitted by the various departments, in conformity with the instructions contained herein, will enable the Finance and Administration Cabinet to determine assets, liabilities, and fund balances of its various funds as of June 30, 2016.

The information obtained by this closing package, when combined with additional information gathered for fiscal year 2016, will enable the Finance and Administration Cabinet to determine revenues and expenditures/expenses for the Commonwealth's various funds for the fiscal year ended June 30, 2016, on a basis consistent with the provisions of generally accepted accounting principles applicable to governmental entities. It is imperative that the information requested be returned in a timely and concise manner to assure the accuracy of information presented in the Comprehensive Annual Financial Report.

- A. If you **have no information** to report on the enclosed AFR forms, the certification letter on page 7 should be typed on department letterhead and signed by the Cabinet Secretary for those cabinets with centralized accounting, by the Department Commissioners for those cabinets with decentralized accounting, or by the department head or executive director for other departments as appropriate.
- B. Retain one copy of the completed forms for audit purposes and submit the originals. Work papers used in the completion of the forms should be retained with the department's copy.
- C. If you **have information** to report, the certification letter on page 6 should be typed on department letterhead and signed by the Cabinet Secretary for those cabinets with centralized accounting, by the Department Commissioners for those cabinets with decentralized accounting, or by the department head or executive director for other departments as appropriate.
- D. **A hardcopy of the completed closing package must be returned by August 22, 2016, to the Office of Statewide Accounting Services, Financial Reporting Branch. An electronic copy of the forms must be submitted to Phil Nally at Phil.Nally@ky.gov.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

General Instructions for Completion and Remittance of the Completed Packages

An AFR Questionnaire has been included as part of this package. A separate questionnaire should be completed for each department. Instructions for the AFR Questionnaire are as follows:

1. Enter the date the form is completed.
2. Enter the cabinet and department number.
3. Enter the official department name.
4. Enter the four-digit fund type number(s) (listed below), in which the department has authorized account numbers established.
5. Read each question, as it relates to a specific AFR form, and select a yes or no answer.
Note: This response will help guide you in deciding which AFR forms are to be completed.
6. Enter the name of the person who prepared this form.
7. Enter the phone number of the person who prepared this form.

A matrix (Form AFR-1) is included as part of this package. A separate form AFR-1 is to be completed for each department. Instructions for form AFR-1 are as follows:

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the four-digit fund type number(s) (listed below), in which the department has authorized account numbers established.
5. If a form is submitted, indicate the number of each form submitted for that fund type (i.e. some funds might have multiple submissions of certain AFR forms). Enter an "N" if a form is not submitted for that department and fund type.
6. Enter the name of the person who prepared this form.
7. Enter the phone number of the person who prepared this form.

NOTE: The following chart shows the first characters of the eMARS fund number in the left column and the related fund type in the right column. In addition, some of the instructions to the AFR forms refer to fund reporting categories and associated fund types. The last column provides the reporting category for each fund type.

Departments with authorized accounts in Fund Type 2400 must submit forms for each fund.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

Funds in all other fund types must be aggregated and reported in total.

<u>Fund</u>	<u>Fund Type Name</u>	<u>Fund Type</u>	<u>Reporting Category</u>
01	General	0100	Governmental
C	Capital Projects	0200	Governmental
03	Debt Service	0300	Governmental
11	Transportation	1100	Governmental
12	Federal	1200	Governmental
13	Agency Revenue	1300	Governmental
14 or W	Other Special Revenue	1400	Governmental
21	State Parks	2100	Proprietary/Enterprise
24	Insurance Administration	2400	Proprietary/Enterprise
25	Health Self-Insurance	2500	Proprietary/Enterprise
28	Agricultural Finance	2800	Proprietary/Enterprise
29	Kentucky Horse Park	2900	Proprietary/Enterprise
31	Fleet	3100	Proprietary/Internal Serv.
32	Computer Services	3200	Proprietary/Internal Serv.
35	Prison Industries	3500	Proprietary/Internal Serv.
36	Central Printing	3600	Proprietary/Internal Serv.
37	Property Management	3700	Proprietary/Internal Serv.
38	Risk Management	3800	Proprietary/Internal Serv.
62	Unemployment Benefit	6200, 6210	Proprietary/Enterprise
63	Other Expendable Trust	6300, 6310	Governmental
65	Tobacco Settlement	6350	Governmental
72	Special Deposit Trust	7200	Fiduciary/Agency Trust
75	County Fees	7250	Fiduciary/Agency Trust

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

Special Notes

- A. Only "old year" bills paid with "new year" allotments should be listed as accounts payable in the proper expenditure/expense object classification as defined per enclosed instructions. Do not include as accounts payable those "old year" bills which are paid during the closing period with "old year" allotments. Since "old year" bills processed during the closing period do not need to be included as accounts payable, every effort should be made to submit, for automated processing, financial transactions applicable to fiscal year 2016 prior to closing. This could result in making the gathering of data relative to this solicitation less burdensome for your fiscal personnel. (Relates to AFR 70).
- B. Forms AFR-70A and AFR70-B have to match the attorney letter for judgments and contingencies. The attorneys have a deadline of August 10, 2016, to have their letters to the fiscal officers and the Office of Statewide Accounting Services. If you have not received your letter by this time, please call our office.
- C. Accounts Receivable for fiscal year 2016 will not be listed for those documents that post to "old year" during the closing period. Receivables will be listed only for those documents that post to "new year" receipts. (Relates to AFR-32/30).
- D. Amounts receivable from or payable to universities and other component units of the Commonwealth should be included as accounts receivable and/or accounts payable on the appropriate schedules (i.e. AFR-30 and AFR-32 or AFR-70).
- E. Amounts receivable from or payable to other state agencies of the Commonwealth should be included as interfund receivables and/or interfund payables on forms AFR-32 and AFR-72 by the receiving department.
- F. Fiscal year 2016 transactions that have not reached final status in eMARS as of the close of fiscal year 2016 should be included on the appropriate AFR form.
- G. Intrafund transactions are those for which both the accounts to be charged and credited are in the same fund type (i.e. both fund type 1300) and are not to be entered on any of the AFR forms. (Relates to AFR-72/72A and AFR-73).
- H. Interfund transactions are those for which the accounts to be charged and credited are different fund types (i.e. fund type 0100 and fund type 1300). (Relates to AFR-72/72A and AFR-73).

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

Closing Package Assistance

- A. Forms and instructions may be obtained online at:
<http://finance.ky.gov/services/statewideacct/Pages/AnnualCloseoutInformation.aspx>
- B. Training on the closing package will be available the week of June 8-12. Please contact Phil Nally at Phil.Nally@ky.gov if you would like to attend.
- C. For general closing package questions, contact one of the following:
1. Kim Moore, 564-5120
 2. Tommy Richie, 564-8637
- D. **Upon completion, mail the forms and signed letter to:**
Office of Statewide Accounting Services
Financial Reporting Branch
702 Capital Avenue, Room 484
Frankfort, Kentucky 40601

In addition, an electronic copy must be emailed to Phil.Nally@ky.gov.

Thank you for your assistance in completing this year's Comprehensive Annual Financial Report.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
SCHEDULE OF APPLICABLE AFR FORMS

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

	FUND TYPE											
	4											
AFR-10	5											
AFR-10A												
AFR-20												
AFR-20A												
AFR-30												
AFR-32												
AFR-33												
AFR-35												
AFR-40												
AFR-55												
AFR-55A												
AFR-60												
AFR-70												
AFR-70A												
AFR-70B												
AFR-71												
AFR-72												
AFR-72A												
AFR-73												
AFR-74												
AFR-75												
TOTALS	-	-	-	-	-	-	-	-	-	-	-	-

= Indicate the number of forms submitted for Fund Type and Dept.
"N" = Form is NOT submitted for Fund Type and Dept.

PREPARER'S NAME: 6

PHONE NUMBER: 7

Commonwealth of Kentucky

Cash

General

At June 30, departments may have cash on hand or cash in transit that has not been recorded in the accounting system. Each department having cash on hand or cash in transit to the State Treasury is responsible for reporting that amount to the Financial Reporting Branch.

Cash on Hand

Form AFR-10 is used to record all monies in the hands of departments or in local bank accounts for which a Cash Receipt Document has not been submitted to final in eMARS as of June 30. Departments are to report this cash according to the fiscal year in which the CR document has posted to final in eMARS. Amounts on CR documents posted to **new year** (FY2017) must be broken down by revenue source code or expenditure object code. For amounts posted on **old year** CR documents (Period 13 FY2016), only provide total revenues and total expenditures, a breakdown by source or object is not needed. Detailed instructions for AFR-10 follow.

Unearned revenues are those for which cash has been received, as of June 30, in exchange for promises to perform services or to furnish goods at some future date. If an entry is made to "Unearned Revenue", please include an explanation in the space at the bottom of the form.

Submit form AFR-10A for any amounts held by the department that will never be deposited in the central system. Separate instructions for form AFR-10A follow the instructions for AFR-10.

This process is not to be confused or combined with receivables, which are revenues due the Commonwealth, but not received prior to June 30.

Detailed Instructions

AFR-10

Cash on Hand/Cash In-Transit

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. Of the cash on hand at June 30, enter the amount that was sent to Treasury and processed during the closing period (13/2016). This will match the total amounts listed in item 15 below.
7. Determine the amount that was sent to Treasury on a "new year" CR document (FY2017). This amount will equal the total of amounts in item 14 below.
8. Of the amount to be remitted to Treasury on "new year" CRs only, determine the type of revenue the cash represents and record the amount on the applicable line in Column 1. If an entry is made to Unearned Revenue, please include an explanation.
9. For amounts listed as "Refund of Expenditure," give the appropriate object code for each new year amount.
10. Total Column 1 (sum of items 8 and 9). This total should equal item 7 above and also the total of new year CR document(s) listed in item 14.
11. Give the total amount of revenues included in total old year cash in item 6. It is **not** necessary to list any revenue codes for old year.
12. Give the total amount of refunded expenditures included in total old year cash in item 6. It is **not** necessary to list any expenditure codes for old year cash.
13. Total items 11 and 12 to get total cash posted to old year. This should match item 6 above and the total CR documents listed in item 15 in the box below.
14. List the new year Cash Receipt document number(s) and the total for each accounting line with a different fund type. The totals for these document number(s) should agree to the total listed in item 10. If additional room is needed to list all document numbers, please attach a separate sheet and write "See Attached" in the box.

Detailed Instructions

AFR-10

Cash on Hand/Cash In-Transit

(continued)

15. List the old year Cash Receipt document number(s) and the total amount for each Cash Receipt document. The total for these document number(s) should agree to the total in item 13. If additional room is needed to list all document numbers, please attach a separate sheet and write "See Attached" in the box.
16. Enter the name of the person who prepared this form.
17. Enter the phone number of the person who prepared this form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
CASH WORKSHEET

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

	Column 1 (New Year)	Column 2 (Old Year)
Cash on Hand-Old Year CR# List Below		Period 13/2016 6
Cash On Hand-New Year CR# List Below	FY 2017 7	
ALL FUND TYPES:	8	
Sales and Gross Receipts (R101-R149, R204-R206, R210-R219, R221, R227)		
Individual Income Tax (R241-R248)		
Corporate Income Tax (R231-R232)		
Property Tax (R223-R224, R229, R250-R269, R291-R294, R394)		
Coal Severance Tax (R150-R154)		
License and Privilege Tax (R161-R164, R167-R168, R187, R196-R203, R207-R209, R222, R228)		
Inheritance and Estate Tax (R271-R272)		
Miscellaneous Tax (R165, R277, R279, R281-R287, R289-R290, R391, R397)		
License, Fees, Permits (R169-R170, R188-R191, R193, R195, R301-R390, R393, R396, R399, R463, R852-R853, R856, R860)		
Contributions (R731-R734)		
Intergovernmental Revenue (R601-R654, R681, R691, R694, R697)		
Charge for Service (R225, R226, R283, R401-R464, R498, R499, R855)		
Fines and Forfeits (R701-R703, R711)		
Interest and Investment Income (R771-R775)		
Other Revenue (Give Source)	R*	
(Give total revenue amount only for Old Year (13/2016))		11
UNEARNED REVENUE (Please Explain)		
REFUND OF EXPENDITURE (Give Object)	E*	
(Give total refunded expenditure amount only for Old Year (13/2016))	9	12
TOTAL <u>New</u> Year CR ONLY	10	
TOTAL <u>Old</u> Year CR ONLY		13

NOTE: Documents listed below should be categorized by Posting Year.

2017 NEW YEAR DOCUMENT CODE / #	AMOUNT
14	14
TOTAL	14

2016 OLD YEAR DOCUMENT CODE / #	AMOUNT
15	15
TOTAL	15

PREPARER'S NAME: 16

PHONE NUMBER: 17

Detailed Instructions
AFR-10A
Private Cash Accounts

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 to which the monies would be deposited if they were entered in the system.
5. Enter the four-digit fund type number.
6. Enter the amount reported as of June 30, 2015.
7. Enter the total revenues received during fiscal year 2016.
8. Enter the total expenditures paid during fiscal year 2016.
9. Enter the amount as of June 30, 2016.
10. Enter the revenue source for the type of revenue received.
11. Enter the amounts for each type of revenue.
12. Enter the total revenue received.
13. Enter the object(s) for the type of expenditure.
14. Enter the amounts for each type of expenditure.
15. Enter the total expenditures paid.
16. Enter the name of the person who prepared this form.
17. Enter the phone number of the person who prepared this form.

Commonwealth of Kentucky
Investments

General

The purpose of the "Analysis of Investments" (Form AFR-20) and "Investments by Type" (Form AFR-20A) is to ensure that all state funds which are represented by investments are reported in the Commonwealth of Kentucky financial statements. Also, form AFR-20 provides a method by which each department at year end can present the cost or market value of investments and information regarding the holders of investments and/or collateral, facilitating the preparation of required footnote disclosures. In addition, form AFR-20A provides an approach by which each department at year end can present their investments by type using the interest rate risk effective weighted duration method.

Complete form AFR-20, disclosing the specific types of investments held and their dollar amounts at cost and market value. "Investments" as used herein represents securities and other assets held for the production of income in the form of interest, dividends, etc. Investments may be acquired by purchase, accepted for payment of taxes or services, or received as a gift. Each fund type should be presented on a separate form. Form AFR-20A is similar, except disclose the specific types of investments held and their dollar amounts using the interest rate risk effective weighted duration method.

Detailed Instructions
AFR-20
Analysis of Investments

NOTE: If your investments are being maintained by the Office of Financial Management, Finance and Administration Cabinet do not complete the form.

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the official fund type name.
5. Enter the four-digit fund type number.
6. Include all U. S. Treasury and agency obligations. "U. S. Treasury and agency obligations" as used herein includes obligations of the United States Government or its agencies, or of National Mortgage Associations established by or under the National Housing Act.
7. Include all commercial paper. "Commercial paper" includes bills of exchange, promissory notes, and other negotiable instruments used for the payment.
8. Include all corporate debt securities. A "corporate debt security" is defined here as a written promise by a corporation under seal to pay a fixed sum of money at some future time named, with stated interest payable at some fixed time or interval, given in return for money or its equivalent received by the corporation.
9. Include all corporate equity securities. "Corporate equity securities" denotes transferable certificates of corporate ownership (e.g., capital stocks).
10. Include other investments not covered in the above categories and indicate the type of investment.
11. For each type of investment owned at June 30, 2016, enter cost.
(Note: If the investment was a gift, the cost is the market value at the time donated.)
12. For each type of investment, enter market value at June 30, 2016.
13. For each type of investment indicate source used to determine market value (name of brokerage firm, Wall Street Journal, etc.).

Detailed Instructions
AFR-20
Analysis of Investments
(continued)

14. Enter total investments at cost.
15. Enter total investments at market value.
16. Recap investments at cost and at market as to short term or long term maturity.
17. Enter investments purchased but unpaid. Be sure to include in above analyses.
18. Enter those securities which are either fully insured, registered, or which are held by the department or the department's agent in the department's name. (An agent is an organization with which the department has a contractual relationship to hold securities owned by the department.)
19. Enter those securities which are neither insured nor registered, but are held by the department's counterparty in the department's name. (A counterparty is the issuer of a security or the purchasing agent for the department. If an organization is both an agent and counterparty, then the organization is considered to be a counterparty.)
20. Enter those uninsured and unregistered securities that are held by the department's agent or counterparty, but not in the department's name.
21. Enter the total of lines 18 - 20. This amount must equal line 14 above.
22. Enter the name of person preparing form.
23. Enter the phone number of person preparing form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
ANALYSIS OF INVESTMENTS

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

		<u>Cost</u>	<u>Market Value June 30, 2016</u>	<u>Source of Market Value</u>
U.S. Treasury and Agency Obligations	6	\$ 11	12	13
Commercial Paper	7			
Corporate Debt Securities	8			
Corporate Equity Securities	9			
Other (Indicate Type) <u>10</u>				
TOTAL INVESTMENTS		\$ 14	15	

		<u>COST</u>	<u>MARKET VALUE</u>
Recap: (Lower of cost or market)	16		
Total Short Term (Held less than 90 days)		\$	
Total Long Term (Held more than 90 days)			
TOTAL INVESTMENTS		\$ -	-

Amount of investments Purchased But Unpaid	\$ 17
Insured or registered investments held by the Department or the agent* of the Dept. in the Department's name	18
Uninsured and unregistered securities which are held by the Department's counterparty* in the Department's name	19
Uninsured and unregistered securities which are held by the Department's agent* or counterparty* not in the Department's name	20
TOTAL INVESTMENTS	\$ 21

*See definition in instructions.

PREPARER'S NAME: 22

PHONE NUMBER: 23

Detailed Instructions
AFR-20A
Investments by Type

NOTE: If your investments are being maintained by the Office of Financial Management, Finance and Administration Cabinet do not complete the form.

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the cabinet and department number.
4. Enter the official fund type name.
5. Enter the four-digit fund type number.
6. For each type of investment owned at June 30, 2016, enter its fair value.
7. For each type of investment owned at June 30, 2016, apply the effective weighted duration method for each.
8. Enter the total debt securities at fair value.
9. Enter the portfolio's effective weighted duration total.
10. Include other investments not covered in the above categories and indicate the type of investment and its fair value.
11. Enter Total Investments at fair value.
12. Explain any formal policies used to control interest rate risk of investments.
Note: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
13. Enter the name of person preparing form.
14. Enter the phone number of person preparing form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

INVESTMENTS BY TYPE

Interest Rate Risk Effective Duration Method

DATE: _____ 1

DEPARTMENT NAME: _____ 2

CABINET/DEPT. NUMBER: _____ 3

FUND TYPE NAME: _____ 4

FUND TYPE NUMBER: _____ 5

Investments:

DEBT SECURITIES

	Fair Value	Effective Duration
Commerical Paper	\$ 6	7
U.S. Treasuries/GOVERNMENT		
U.S. Agencies		
Corporate Debt		
Negotiable Certificates of Deposit		
State and Municipal Obligations		
Bond Mutual Funds		
Repurchase Agreements		
CMO		
Total Debt Securities	8	
Portfolio effective weighted duration		9

OTHER INVESTMENTS

Mortgages		
Equity Securities		
Other (attach sheet if necessary):	10	

Total Investments \$ 11

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

Please explain any formal policies used to control interest rate risk of investments:

Ex: We have an investment policy which states that bonds must have a maturity of no longer than 7 years.

12

PREPARER'S NAME: _____ 13

PHONE NUMBER: _____ 14

Commonwealth of Kentucky
Revenue Recognition

General

Tax Revenue

The tax revenue to be recognized are those receipts which are in the hands of a collecting department on June 30, and for which a report is filed with the state department responsible for collection between July 1 and July 31 for revenue earned for the month of June or a prior period. Certain tax revenues which apply to FY2017 will have been received as of June 30. These shall be reported as unearned revenue.

Tax receipts to be recognized will be categorized as follows:

- A. Sales and Gross Receipts Tax: Revenue Class 100 (R101 thru R149; R204 thru R206; R210 thru R219; R221; and R227)
 - 1. Alcoholic Beverage Wholesale Tax
 - 2. Beer Excise Tax
 - 3. Cigarette Tax
 - 4. Distilled Spirits and Wine Excise Tax
 - 5. Distilled Spirits Fair Trade Tax Insurance Premium Surcharge
 - 6. Motor Fuels Tax – Gasoline
 - 7. Motor Fuels Tax – Liquefied Petroleum
 - 8. Motor Fuels Tax – Special Fuels
 - 9. Motor Vehicle U-Drive-It Usage Tax
 - 10. Motor Vehicle Usage Tax
 - 11. Racing Taxes
 - 12. Sales and Use Tax

- B. Individual Income Tax: Revenue Class 240 (R241 thru R248)

This tax will be recognized in the amount of the second calendar quarter withholding and estimated returns that are filed in July. Based on past experience, estimate the percent of withholdings that are refunded and apply this percentage to the first and second quarter withholding. This will be the amount of the "accounts payable" for 2016 income taxes.

There will also be refunds for calendar year 2016 which have not been paid as of June 30.

This amount shall include refunds that have been authorized, but have not been processed, as well as an estimate of the amounts that are to be refunded that have not been authorized by June 30.

C. Coal Severance Tax: Revenue Class 150 (R150 thru R154)

This license and privilege tax is the largest producing General Fund Tax in this category. It is shown separately to present its relative importance to the Commonwealth.

D. License and Privilege Taxes: Revenue Class 155 (R161 thru R164; R167; R168; R187; R196 thru R203; R207 thru R209; R222; and R228)

1. Minerals and Natural Gas Tax
2. Motor Vehicle Registration
3. Oil Production Tax
4. Racing Taxes

Intergovernmental Revenues: Revenue Category 60 (Federal Revenues (R601 thru R645); Payment in Lieu of Taxes (R651 thru R654); and Revenues from Other States (R681 thru R697))

Intergovernmental revenues are generally grants from federal or local governments. Grants can be categorized into two types for revenue recognition purposes:

- A. Reimbursement grants are funded after certain allowable expenditures/expenses have been made. Revenue is recognized when the allowable expenditures/expenses have been incurred.
- B. Front-end funded grants are those for which funding is received prior to the expenditures/expenses being incurred, or prior to the required function being performed. Of the revenue received in fiscal year 2016, the amount of the grant for which services have not been performed, or for which expenditures/expenses have not been incurred prior to June 30, is unearned revenue.

NOTE: Departments are responsible for reporting receivables applicable to federal grants in the Capital Projects Fund on form AFR-33.

Fines, Forfeitures, and License Fees: Revenue Category 30 (Vehicle License Fees & Permits (R301 thru R399); Business License Fees & Permits (R169 thru R195; R362 thru R396; and R463) Professional Licenses (R380 thru R390 and R193); Departmental Sales & Fees (R852 thru R860)) will be recognized when received. As a result, no receivables will be reported on form AFR-30 or form AFR-32 for these items.

Charges for Services: Revenue Category 40 (Charges to the Public (R401 thru R429)) and Revenue Class 430 (Charges to Other State Agencies (R431 thru R448))

Charges for services are revenues from whatever goods or services the fund provides in the normal course of business. Charges for Services do not include intrafund receipts (amounts where the receiving fund type and the paying fund type are the same; i.e. 1300 to 1300) for reporting purposes.

The recognition of this revenue will be based on those goods or services that have been provided, as of June 30, for which monies have not been received. This will include items that have not been billed, as well as those which have been billed but remain unpaid.

Charges for Services need to be separated into charges to the public and charges to state agencies. The portion of interfund charges (amounts where the receiving fund type and the paying fund type are different; i.e. 0100 to 1300) to state agencies needs to be identified by the billing department as to the account numbers (Fund-Dept-Object) the department being charged will use. This information will be reported on form AFR-72. These are the transactions that are handled on an IET and/or ITI/ITA where the credit side uses a revenue source code. The amount on form AFR-72 must equal the amount reported on form AFR-32 as charges to state agencies. No distinction is necessary for the amount received within 30 days or over 30 days for charges to state agencies.

If monies have been received in advance of the goods or service being provided, this amount shall be recorded as unearned revenue on form AFR-30.

Investment Income: Revenue Category 70 (R771 thru R775)

Dividend revenue is generally recognized at the date of declaration. Therefore, dividends declared but not received as of June 30 should be reported.

Accordingly, interest income earned but not received as of June 30 should be reported.

Non-operating Revenues: Revenue Category 80

Non-operating revenues are those not earned in the normal course of business, such as the sale of property or equipment, or non-operating grants (private grants). Amounts earned but not received for non-operating revenues at June 30 should be reported.

If this is a refund of expenditure, please give the expenditure object.

If this is an Interfund Transfer, Revenue Class 900 (Revenue Source “N___”) list the department number, fund type, and expenditure object the transfer is due from on form AFR-72A.

Refund of Receipts

Refunds of receipts are those monies collected by the Commonwealth, which, after analysis, are determined to be in excess of the amount due the Commonwealth and are refunded to the payer.

Based on past experience, determine the amount of each receipt type collected for fiscal year 2016 that will be refunded after June 30, in fiscal year 2017. Refunds of receipts should be recorded for all receipts to which they apply.

Allowance for Uncollectibles

Of the receivables due the Commonwealth, there is a portion that will not be collected.

Based on past experience, determine the amount of receivables that are due but not expected to be collected.

NOTE: Forms AFR-30 and AFR-32 do not need to be completed for the categories Revenue, Unearned Revenue, or Refund of Receipts if that category does not exceed \$10,000.

Unearned Tax Revenues are those for which cash has been received as of June 30 but apply to the new fiscal year.

Accounts Receivable for fiscal year 2016 will not be listed for those documents that post to “old year” during the closing period. Receivables will be listed only for those documents that post to “new year” receipts.

Detailed Instructions
AFR-30
Revenue Recognition Worksheet

NOTE: Attach form AFR-30 to form AFR-32 and retain a copy with department workpapers.

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 individual revenue source code associated with each amount.
7. Summarize by revenue source code the amount of revenue earned in fiscal year 2016 which was not received as of June 30, 2016, and will process on a new year document.
8. Estimate the date of receipt. If there are significant variances between expected dates of receipt for the same type of revenue, please group the amounts by the expected date of receipt: (1) within 30 days or (2) over 30 days.
9. Of the amount of revenues received and recorded in the accounting system during fiscal year 2016 determine the amount that is unearned as of June 30. This is unearned revenue and may be the only entry for some revenue source codes.
10. Based on past experience, estimate the amount of fiscal year 2016 receipts to be refunded in fiscal year 2017.
11. Based on past experience, estimate the amount of receivables that are due but not expected to be collected. Record for each revenue source code used.
12. Total columns, recap revenue source codes, and transfer amounts to form AFR-32. See Instructions for form AFR-32.
13. Enter the name of the person who prepared the form.
14. Enter the phone number of the person who prepared the form.

Detailed Instructions

AFR-32

Revenue Recognition Recap

NOTE: After the form AFR-30 worksheet is completed, the information needs to be summarized by source as shown on form AFR-32.

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 totals as recapped from form AFR-30 or similar revenue recognition worksheet. If any revenue source code has been separated by estimated date of receipt, total all receipts in that category according to estimated date of receipt. Example:

R402	Within 30 days	\$20.00
	Over 30 days	\$10.00
R403	Within 30 days	\$25.00
	Over 30 days	\$5.00
CAN BE SUMMARIZED AS		
Charges to Public	Within 30 days	\$45.00
	Over 30 days	\$15.00

7. When an entry is made to Charges for Services to State Agencies in item number 7 of form AFR-32, the billing department must complete form AFR-72. Do not include any intrafund activity. Make sure the total entered on form AFR-72 equals the total reported in number 7 on form AFR-32.
8. When an entry is made to "Non-Operating and/or Other Revenue" in item 8 of form AFR-32 with a Transfer In "N" source code, you must complete form AFR-72A. All others should be shown on form AFR-30.
9. Total all columns.
10. Enter the name of the person who prepared the form.
11. Enter the phone number of person who prepared the form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REVENUE RECOGNITION RECAP

DATE: 1

DEPARTMENT NAME: 2 CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4 FUND TYPE NUMBER: 5

ALL FUND TYPES	Estimated Date Of Receipt	Revenue Earned Not Received as of 6/30	(Unearned Revenue) Amount Received Not Earned as of 6/30	Estimated Fiscal 2016 Receipts To Be Refunded Fiscal 2017	Allowance For Uncollectible Amount
Sales and Gross Receipt Taxes (R101-R149, R204-R206, R210-R219, R221, R227)	6				
Individual Income Tax (R241-R244)	6				
Coal Severance Tax (R150-R154)	6				
License and Privilege Taxes (R161-R168, R187, R196-R203, R207-R209, R222, R228)	6				
Intergovernmental Revenues - Federal Grants (R601-R645)	6				
Intergovernmental Revenues - Other (R651-R697)	6				
Fines, Forfeitures & License Fees (R301-R399; R169-R195, R362-R396, R463, R380-R390)	6				
Charges For Services:					
Charges to Public (R401-R429)	6				
Charges to State Agencies (Interfund Charges Only) (R431-R448 (Total must match AFR-72))	7				
Interest and Investment Income (R771-R775)	6				
Non-operating and/or Other Revenues : "N" (Please indicate Source; if more than one Source code is to be reported; report the detail information on AFR-30)	8				
TOTAL		9	9	9	9

PREPARER'S NAME: 10 PHONE NUMBER: 11

Detailed Instructions
AFR-72
Charges to State Departments

NOTES: This form is to be completed by the billing agency.

Central billing departments, such as Central Printing, should already have the necessary information to complete this form. Other departments may have to request the information from the department being charged.

1. Enter the date the form is completed.
2. Enter billing department name.
3. Enter the cabinet and department number for billing department.
4. Enter the billing fund type name.
5. Enter the four-digit fund type number.
6. Enter the eMARS account number (Fund-Dept- Object Code) to be charged. If there are multiple billings to a single account, please summarize. Do not include intrafund transactions.
7. Record the amount to be charged.
8. Enter total amount due. Verify that the total amount due equals the amount shown on form AFR-32 "Charges to State Departments."
9. Enter the name of the person who prepared the form.
10. Enter the phone number of the person who prepared the form.

DO NOT INCLUDE INTRAFUND TRANSACTIONS

Detailed Instructions

AFR-72A

Operating Transfers Out

1. Enter the date the form is completed.
2. Enter billing department name.
3. Enter the cabinet and department number for billing department.
4. Enter the billing fund type name.
5. Enter the four-digit fund type number.
6. Enter the eMARS account number (Fund-Dept-Transfer Out “T” code). Do not include intrafund transfers.
7. Record the amount of the transfer.
8. Enter total amount due and verify that it equal the amount reported on the AFR-32 in item number 8 as a Transfer In “N”.
9. Enter the name of the person who prepared the form.
10. Enter the phone number of the person who prepared the form.

DO NOT INCLUDE INTRAFUND TRANSFERS

Detailed Instructions

AFR 33

Schedule of Accounts Receivable for Capital Projects

NOTE: Complete this schedule for Capital Projects Fund (0200) projects due reimbursement from federal or local grants as of June 30. Include reimbursements requested and deposited in July to fiscal year 2016 (new year).

1. Enter the date the form is completed.

2. Enter the official department name.

3. Enter the cabinet and department number.

4. Column 1: Enter the eMARS Capital Project number.

Column 2: Enter the source of funds and grant number.

Column 3: Enter the results of the following computation: Total expenditures which posted through FY2016 minus total receipts posted through FY2016. The result should be total expenditures eligible for reimbursement.

Column 4: Enter the amount of all unpaid invoices and invoices paid July (new year) for goods and services provided through June 30. This should be the amount included in the AFR-70 as an Accounts Payable for this project.

Column 5: Enter the reimbursement rate for this grant (100%, 75%, etc.).

Column 6: Enter the results of the following computation: $(\text{Column 3} + \text{Column 4}) \times \text{Column 5}$.

5. Enter the total of Column 6. (This represents monies due your department from the grantor at close of business June 30, and is an accounts receivable).

6. Enter the name of the person who prepared the form.

7. Enter the phone number of the person who prepared the form.

Commonwealth of Kentucky
Distribution of Revenues – Interfund

General

Certain revenue items collected through the Department of Revenue are initially receipted into a clearing account and from there are distributed to the appropriate account (fund, department, revenue source, etc.). Amounts remaining in the clearing accounts after closing period should be reported on form AFR-35 so the revenues are included in the appropriate fund type in the CAFR.

Detailed Instructions

AFR-35

Distribution of Revenue – **Interfund transactions only**

Interfund transactions are those for which the accounts to be charged and credited are in different fund types (i.e. fund type 0100 and fund type 1300).

1. Enter the date the form is completed.
2. Enter the official name of the billing department.
3. Enter the cabinet and department number.
4. Enter the fund type name (fund containing the clearing account).
5. Enter the four-digit fund type number.
6. Enter the account number to be charged (clearing account). (Fund-Dept-Revenue Source)
7. Enter the amount to be charged to that account number.
8. Enter the account number to be credited (account into which the revenues should be receipted). (Fund-Dept-Revenue Source)
9. Enter the amount to be credited.
10. Enter the total amount to be charged.
11. Enter the total amount to be credited.
12. Enter the name of the person preparing the form.
13. Enter the phone number of the person preparing the form.

Commonwealth of Kentucky
Inventory Analysis

General

Inventories are those items held for internal consumption or resale to other state government units or outside parties and expected to be used within one year.

The "Inventory Analysis" form AFR-40 should be submitted only if the department maintains a central supply room, a printing operation, or a field operation requiring a supply room (e.g., hospitals, maintenance garages, items held for resale, etc.).

The major categories to be used for inventory are:

- A. Items for resale (including merchandise, prepared food and supplies for resale), and
- B. Materials and supplies, which consist of the following:
 - 1. Supplies (including materials, supplies, parts, and drugs);
 - 2. Commodities (including food products, fuels and lubricants, and raw materials);
 - 3. Transportation commodities (including highway maintenance items);
 - 4. "Other" (used for material inventories not noted above).

In accordance with the accounting principles applicable to inventories, State departments must value their inventory "held for resale" at the lower of cost or market. The first in, first out (FIFO) method should be used to establish inventory cost.

Departments with an established inventory system shall value their inventory at the lower of cost or market based on their system, and indicate the method the system uses for valuing the inventory. Where perpetual inventory records are not maintained, the following steps must be completed as of June 30, 2016, to determine the lower of cost or market:

Step 1 Determine the cost of inventory based on the FIFO method which assumes that goods are used in the order in which they are purchased. The inventory value is a build-up or layering of the most recent purchase costs. Cost is defined as the price paid or consideration given to acquire the inventory item. Include in the cost all direct and indirect costs incurred during transportation.

Step 2 Determine the market value of inventory. Market is defined as the item's current replacement cost by either purchase or reproduction. Exceptions to this definition, which

generally apply only to proprietary funds are guided by the following rules:

- a. The market should not exceed the net realizable value (ceiling), which is the estimated selling price in the ordinary course of business less reasonably predictable costs of completion and disposal.
- b. The market should not be less than the net realizable value reduced by an allowance for a normal profit (floor).

Step 3 Determine the lower of cost or market for each type of item by subtracting the “Reductions to Cost” from “Cost”.

Detailed Instructions

AFR-40

Inventory Analysis

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 actual cost of the inventory items based on the FIFO valuation method.
7. When the market value of items for resale is lower than cost, enter the difference.
8. Subtract item 7 from item 6 and enter the result.
9. Add all amounts in item 6 and enter the total onto the total line.
10. Add all amounts in item 7 and enter the total onto the total line.
11. Add all amounts in item 8 and enter the total onto the total line.
12. Indicate if valuation method is other than FIFO.
13. Enter the name of the person who prepared this form.
14. Enter the phone number of the person who prepared this form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
INVENTORY ANALYSIS

DATE: _____ 1 _____

DEPARTMENT NAME: _____ 2 _____

CABINET/DEPT. NUMBER: _____ 3 _____

FUND TYPE NAME: _____ 4 _____

FUND TYPE NUMBER: _____ 5 _____

<u>Inventory Type</u>	<u>6 Cost</u>	<u>7 Reductions to Cost</u>	<u>8 Lower of Cost or Market</u>
Items for Resale	\$ _____	\$ _____	\$ _____
Materials and Supplies	\$ _____		_____
TOTALS	\$ _____ 9	\$ _____ 10	\$ _____ 11

Valuation Method:

12

PREPARER'S NAME: _____ 13 _____

PHONE NUMBER: _____ 14 _____

Commonwealth of Kentucky
Equipment Leases

General

Review all current leases (generally coded E611) and all rentals (generally coded E223, E224, and E225) and complete form AFR-55. Include those contracts where the intent is to continue the lease into the next fiscal year.

Do NOT complete form AFR-55 for copiers leased off the catalog master agreement as these will be provided by the vendor (Konica-Minolta, Canon, and Ricoh) or from Xerox under Managed Print. NOTE: Form AFR-55 must be completed for copiers leased on a special contract that is not open to other agencies.

Do NOT complete form AFR-55 for equipment managed by COT. This form is only for leases pertaining to external vendors.

Form AFR-55 is to be completed for all other leases and rentals when the asset has a value equal to or greater than \$5,000. (A form should be completed for each individual asset).

The Returned Copiers Worksheet (Form AFR-55A) is to be completed **ONLY** if any copiers being leased off the catalog master agreement were returned to vendors prior to the end of the lease term.

NOTE

For CAFR purposes, leased assets valued at \$5,000 or more that meet the criteria as a capital lease should be entered in eMARS as fixed assets.

If any of the following four criteria are met the lease is a capital lease:

- 1. The ownership of the asset is shifted from the lessor to the lessee by the end of the lease period, or**
- 2. The lessee can buy the asset from the lessor at the end of the lease term for a below market price, or**
- 3. The period of the lease encompasses at least 75% of the useful life of the asset, or**
- 4. The present value of the minimum lease payments required under the lease is at least 90% of the fair value of the asset at inception of the lease.**

Detailed Instructions
AFR-55
Lease Obligation Worksheet

NOTE: A separate worksheet is required for each lease agreement with payments made against it during the current fiscal year.

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. (Fund making the monthly payments)
5. Enter the four-digit fund type number.
6. Enter the vendor name (vendor number is not necessary).
7. Enter the description of the asset. Use manufacturer's name and machine model number if known.
8. If the item has been entered in eMARS as a Fixed Asset check "yes", if not check "no". (If an asset cost more than \$5,000 and the agency will own the equipment at the end of the lease, it should be tagged and entered into eMARS.)
9. Enter the equipment tag numbers for all assets acquired by the lease. If equipment is not tagged, enter the serial number. If additional space is needed, attach a separate sheet.
10. Enter the cost of the asset if it were purchased now, instead of leasing/renting.
11. Enter the Catalog Master Agreement Number or Master Agreement number.
12. Enter the number of years the asset is to be leased/rented.
13. Enter the date the first payment was due.
14. Enter the amount of each payment and the frequency of the payment: monthly, quarterly, or annually.
15. Enter the number of payments made in the current fiscal year, including payments posted during the closeout period.
16. Enter the number of payments made to date, including payments made this fiscal year and all payments made in previous fiscal years.

Detailed Instructions

AFR-55

Lease Obligation Worksheet

(continued)

17. If the lease/rental agreement contains a purchase option, check “yes”. If the agreement does not contain a bargain purchase option, check “no”.
18. If item 16 was checked “yes”, complete item 17. Check “yes” if the bargain purchase option was exercised during the year, and check “no” if the purchase option was not exercised during the year.
19. Enter the document number, object, and amount for each payment made during the current fiscal year.
20. Complete for ALL funds, when the lease agreement contains a trade-in allowance. List the Fair Value of the asset(s) traded in. Fair Value is the selling price expected to be received if the asset was sold to an unrelated purchaser. Enter the tag number(s) for assets traded in.
21. Enter the name of the person preparing this form.
22. Enter the phone number of the person preparing this form.

Detailed Instructions
AFR-55A
Returned Copiers

To be completed for copiers returned prior to the end of the lease term.

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. (Fund making the monthly payments.)
5. Enter the four-digit fund type number.
6. Enter the vendor name (vendor number is not necessary).
7. Enter the serial number of the item returned.
8. Enter the location including street and city.
9. Enter the date the item was returned (early terminations only). Do not include copiers returned at the end of the lease.
10. Enter the monthly lease payment (Do not include cost of copies).
11. Enter the name of the person preparing this form.
12. Enter the phone number of the person preparing this form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
RETURNED COPIERS

DATE: 1

DEPARTMENT NAME: 2 CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4 FUND TYPE NUMBER: 5

	Vendor Name	Serial Number of Item Returned	Location		Date Item Returned	Monthly Costs
			Street	City		
1	6	7	8		9	10
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						

***Copiers leased through Catalog Master Agreement Listing of Copiers Returned

PREPARER'S NAME: 11 PHONE NUMBER: 12

Commonwealth of Kentucky
Prepaid Expenses

General

A prepaid expense represents the amount paid for goods or services for which benefits have not been received as of June 30, 2016. This amount is reported as an asset at the end of the period.

Do NOT include professional dues on AFR-60 because they are not considered prepaid expenses even if the time period extends beyond the end of the fiscal year. Examples of professional dues are dues paid to maintain licensing required for employment (nurses, doctors, etc.), entities that provide quality assurance for agencies (GFOA), and memberships to organizations (Association of Governmental Accountants, etc.)

NOTE: AFR-60 does not need to be completed if total prepaid expenses are less than \$10,000.

Detailed Instructions

AFR-60

Prepaid Expenses

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 expenditure title to which expense was charged.
7. Enter expenditure object.
8. Enter amount of expenditure applicable to future periods.
9. Enter total amount of prepaid expenses.
10. Enter the name of the person who prepared the form.
11. Enter the phone number of the person who prepared the form.

Commonwealth of Kentucky
Accounts Payable Recognition

General

Accounts payable, as applied to the Commonwealth of Kentucky's GAAP reporting system, includes liabilities incurred for goods received or services performed as of June 30 for which payment has not been made. Amounts to be reported on this form should include only amounts that will be paid with "new year" funds. The unpaid liabilities incurred as of June 30 should include documents to be processed through eMARS as well as those paid with imprest cash.

If amounts are **due to other fund types** (Inter-Account Bills, Journal Vouchers), those amounts are **not** to be included here. Rather, they will be reported by the billing agency as interfund payables on form AFR-72 (Charges to State Agencies).

Payable amounts determined as of June 30, including capital project funds, should be summarized on form AFR-70 according to the appropriate category as defined below. If an invoice has not been received by the time this package is submitted, the department should estimate the liability to the best of their ability.

Personal Services

Personal services include amounts for professional services such as legal, auditing, consulting, and court reporting. This also includes other personnel costs, which have been incurred as of June 30. Include salaries, wages, and fringe benefits only for those payrolls that are **not** processed through KHRIS.

Utilities, Rentals, and Other Services

Utilities, rentals, and other services include utility services, fuels, and other services that have been incurred, but not paid for as of June 30. Do not estimate the cost of metered utilities such as gas, electric, and water from the last billing date until June 30.

Commodities and Supplies

Commodities and supplies include items that are consumed in the normal activities of the department or are held for resale as of June 30. These include but are not limited to office supplies, operating supplies, maintenance supplies, resale items, small tools, and equipment.

Grants and Subsidies

Grants and subsidies include contributions, cash gifts, or other assets to other governmental units and/or individuals to be used or expended for a specific purpose, activity, or facility. Payments may

also be made as reimbursements of expenditures made by a qualifying receiver. Included in this category are payments mandated by statute to return a portion of revenues collected by the state to local governmental units. Grants and subsidies include, but are not restricted to grants, financial assistance payments, care and support payments, and benefit payments.

Accounts payable will need to reflect the measurable liabilities, as of June 30, for reimbursement grants, revenue sharing, and benefits. Reimbursement grants will reflect the amount of known liability (invoice has been received) as accounts payable. Revenue sharing items should be recognized as a liability in the amount of total current year receipts that have not been distributed to local governmental units. Benefit payments, such as Medicaid, may require an estimate for the amount of liability at June 30. Estimates for benefit payments should be based on factors such as prior billings and normal lag time of the billing from the provider.

Capital Outlay

Capital outlay includes amounts for fixed assets, cost of \$5,000 or more and a useful life greater than one year, where goods have been received as of June 30 and payment will be made with "new year" funds.

Travel

Travel includes amounts for travel purposes that were incurred as of June 30 and payment for the amounts will be made with "new year" funds.

Retainage

Retainage is a specified amount to be withheld from each payment to a contractor and paid at a later date once the contract has been satisfied and the work complete. The amount withheld is declared a payable to the contractor until payment is made. Retainage is used for capital project funds.

Refund of prior year receipts

There will be refunds for receipts recorded in fiscal years prior to 2016 that have not been paid as of June 30, 2016, and payment of these amounts will be made in FY2017 or later (These are revenues recorded prior to fiscal year 2016 which will remain payable at July 1, 2016). Please indicate the Revenue Source Code for the refund.

NOTE: AFR-70 does not need to be completed if total accounts payable to be reported are less than \$10,000.

Detailed Instructions
AFR-70
Summary of Accounts Payable

NOTE: For the Transportation Fund, a separate form is to be completed for each program within each department.

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 amount payable within one year for each classification. These amounts will require the use of fiscal year 2017 funds for repayment.
7. Enter the amount payable longer than one year for each classification.
8. If payable amounts cannot be classified under the given categories, list them as “other” and describe the purpose for the amount.
9. Enter total amount for each classification.
10. Enter total amount for each column.
11. Total amounts for “Payable Within One Year” plus amounts for “Payable in Future Periods” should agree to the bottom line amount for the total column.
12. Enter the name of the person preparing the form.
13. Enter the phone number of the person preparing the form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
SUMMARY OF ACCOUNTS PAYABLE

DATE: 1

DEPARTMENT NAME: 2 CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4 FUND TYPE NUMBER: 5

Classification	Object Category	Payable Within One Year	Payable In Future Period	Total
Personal Services	10	<u>6</u>	<u>7</u>	<u>9</u>
Utilities, Rentals and Other Services	20			-
Commodities and Supplies	35			-
Grants and Subsidies	40			-
Capital Outlay	60			-
Travel	36			-
Retainage (Capital Projects)				-
Refunds of prior year receipts(Identify Revenue Source Code):				-
				-
Other (Identify):				
<u>8</u>				-
				-
Totals		<u>10</u>	<u>10</u>	<u>11</u>

NOTE(S): AFR-70 amounts should include capital project funds.
AFR-70 does NOT need to be completed if the total accounts payable, to be reported, is less than \$10,000.00

PREPARER'S NAME: 12 PHONE NUMBER: 13

Commonwealth of Kentucky
Judgments and Contingencies

Judgments

Judgments include amounts to be paid as a result of court decisions and condemnation awards for private property. These include those arising out of: (a) employment; (b) contractual actions, such as claims for delays or inadequate specifications; (c) actions of governmental personnel, such as claims for medical malpractice, damage to private property by government-owned vehicles, and improper police arrest; and (d) governmental properties, such as claims relating to personal injuries and property damage. The court-ordered amounts that remain unpaid at June 30 should be included if payment is to be made with "new year" funds. Judgments should be segregated into those amounts which are payable within one year and payable in future periods.

Contingent Liabilities

A contingent liability differs from a judgment in that a contingent liability arises when a suit that has been filed, but a court decision has NOT been made. Contingent liabilities include amounts for claims against the Commonwealth that relate to situations that occurred prior to June 30. Contingencies are broken into the following categories: (a) "remote," less than 50% chance of occurrence; or (b) "possible," 50%-74% chance of occurrence; or (c) "probable," 75% or greater chance of occurrence. Only probable liabilities (75% or greater chance of occurrence) for which the loss is reasonably estimable should be included as contingent liabilities and reported on form AFR-70A.

Contingent liabilities should be broken down into those amounts which are payable within one year and payable in future periods. Any payments made for either judgments or contingencies should be shown on form AFR-70B.

Before completing form AFR-70A or form AFR-70B, obtain a copy of your department's attorney letter regarding judgments and contingencies. Please make sure that the attorney letter agrees with all information provided on form AFR-70A and form AFR-70B. The attorney letter must **explicitly state** that all contingency amounts shown on form AFR-70A are **PROBABLE** and must give the expected **loss amount** in dollars. If discrepancies exist, either revise the AFRs or obtain a new attorney letter containing information that substantiates the numbers presented on the AFRs.

Detailed Instructions
AFR-70A
Judgments and Contingent Liabilities

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 amount payable within one year for each classification (to be paid with FY2016 funds).
7. Enter amount payable in future periods for each classification (to be paid with FY2017 or later year funds).
8. Enter total amount for each category.

BREAKDOWN:

9. Enter the balance of contingent liabilities/judgments at June 30, 2015, per last year's form AFR-70A, as the beginning balance for FY2016.

If there are revised estimates for amounts carried forward from last year, do not change them here. Changes in prior estimates are reported as either an amount dismissed (decrease in estimate) or an amount incurred during the year (increase in estimate). Do not adjust beginning balances. These must exactly match prior year ending balances.

10. Enter all amounts paid during the year. This includes payments for contingent liabilities/judgments recorded at June 30, 2015 (part of beginning balance) and for contingent liabilities/judgments incurred during the year (FY2016). The total paid amounts should match the total of all paid amounts shown on form AFR-70B.
11. Enter the amounts of contingent liabilities/judgments that were recorded at June 30, 2015, but were dismissed during the year (FY2016). Also, include any decreases in estimated amounts that were previously reported.
12. Enter the amount of contingent liabilities/judgments that were incurred during the year (FY2016). Also, include any increases in estimates previously reported.

Detailed Instructions

AFR-70A

Judgments and Contingent Liabilities

(continued)

13. Enter any amount to be reclassified from the category in which it was reported at June 30, 2015. For example, it would be appropriate to reclassify an amount reported in the previous year as a current contingency to a judgment this year if the case was decided in the current fiscal year. A decrease in current contingencies and an increase in current judgments would be shown on form AFR-70A.

NOTE: Amounts on this line will not increase/decrease the total liability report. Amounts will be shown as a reduction in one column and an increase in another column.

14. Enter the balance of contingent liabilities/judgments at June 30, 2016. This should agree with item 8 above.

15. Enter the name of the person preparing the form.

16. Enter the phone number of the person preparing the form.

NOTE: Check again to make sure that all amounts listed on form AFR-70A and form AFR-70B are fully described in your department's attorney letter (stating the case is "probable" and giving expected loss amount for all contingent liabilities).

SUMMARY OF CONTINGENT LIABILITIES AND JUDGMENTS

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

****Please make sure that all information provided on AFRs 70A & 70B is fully described in and agrees with your department's attorney letter. Make sure attorney letter explicitly states "probable" chance of loss and gives specific amount of expected loss for each contingent liability.**

	6 PAYABLE WITHIN ONE YEAR	7 PAYABLE IN FUTURE PERIODS	8 TOTAL
JUDGMENTS	\$ _____	_____	_____ -
PROBABLE CONTINGENT LIABILITIES <i>(Attach copy of Attorney's letter)</i>	\$ _____	_____	_____ -

Reconciliation of:

	PROBABLE Contingent Liabilities		Judgments	
	PAYABLE WITHIN ONE YEAR	PAYABLE IN FUTURE PERIODS	PAYABLE WITHIN ONE YEAR	PAYABLE IN FUTURE PERIODS
Balance at June 30, 2015	9 \$ _____	_____	_____	_____
ALL Amounts Paid During The Year <i>(Form AFR-70B must be completed for amounts paid. Totals on AFR-70B must match the amounts shown here.)</i>	10 _____	_____	_____	_____
Amounts Dismissed During The Year (includes items removed from books or decreases in estimates)	11 _____	_____	_____	_____
ALL Amounts Incurred During The Year (includes increases in estimates)	12 _____	_____	_____	_____
Amount Reclassified (from LT to ST, or from Contingency to Judgment)	13 _____	_____	_____	_____
Balance at June 30, 2016	14 \$ _____	_____	_____	_____

PREPARER'S NAME: 15

PHONE NUMBER: 16

Detailed Instructions

AFR-70B

Detail of Contingent Liabilities and Judgments Paid

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 fund type, department, and object to which each payment was charged.
7. Enter the document number that entered the payment into the eMARS system.
8. Enter name of case that was paid.
9. Enter the amount paid/charged to each object.
10. Enter the total for each category.
11. Total all paid amounts and make sure this total matches the total of all paid amounts shown on form AFR-70A.
12. Enter the name of the person who prepared this form.
13. Enter the phone number of the person who prepared this form.

NOTE: Check again to make sure that all amounts listed on form AFR-70A and form AFR-70B are fully described in your department's attorney letter.

Commonwealth of Kentucky
Annual, Sick, Compensatory Leave

General

The purpose of the "Annual, Sick, Compensatory Leave" form, AFR-71, is to determine the dollar amount of accumulated leave as of June 30, 2016, for those employees with leave balances which are not maintained through KHRIS. Do not complete this form for employees with leave balances maintained through KHRIS.

Annual leave balance includes the dollar value of accumulated annual leave as of June 30, 2016, and the employer's portion of FICA applicable to these amounts.

Sick leave balance includes the dollar value of accumulated sick leave as of June 30, 2016.

Compensatory leave balance includes the dollar value of accumulated compensatory leave as of June 30, 2016, and the employer's portion of FICA and retirement contributions applicable. Each individual's accumulated compensatory leave should be limited to the maximum compensatory leave allowed by regulation.

Detailed Instructions

AFR-71

Annual, Sick, Compensatory Leave

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 leave balance in hours at July 1, 2015, by category.
7. Enter the total dollar value of leave balances at July 1, 2015, by category. The dollar value should be the total of each employee's leave balance multiplied by the employee's year end (June 30, 2015) hourly pay rate, plus the employer's portion of FICA and retirement.
8. Enter total hours earned during fiscal year 2016 by category.
9. Enter the dollar value of leave earned during fiscal year 2016. The total dollar value should be the total of each employee's leave earned by category multiplied by the employee's year-end (June 30, 2016) hourly pay rate.
10. Enter the leave hours used during fiscal year 2016 by category.
11. Enter the total dollar value of leave used during fiscal year 2016. The total dollar value should be the total of each employee's leave used by category multiplied by the employee's year-end (June 30, 2016) hourly pay rate, plus the employer's portion of FICA and retirement.
12. Enter leave balances in hours at June 30, 2016, by category.
13. Enter the total dollar value of year-end leave balances. The total dollar value should be the total of each employee's leave balances multiplied by each employee's year-end (June 30, 2016) hourly pay rate, plus the employer's portion of FICA and retirement.
14. Enter the name of the person preparing the form.
15. Enter the phone number of the person preparing the form.

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
ANNUAL, SICK, AND COMPENSATORY LEAVE

DATE: 1

DEPARTMENT NAME: 2 CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4 FUND TYPE NUMBER: 5

	<u>Annual Leave Balance</u>	<u>Sick Leave Balance</u>	<u>Compensatory Leave Balance</u>
<u>Beginning Balance July 1, 2015</u>			
Hours	<u>6</u>	<u>6</u>	<u>6</u>
Dollar Amount \$	<u>7</u>	<u>7</u>	<u>7</u>
<u>Earned During Fiscal Year 2016</u>			
Hours	<u>8</u>	<u>8</u>	<u>8</u>
Dollar Amount \$	<u>9</u>	<u>9</u>	<u>9</u>
<u>Used During Fiscal Year 2016</u>			
Hours	<u>10</u>	<u>10</u>	<u>10</u>
Dollar Amount \$	<u>11</u>	<u>11</u>	<u>11</u>
<u>Ending Balance June 30, 2016</u>			
Hours	<u>12</u>	<u>12</u>	<u>12</u>
Dollar Amount \$	<u>13</u>	<u>13</u>	<u>13</u>

NOTE: AFR-71 does NOT need to be completed if all employee leave balances are maintained in KHRIS.

PREPARER'S NAME: 14 PHONE NUMBER: 15

Commonwealth of Kentucky
Reimbursement of Expenditures/Expenses

General

Reimbursements are interfund transactions in which one fund repays a second fund for expenditures/expenses that were initially paid/incurred by the second fund for items applicable to the first fund. This transaction is an Interaccount charge and an Interaccount credit or an expenditure and a reduction of an expenditure on a Journal Voucher, IET or ITI (Internal Transaction Initiator)/ITA (Internal Transaction Agreement).

Agencies which have reimbursable expenditures/expenses at June 30 for which the appropriate documents (Journal Voucher or Inter-Account Bill) have not been posted to final by the close of FY2016 must complete form AFR-73. Form AFR-73 is to be completed by the billing department and this form should be completed for interfund transactions only.

NOTE: AFR-73 does not need to be completed if the total is less than \$10,000.

Detailed Instructions

AFR-73

Reimbursement of Expenditures/Expenses-**Interfund transactions only**

NOTE: For the Transportation Fund, a separate form is to be completed for each program within each department.

Interfund transactions are those for which the accounts to be charged and credited are in different fund types (i.e. fund type 0100 and fund type 1300).

1. Enter the date the form is completed.
2. Enter the official name of the billing agency.
3. Enter the cabinet and agency number.
4. Enter the billing fund type name (to be credited).
5. Enter the four-digit fund type number.
6. Enter the account number to be charged (Fund-Dept-Object Code)
7. Enter the amount to be charged to that account number.
8. Enter the account number (Fund-Dept-Object Code) to be credited (account to which expenditure/expense originally charged.)
9. Enter the amount to be credited.
10. Enter the total amount to be charged.
11. Enter the total amount to be credited.
12. Enter the name of the person preparing the form.
13. Enter the phone number of the person preparing the form.

NOTE: AFR-73 does not need to be completed if the total is less than \$10,000.

Items 10 and 11 must be equal.

Commonwealth of Kentucky
Last Date of Entry

General

The Office of Statewide Accounting Services can now directly access departments' CAFR reportable equipment (vehicles, software, intangibles, and works of art) through the eMARS system. Therefore, detailed reconciliation forms are not necessary. The only information your department must supply for the closing package is the date that all **2016 fixed assets documents** were entered into "**final**" status in the eMARS system for acquisitions, dispositions, modifications, and transfers. The date enables us to determine when all agencies have finalized their fixed asset transactions and we can be assured that the reports we pull from eMARS are complete.

The dollar threshold for CAFR reportable equipment is: \$5,000 for furniture, fixtures, office machines, heavy machinery and implements, vehicles, works of art/historical treasures, and library books, as well as stand alone and main-frame computer equipment. The threshold for software is \$500,000. All other intangibles have a threshold of \$100,000.

The target date for departments to have entered and finalized FY2016 CAFR reportable equipment is August 22, 2016. The eMARS documents will need to have a status of "**Final**".

Detailed Instructions
AFR-74
Last Date of Entry

1. Enter the official department name.
2. Enter the cabinet and department number.
3. Enter the date the form is completed.
4. Enter the calendar date on which the last fixed asset document was posted as “final” for fiscal year 2016.
5. Signature of department’s property officer.
6. Enter the phone number of the property officer.
7. Signature of department’s head.

Use of the eMARS Advantage Financial system for the tracking of all assets

The eMARS Advantage Fixed Asset Module must be used for the tracking of all state assets with a cost of \$500 or more. *This is not an option* as FAP 120-20-01 states: “Agencies shall enter records into the fixed asset system for non-expendable property which promotes financial reporting, safeguarding of assets, and adequate insurance.” The fixed asset system referred to in FAP 120-20-01 is the eMARS ADVANTAGE Fixed Asset Module. Assets are generally defined as non-expendable items having a useful life of more than one year and a cost of five hundred dollars (\$500) or more. In order for an item to be considered an asset, it must have future economic benefit to the Commonwealth. The Commonwealth uses the following categories of fixed assets: land, improvements (other than to buildings), easements, buildings, depreciable and non-depreciable works of art/historical treasures, equipment, vehicles, other intangibles, construction-in-progress, and software. (It is acceptable to include software cost as part of the total cost of a related personal computer; however, individual software licenses with a cost of five hundred thousand dollars (\$500,000) or more must be recorded individually). In determining the cost of an asset, component parts and all qualifying accessories should be included. Also included in the determination is the cost of freight, installation, and other auxiliary charges paid by the state, less any discounts. The trade-in allowance will not affect the cost of the asset. However, any training expenses incurred at the time of the asset purchase is included as part of the asset cost. Training at a later date is not capitalized; interest expense is never capitalized on purchased assets. If the asset is donated, the cost is equal to the fair market value on the date of donation.

Each department is responsible for performing reasonable procedures to ensure that all fixed assets are physically tagged with a property tag that includes the appropriate prefix for their department.

For CAFR purposes, leased assets should be entered in eMARS as a fixed asset when they are valued at \$5,000 or more and meet the criteria as a capital lease as identified below:

If any of the following four criteria are met the lease is a capital lease:

- 1. The ownership of the asset is shifted from the lessor to the lessee by the end of the lease period, or**
- 2. The lessee can buy the asset from the lessor at the end of the lease term for a below market price, or**
- 3. The period of the lease encompasses at least 75% of the useful life of the asset, or**
- 4. The present value of the minimum lease payments required under the lease is at least 90% of the fair value of the asset at inception of the lease.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES

LAST DATE OF ENTRY

FIXED ASSET EQUIPMENT (INCLUDES EQUIPMENT, VEHICLES, AND SOFTWARE)

DEPARTMENT NAME: _____ 1 _____ CABINET/DEPT. NUMBER: _____ 2 _____

DATE: _____ 3 _____

Last Transaction Date: _____ 4 _____

Signature of Department Property Officer: _____ 5 _____

Phone Number of Department Property Officer: _____ 6 _____

Signature of Department Head: _____ 7 _____

**Commonwealth of Kentucky
Profit or Loss Allocation
(Internal Service Funds Only)**

General

The profit or loss associated with sales made by internal service funds (i.e., those funds beginning with the number “3”) to other state departments must be allocated back to the functions that benefited from the goods or services provided. Based upon the usage proportions of the internal service fund by state functions, the appropriate allocations can be calculated. This allocation is for CAFR reporting purposes only.

The Office of Statewide Accounting Services must be given the total sales made to individual state departments during the year. Each department to whom sales were made must be listed along with the total revenues received from that department. Sales to state departments should include all revenues recorded under revenue source codes R431 through R445. If you listed any charges to state departments on form AFR-72 be sure to include those on form AFR-75 as they will be recorded as revenue. If you listed any unearned revenue on form AFR-32 (Revenues Collected in Advance for Sales to State Departments), this amount is to be included on form AFR-75 as a reduction to revenue.

In addition to allocating the profit or loss on sales to state departments, GASB requires that any profit or loss associated with sales to the public be allocated back to the General Government. Therefore, please provide us with a written explanation of your department’s pricing policies regarding any sales made to the public. For each revenue source code (R401 through R429), please provide the total revenue recorded as well as the expenses related to that revenue. If you reported any unearned revenue (revenues collected in advance) on form AFR-32 related to sales made to the public, you must record those amounts as reductions to the total revenue collected. Be sure to designate which amounts were related to sales made to the public.

In the event your agency cannot provide the information requested above, please contact Kim Moore, Assistant State Controller, at (502) 564-5120 for assistance.

Please submit the information requested for form AFR-75 via e-mail to Kim Moore (Finance Controller’s Office).

Detailed Instructions
AFR-75
Allocation of Profit/(Loss)
Internal Service Funds only

1. Enter the date the form is completed.
2. Enter the official department name.
3. Enter the department number.
4. Enter the fund type name.
5. Enter the four-digit fund type number.
6. Enter the account number charged including department and revenue source.
7. Enter the revenue received and posted in eMARS from each department during FY2016.
8. Enter the amount reported on form AFR-72 (Charges to State Departments)
9. Enter the amount reported on form AFR-32 (Unearned Revenue (Revenues Collected in Advance)).
10. Total the revenues across the form so that: Revenues Received *PLUS* Amounts from form AFR-72 *MINUS* Amounts from AFR-32 *EQUALS* Total Revenue from State Departments.
11. Total each column and enter the amount at the bottom of the corresponding column. Calculate across similar to step 12 to get the total amount of revenues from state departments.
12. Explain your pricing policy for sales made to the public.
13. List the revenue source used for sales to the public.
14. Indicate the total revenues received by the revenue source(s) listed. Record any unearned revenue (revenue collected in advance) as a reduction to revenue.
15. List the total expenses related to the revenues reported.
16. Enter the total profit/(loss) related to the sales: Revenues *MINUS* Expenses.
17. Enter the total of the Revenues, Expenses, and Profit/(Loss) columns.
18. Enter the name of the person preparing the form.
19. Enter the telephone number of the person preparing the form.

