



FINANCE AND ADMINISTRATION CABINET OFFICE OF THE CONTROLLER


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Holly M. Johnson
SECRETARY

L. Joe McDaniel
ACTING CONTROLLER

TO: Agency Heads and Fiscal Officers

FROM: Joe McDaniel, Acting Controller 

DATE: April 10, 2023

SUBJECT: Fiscal Year 2023 Accounts Receivable Data Solicitations

This letter serves to 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).

Blank forms and the Certification Letter are available at the link below:

<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-closing-package.aspx>

Please complete the forms found in the link as of June 30, 2023, and email a copy to [Phil Nally](#) in the Office of Statewide Accounting Services by **August 11, 2023**.

All departments are required to send a Certification Letter, whether the department had receivables or did not have receivables. Please choose the appropriate response and complete the certification on department letterhead.

Thank you for your cooperation and assistance in this matter.

COMMONWEALTH OF KENTUCKY
ACCOUNTS RECEIVABLE SOLICITATION INSTRUCTIONS

To fulfill the reporting requirements of KRS 45.241 (10) and KRS 45.237 (6), the Office of the Controller and the Department of Revenue within the Finance and Administration Cabinet requires departments to provide information regarding accounts receivable. **Please read the information below and see the sample Certification Letter on page 3. Each department is required to send a Certification Letter, even if the department does 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, 2023. 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 not liquidated constitutes unliquidated debt. Unliquidated debt includes *a legal debt 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, 2023.

The following summarizes the required information reported to the Interim Joint Committee on Appropriations and Revenue and/or The Legislative Research Commission on October 1, 2023, for the amounts due as of June 30, 2023:

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 old.

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.

To satisfy these reporting requirements and ensure that the information reported is uniform for all departments, we request each department to complete the Certification Letter and Forms AFR-34A (Report of All Unliquidated Debt), AFR-34B (Report of All Liquidated Debt), and AFR-34C (Report of All Improper Payments) as needed. 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, 2023.

A blank Certification Letter and blank accounts receivable forms AFR-34A, AFR-34B, and AFR-34C are available at the link:

<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-closing-package.aspx>

When completing the forms, 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 because of the reports.**

Only the Certification Letter needs to be completed if your department's total accounts receivable is **less than \$10,000**, or if there are no receivables. However, you might receive a request for additional information for amounts less than \$10,000 later. The available responses are listed in the Certification Letter on page 3 of these instructions. Please 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 created because of improper payments recorded under either liquidated or unliquidated debt.

The completed Certification Letter and necessary forms are due to the Office of the Controller by **August 11, 2023**.

All agencies are required to submit a Certification Letter, whether the agency had receivables or did not have receivables. Choose the appropriate response below and complete a transmittal letter on your agency's letterhead.

Certification Letter

August 11, 2023

Joe McDaniel, Acting Controller
Finance and Administration Cabinet
500 Mero Street, 5th Floor
Frankfort, KY 40622

Attention: Office of Statewide Accounting Services

Dear Mr. McDaniel:

Response 1: I do hereby certify that to the best of my knowledge _____ (Agency Name) _____ has outstanding accounts receivable as of June 30, 2023, 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, 2023.

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.

Response 4: I do hereby certify that to the best of my knowledge _____ (Agency Name) _____ has outstanding accounts receivable in the amount of \$ _____ as documented on the attached forms. *(Do not include government entities in Response 4. Response 3 is used for government entities.)*

Signed _____

Date Signed _____

Typed Name _____

Title _____

Cabinet or Department _____

Detailed Instructions
AFR-34A
Report of All Unliquidated Debt

Unliquidated Debt Due the Commonwealth *is defined as a legal debt, billed by an agency but under administrative appeal. (Any debt 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 amounts outstanding in the appropriate columns by revenue source category and age:
 - Under 1 year
 - 1 to 5 years
 - 5 to 10 years
 - Over 10 years
9. Total amounts by revenue source category.
10. Total each column.
11. Enter the percentage of unliquidated debt expected to be collected within the periods indicated.*
12. Enter the percentage of unliquidated debt expected to be uncollectible.
13. Total the percentages to ensure that they equal 100%.
14. Enter the name of the person who prepared this form.
15. Enter the phone number of the person who prepared this form.

*** This information, while not mandated by legislation, is needed for review purposes.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REPORT OF ALL UNLIQUIDATED DEBT
AS OF JUNE 30, 2023

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

| | LENGTH OF TIME OUTSTANDING | | | | |
|-------------------------------------|----------------------------|--------------|---------------|---------------|--------------|
| | UNDER 1 YEAR | 1 to 5 YEARS | 5 to 10 YEARS | OVER 10 YEARS | TOTAL |
| NUMBER OF DEBTORS: | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>7</u> |
| REVENUE SOURCE CATEGORY: | | | | | |
| 10: TAXES | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>9</u> |
| 30: LICENSES, FEES & PERMITS | | | | | - |
| 40: CHARGES FOR SERVICES | | | | | - |
| 70: FINES & FORFEITURES | | | | | - |
| 80: OTHER REVENUES | | | | | - |
| TOTALS | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> |
| Percentage expected to be collected | <u>11</u> % | <u>11</u> % | <u>11</u> % | <u>12</u> % | |
| Percentage Uncollectible | <u>12</u> % | <u>12</u> % | <u>12</u> % | <u>12</u> % | |
| Total Percentage | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % | |

PREPARER'S NAME: 14

PHONE NUMBER: 15

Detailed Instructions
AFR-34B
Report of All Liquidated Debt

Liquidated Debt Due the Commonwealth is defined as a legal debt for a sum certain 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, 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 amounts outstanding in the appropriate columns by Revenue Total and age:
 - 1 to 89 days
 - 90 to 179 days
 - 180 to 364 days
 - 1 to 3 years
 - 3 to 5 years
 - 5 to 10 years
 - Over 10 years
9. Total Revenue Total amounts.
10. Enter the amount of receivables that is under payment agreement for each column.*
11. Enter the amount of receivables prohibited from active collection for each column.*
12. Enter the amount of receivables in bankruptcy for each column.*
13. Enter the percentage of liquidated debt expected to be collected within the periods indicated.

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

14. Enter the percentage of liquidated debt expected to be uncollectible.

15. Total the percentages to ensure they equal 100%.

16. Enter the name of the person who prepared this form.

17. Enter the phone number of the person who prepared this form.

*** This information, while not mandated by legislation, is needed for review purposes.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REPORT OF ALL LIQUIDATED DEBT
AS OF JUNE 30, 2023

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

| | LENGTH OF TIME OUTSTANDING | | | | | | | TOTAL |
|--|----------------------------|----------------|-----------------|--------------|--------------|---------------|---------------|--------------|
| | 1 TO 89 DAYS | 90 TO 179 DAYS | 180 TO 364 DAYS | 1 TO 3 YEARS | 3 TO 5 YEARS | 5 TO 10 YEARS | OVER 10 YEARS | |
| NUMBER OF DEBTORS: | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>7</u> |
| REVENUE TOTAL | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>8</u> | \$ <u>9</u> |
| AMOUNT UNDER A PAYMENT AGREEMENT | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> | \$ <u>10</u> |
| AMOUNT PROHIBITED FROM ACTIVE COLLECTION | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> | \$ <u>11</u> |
| AMOUNT IN BANKRUPTCY | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> | \$ <u>12</u> |
| Percentage expected to be collected | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % | <u>13</u> % |
| Percentage Uncollectible | <u>14</u> % | <u>14</u> % | <u>14</u> % | <u>14</u> % | <u>14</u> % | <u>14</u> % | <u>14</u> % | <u>14</u> % |
| Total Percentage | <u>15</u> % | <u>15</u> % | <u>15</u> % | <u>15</u> % | <u>15</u> % | <u>15</u> % | <u>15</u> % | <u>15</u> % |

PREPARER'S NAME: 16

PHONE NUMBER: 17

Detailed Instructions
AFR-34C
Report of All Improper Payments

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 amounts outstanding in the appropriate columns by age:
 - Under 1 year
 - 1 to 5 years
 - 5 to 10 years
 - Over 10 years
9. Total the amounts.
10. Enter the percentage of improper payments expected to be collected within the periods indicated.*
11. Enter the percentage of improper payments expected to be uncollectible.
12. Total the percentages to ensure they equal 100%.
13. Record total receivables identified as resulting from error, fraud, or abuse.
14. Enter the amount collected during the 60-day period pursuant to KRS 45.237(4).
15. Mark ‘Yes’ or ‘No’ on whether any of the amounts have been certified. If the answer is ‘No’, skip questions 17-19.
16. If the answer to question 15 is ‘Yes’, enter the amount certified.

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

17. If the answer to question 15 is 'Yes', enter the amount referred to the Department of Revenue.

18. If the answer to question 15 is 'Yes', enter the amount referred to the State Treasurer.

19. Enter the name of the person who prepared this form.

20. Enter the phone number of the person who prepared this form.

*** This information, while not mandated by legislation, is needed for review purposes.**

COMMONWEALTH OF KENTUCKY
STATEWIDE ACCOUNTING SERVICES
REPORT OF ALL IMPROPER PAYMENTS
AS OF JUNE 30, 2023

DATE: 1

DEPARTMENT NAME: 2

CABINET/DEPT. NUMBER: 3

FUND TYPE NAME: 4

FUND TYPE NUMBER: 5

| | LENGTH OF TIME OUTSTANDING | | | | TOTAL |
|--------------------|----------------------------|--------------|---------------|---------------|----------|
| | UNDER 1 YEAR | 1 to 5 YEARS | 5 to 10 YEARS | OVER 10 YEARS | |
| NUMBER OF DEBTORS: | <u>6</u> | <u>6</u> | <u>6</u> | <u>6</u> | <u>7</u> |

| AMOUNT | \$ | \$ | \$ | \$ | \$ |
|-------------------------------------|-------------|-------------|-------------|-------------|----------|
| | <u>8</u> | <u>8</u> | <u>8</u> | <u>8</u> | <u>9</u> |
| Percentage expected to be collected | <u>10</u> % | <u>10</u> % | <u>10</u> % | <u>10</u> % | |
| Percentage Uncollectible | <u>11</u> % | <u>11</u> % | <u>11</u> % | <u>11</u> % | |
| Total Percentage | <u>12</u> % | <u>12</u> % | <u>12</u> % | <u>12</u> % | |

Additional questions on debts due to error, fraud, or abuse:

Total receivables identified as resulting from error, fraud, or abuse \$ 13
Amount collected during the 60 day period pursuant to KRS 45.237 (4) 14

Have any amounts been certified? 15 If yes, how much? \$ 16
YES _____ Amount referred to Department of Revenue 17
NO _____ Amount referred to the State Treasurer 18

PREPARER'S NAME: 19

PHONE NUMBER: 20