



**FINANCE AND ADMINISTRATION CABINET  
OFFICE OF THE CONTROLLER**

**Andy Beshear**  
Governor

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**Holly M. Johnson**  
Secretary

**L. Joe McDaniel**  
Controller

TO: Agency Heads and Fiscal Officers

FROM: L. Joe McDaniel, Controller

DATE: June 24, 2024

SUBJECT: Fiscal Year 2024 Annual Financial Report Solicitation

Through the Annual Financial Report (AFR) forms, we request that you provide certain financial information to the Finance and Administration Cabinet by **August 9, 2024**. This information is used in the preparation of financial reports for the fiscal year ended June 30, 2024, in accordance with generally accepted accounting principles.

In light of the importance of the Commonwealth's Annual Comprehensive Financial Report (ACFR), we look forward to your cooperation, assistance, and prompt response.

A new process for submitting the AFR Closing Package has been developed using Workiva's software, WDesk. Beginning the week of June 24, delegated closing package submitters and approvers will begin receiving e-mail instructions from Workiva to access WDesk. Questionnaires will be loaded in the system the week of July 1. All departments will be required to use the new submission process, regardless of whether or not they have reportable information.

An electronic version of the instructions are available on the Finance and Administration Cabinet website at: <https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-closing-package.aspx>.

If you have any questions, please contact Jessica Pinkston at 502-564-8769 or Christina Shuffett at 502-564-5125.

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 preparing the Commonwealth's Annual Comprehensive Financial Report (ACFR) 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, 2024.

The information obtained by the closing package, when combined with additional information gathered for Fiscal Year 2024, 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, 2024, on a basis consistent with the provisions of generally accepted accounting principles applicable to governmental entities. It is imperative to return the requested information in a timely and concise manner to assure the accuracy of information presented in the Annual Comprehensive Financial Report.

Closing Package Collection Process:

Workiva software, Wdesk, will be used to complete agency AFR Closing Packages beginning this year. Wdesk is a web-based software and available 24/7 with an internet connection. Multiple users can edit the same package and forms at the same time. Wdesk gives the ability to indicate and track which forms are completed, in progress, or submitted.

**No email submissions will be accepted. All closing packages, including those with no reportable information, must be submitted in Wdesk.**

**Closing packages are due in Wdesk by August 9, 2024.**

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STATEWIDE ACCOUNTING SERVICES

Closing Package Assistance

A. Obtain instructions online at:

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

B. Training on the closing package will be held using Microsoft Teams and the “eMARS User Training” channel on June 20, 2024, at 1:00 p.m. and on June 25, 2024, at 9 a.m. Attendees only need to attend one session. A recording of the training session will be posted to the website disclosed in Part A above.

If employees are not already a member of the “eMARS User Training Team”, we encourage them to join! To request to join the eMARS team: [eMARS User Training - MSTeams | General | Microsoft Teams](#)

Members of the team receive system-generated emails with meeting details/calendar events when scheduled by the Office of the Controller.

C. For general closing package questions, contact one of the following:

Jessica Pinkston, 502-564-8769, or at [Jessica.Pinkston@ky.gov](mailto:Jessica.Pinkston@ky.gov)  
Christina Shuffett, 502-564-5125 or at [Christina.Shuffett@ky.gov](mailto:Christina.Shuffett@ky.gov)

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

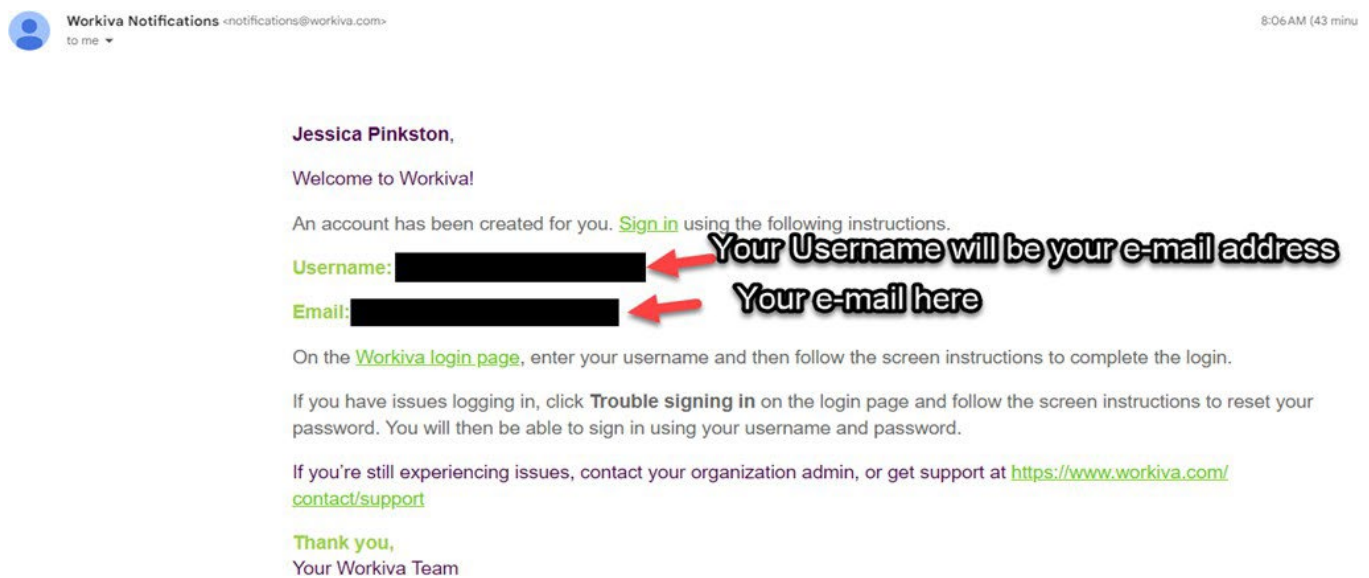
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STATEWIDE ACCOUNTING SERVICES

Accessing Wdesk:

AFR Closing Package Reporting Delegation forms were collected from department fiscal officers. If you need to make changes, contact Jessica Pinkston or Christina Shuffett.

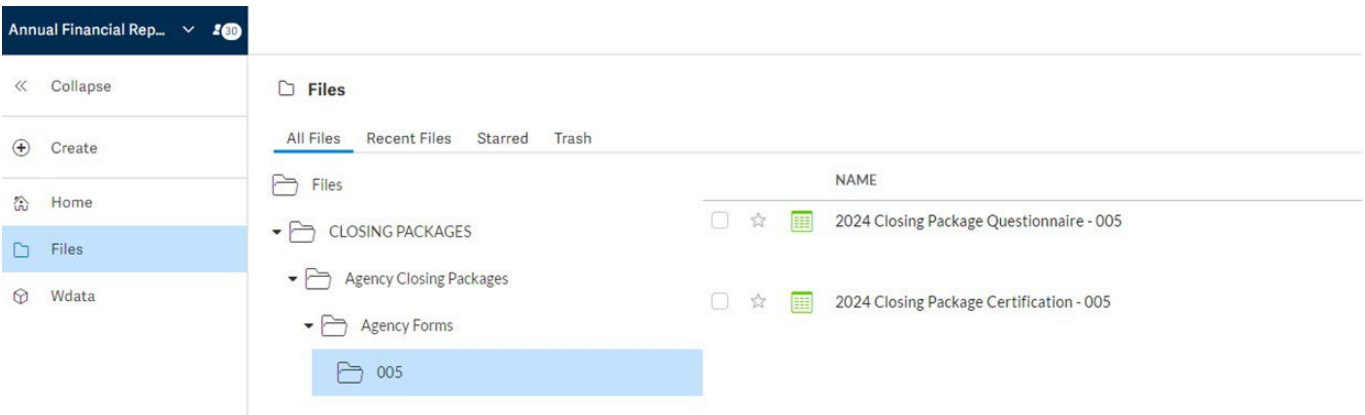
Only one Wdesk account is needed to access both SEFA and closing package reporting workspaces. If you already have a WDesk account for SEFA reporting, your username and password will be the same. You will have added access to our Annual Financial Report workspace, separate from the SEFA workspace.

For new WDesk users, you will receive an e-mail with a link to set up your account from Workiva:



Your username will be your full email address. You will be asked to create a 16-digit password. This is what you will see upon login into Wdesk once AFR closing package collections has begun.

*(Example with access to department 005)*



If you complete closing packages for multiple departments, you will see folders for each of these departments under the Agency Forms folder that contain each department s AFR Questionnaire and Closing Package Certification.

**COMMONWEALTH OF KENTUCKY  
STATEWIDE ACCOUNTING SERVICES**

General Instructions for Completion and Remittance of the Completed Packages

An AFR Questionnaire will be used to determine which AFR forms are necessary to be completed. Complete a separate questionnaire for each department.

In Wdesk, the AFR Questionnaire will be populated with the fund types in use and reportable for each department. Do not modify the AFR Questionnaire; the form has built in formulas to build the closing package.

Instructions for the AFR Questionnaire:

Answer the questions for each fund type. Mark an X in the blue box for YES answers, leave blank for NO.

AFR Form	Question	0100	0200	1300	6300
AFR 10	Do you have cash on hand at June 30 that was posted in eMARS to Period 13/2024 or later?	X	X	X	X
AFR 10A	Do you have bank accounts that do not come into eMARS or custodial accounts such as inmate accounts?	X		X	
AFR 20/20A	Do you have any investments that are not maintained by OFM?	X		X	
AFR 32	Do you have any earned revenue not received as of June 30 or any revenue received but not earned as of June 30? Do you have any estimated refunds? Do any of these categories exceed \$10,000? Do you have an allowance for uncollectibles? (Note 1)	X		X	
AFR 33	Do you have any unreimbursed amounts for capital project accounts in which Federal grants are used?	X		X	
AFR 35	Do you have any revenues to be distributed (interfund)?	X		X	
AFR 40	Do you have inventories of items for resale or large quantities of consumables (such as highway maintenance items, drugs, raw materials)?	X		X	
AFR 55A	Did you return any copiers prior to the end of the lease term?	X		X	
AFR 55B	Do you have an agreement as a lessor or lessee that conveys the right to use a nonfinancial asset (land, buildings, vehicles, and equipment)?	X		X	
AFR 55C	Does your agency have a contract to use a vendor's IT software?	X		X	
AFR 60	Do you have prepaid expenses (amounts paid in advance) that exceed \$10,000? i.e. Registration fees, insurance premiums.	X		X	
AFR 70	Do you have accounts payable due within one year, a future period, or a refund of prior year receipts that exceeds \$10,000?	X		X	

A query exists in the background of WDesk to generate ONLY the closing package forms necessary for each department to complete based on the responses on the AFR questionnaire.

There is no need to submit or notify the Financial Reporting Branch that the questionnaire has been completed. The day after any changes have been made to the AFR questionnaire, the Closing package will be generated and available under Files in Wdesk.

The query job runs nightly, so AFR Closing packages will be updated with any changes to the questionnaire every night.



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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.

Aggregate and report in total funds in all other fund types.

<b>Fund</b>	<b>Fund Type Name</b>	<b>Fund Type</b>	<b>Reporting Category</b>
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
2429	Pneumoconiosis	2400	Fiduciary/Agency Trust
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

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STATEWIDE ACCOUNTING SERVICES

AFR Questionnaire and Certification:

If the department does not have any YES or X, answers on your AFR questionnaire for any fund types, no closing package will generate, and the department will only need to complete the Closing Package Certification.

If the department had at least one “Yes” answer, the department will need to complete and submit the Closing package prior to completing the Certification.

AFR Certification:

- **No Reportable Activity:**

If the answers to ALL questions on your AFR questionnaire were NO and there is no information to report, the approver designated on your Closing package Delegation form can open, complete, and submit your Closing package Certification.

For no reportable activity, mark the blue input cell with an “X” in Content Certification section, certifying that to the best of your knowledge, you have no information to report in accordance with the request for preparing the Commonwealth’s Annual Comprehensive Financial Report.

The Accuracy Certification section will be marked as NA.

- **Certification Having Reportable Activity:**

After submitting ALL AFR Closing Package Forms, you must complete your department’s Closing Package Certification.

The Content Certification section will be marked as NA.

If you have reportable activity, you will mark the blue input cell with an “X” in the Accuracy Certification section, certifying that to the best of your knowledge, the enclosed information which was requested for preparing the Commonwealth’s ACFR is accurate in all material respects and there are not material omissions.

- The departments designated approver should complete the bottom section, then from the drop-down list in the top right corner mark the form as submitted.



**Commonwealth of Kentucky  
Statewide Accounting Services  
Agency Certification**

Not Started

**Dept Name: General Assembly**

**Instructions**

Please complete the appropriate certification below. For no reportable information for the Commonwealth's Annual Comprehensive Financial Report (ACFR), complete the Content Certification. If you have information to report, please complete the Accuracy Certification.

**Content Certification**

By checking this box I do hereby certify that to the best of my knowledge we have no information to report in accordance with the request for preparing the Commonwealth's Annual Comprehensive Financial Report.

**Accuracy Certification**

I do hereby certify that to the best of my knowledge the enclosed information which was requested for preparing the Commonwealth's Annual Comprehensive Financial Report is accurate in all material respects and there are no material omissions

**Name:**

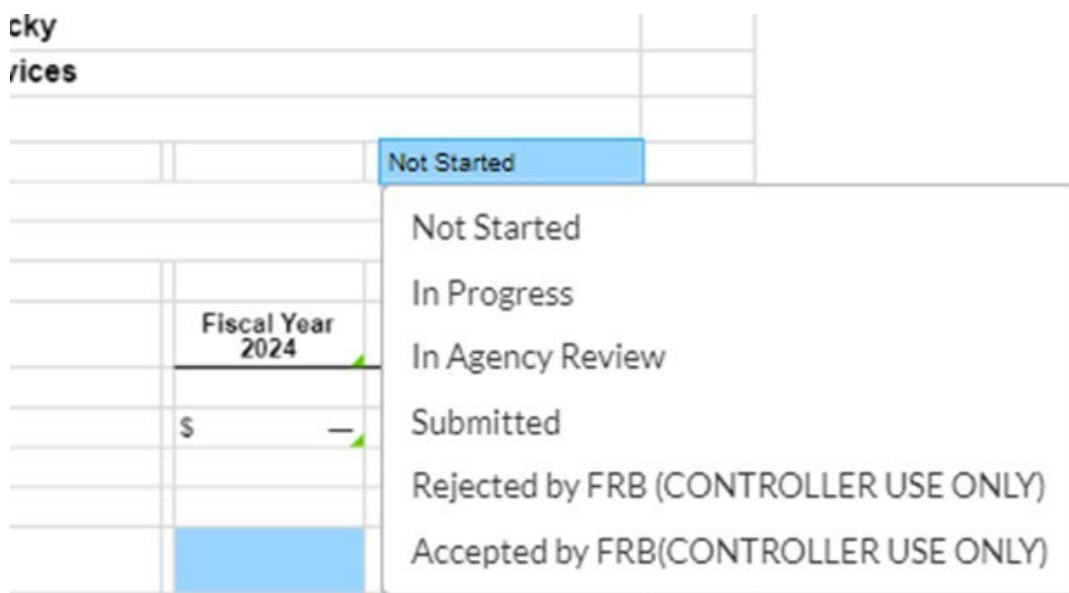
**Title:**

**Cabinet or Department:**

COMMONWEALTH OF KENTUCKY  
STATEWIDE ACCOUNTING SERVICES

Special Notes for Wdesk

- A. Department Name and Fund Type/Name are pulled into each form by formulas. The blue cells are input cells and should be the only cells modified by users.
- B. Formulas are already on the forms. Do not modify formulas.
- C. All reported information must be inputted into the blue cells on the forms to be picked up by the formulas.
- D. Lines cannot be added to forms, formulas will not pick up information in added lines.
- E. Wdesk users can insert comments, both for internal use and for specific questions to the Financial Reporting Branch, and tag other WDesk users in the comments. Comments can be added by right clicking a cell, then selecting “Add Comment” or by Selecting the Comment Icon from the navigation menu on the right side of the page.
- F. Multiple Users from a department can be working in the Closing Package file and even on the same form at the same time.
- G. At the top of EACH form is a drop-down menu (Stage Indicator) that should be used by departments to specify what phase the form is in.
  - i. All forms are defaulted to “Not Started”
  - ii. Other department-use stages include “In Progress”, “In Agency Review”, and “Submitted”
  - iii. The “Submitted” stage should only be used upon definite form completion and internal review. This will indicate to the Office of the Controller that we can review and use the information on the form.
  - iv. The Stage Indicator is the way that each AFR form and the Closing Package Certification are submitted. There is no longer a Microsoft Excel submission or e-mail submission process.



COMMONWEALTH OF KENTUCKY  
STATEWIDE ACCOUNTING SERVICES

Special Notes for AFR Forms

- A. List only "old year" bills paid with "new year" allotments as accounts payable in the proper expenditure/expense object classification as defined per enclosed instructions. Do not include as accounts payable any "old year" bills which are paid during the closing period with "old year" allotments. Make every effort to submit, for automated processing, financial transactions applicable to Fiscal Year 2024 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 report for judgments and contingencies. The attorneys have a deadline of August 2, 2024, to have their reports to the fiscal officers and the Office of Statewide Accounting Services. If you have not received your report by this time, please call our office.
- C. Accounts Receivable for Fiscal Year 2024 will **not** be listed for those documents that post to "old year" during the closing period. List Accounts Receivable for Fiscal Year 2024 only for those documents that post to "new year" receipts. (Relates to AFR-32).
- 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-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 2024 transactions that have not reached final status in eMARS as of the close of Fiscal Year 2024 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  
Cash

General

At June 30, departments may have cash on hand or cash in transit (credit card terminal) not yet 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

Use form AFR-10 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** (Fiscal Year 2024) must be broken down by revenue source code or expenditure object code. For amounts posted on **old** year CR documents (Period 13 Fiscal Year 2024), 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. Please explain any entries for "Unearned Revenue" 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 to the Commonwealth, but not received prior to June 30.

## Detailed Instructions

AFR-10

### Cash on Hand/Cash In-Transit

1. 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) will agree to the total listed at the top of the form.
2. 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) will agree to the total at the top of the form.
3. 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. Explain any entries made to Unearned Revenue.
4. For amounts listed as "Refund of Expenditure," give the appropriate object code for each new year amount.
5. Give the total amount of revenues included in total old year cash in item 2. It is not necessary to list any revenue codes for old year.
6. Give the total amount of refunded expenditures included in total old year cash in item 2. It is not necessary to list any expenditure codes for old year cash.
7. Change forms status to the appropriate status ("In Progress", "In Agency Review", and "Submitted").

**Commonwealth of Kentucky  
Statewide Accounting Services  
Cash Worksheet**

7 Not Started

Dept Name:  
Fund Type:

	Fiscal Year 2025	Period 13/2024
<b>Cash on Hand</b>		
List Below	\$ —	\$ —
<b>All Fund Types:</b>		
Sales and Gross Receipts (R101-R149, R204-R206, R210-R219, R221, R227)	3	
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)		
<b>Total Revenue</b>	\$ —	5
<b>Unearned Revenue (Please Explain)</b>		
<b>Refund of Expenditure (Give Object)</b>		
	4	
(Give total refunded expenditure amount only for Old Year) 13/2025		6
<b>Total New Year CR ONLY</b>	\$ —	
<b>Total Old Year CR ONLY</b>		\$ —

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

2025 YEAR DOCUMENT CODE / #	AMOUNT	2024 YEAR DOCUMENT CODE / #	AMOUNT
1	1	2	2
TOTAL \$ —		TOTAL \$ —	

Detailed Instructions  
AFR-10A  
Private Cash Accounts

1. Enter the amount reported as of June 30, 2024.
2. Enter the revenue source for the type of revenue received.
3. Enter the amounts for each type of revenue.
4. Enter the object(s) for the type of expenditure.
5. Enter the amounts for each type of expenditure.
6. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Cash Worksheet - Private Cash Accounts**

**6** Not Started

Dept Name:

Fund Type:

Amount Reported as of June 30, 2023

**1**

REVENUES

—

EXPENDITURES

—

Amount as of June 30, 2024

\$ —

	Revenue Source <b>2</b>	Amount <b>3</b>
Revenues:		
<b>Total</b>		<u>\$ —</u>

	Object <b>4</b>	Amount <b>5</b>
Expenditures:		
<b>Total</b>		<u>\$ —</u>



## 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 represented by investments are reported in the Commonwealth of Kentucky financial statements. In addition, 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 represent 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. Present each fund type on a separate form. Form AFR-20A is similar, except you will 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 the Office of Financial Management, Finance and Administration Cabinet maintains your investments, do not complete the form.

1. 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.
2. Include all commercial paper. "Commercial paper" includes bills of exchange, promissory notes, and other negotiable instruments used for the payment.
3. 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.
4. Include all corporate equity securities. "Corporate equity securities" denotes transferable certificates of corporate ownership (e.g., capital stocks).
5. Include other investments not covered in the above categories and indicate the type of investment.
6. For each type of investment owned at June 30, 2024, enter cost.
  - a. (Note: If the investment was a gift, the cost is the market value at the time donated.)
7. For each type of investment, enter market value at June 30, 2024.
8. For each type of investment indicate source used to determine market value (name of brokerage firm, Wall Street Journal, etc.).
9. Recap investments at cost and at market as to short term or long-term maturity.
10. Enter investments purchased but unpaid. Be sure to include in above analyses.
11. 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.)
12. 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 consider the organization a counterparty.)
13. Enter those uninsured and unregistered securities held by the department's agent or counterparty, but not in the department's name.
14. Change forms status to the appropriate status ("In Progress", "In Agency Review", and "Submitted").

**Commonwealth of Kentucky  
Statewide Accounting Services  
Analysis Of Investments**

**14** Not Started

Dept Name:

Fund Type:

	Cost	Market Value June 30, 2024	Source of Market Value
<b>U.S. Treasury and Agency Obligations</b>	<b>6</b>	<b>7</b>	<b>8</b>
<b>Commercial Paper</b>			
<b>Corporate Debt Securities</b>			
<b>Corporate Equity Securities</b>			
<b>Other (Indicate Type)</b>	<b>5</b>		
<b>TOTAL INVESTMENTS</b>	\$ —	\$ —	

	Cost	Market Value
Recap: (Lower of cost or market)		
Total Short Term (Held less than 90 days)		
Total Long Term (Held more than 90 days)		
<b>TOTAL INVESTMENTS</b>	\$ —	\$ —

Amount of investments Purchased But Unpaid **10**

Insured or registered investments held by the Department or the agent\* of the Dept. in the Department's name **11**

Uninsured and unregistered securities which are held by the Department's counterparty\* in the Department's name **12**

Uninsured and unregistered securities which are held by the Department's agent\* or counterparty\* not in the Department's name **13**

**TOTAL INVESTMENTS** \$ —

\*See definition in instructions.

Detailed Instructions  
AFR-20A  
Investments by Type

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

1. For each type of investment owned at June 30, 2024, enter its fair value.
2. For each type of investment owned at June 30, 2024, apply the effective weighted duration method for each.
3. Enter the Fair Value Measurement Hierarchy Level. *Level 1 – Quoted prices in active markets for identical assets, Level 2 – Significant other observable inputs, Level 3 – Significant Unobservable Inputs, and Amortized or Historical cost.*
4. Include other investments not covered in the above categories and indicate the type of investment and its fair value.
5. Explain any formal policies used to control interest rate risk of investments.
  - a. Note: Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.
6. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Investments By Type**

**6** Not Started

**Dept Name:**

**Fund Type:**

**Investments:**

	Fair Value	Effective Duration	Fair Value Measurement / Hierarchy
<b>DEBT SECURITIES</b>			
Commercial Paper	<b>1</b>	<b>2</b>	<b>3</b>
U.S. Treasuries/GOVERNMENT			
U.S. Agencies			
Corporate Debt			
Negotiable Certificates of Deposit			
State and Municipal Obligations			
Bond Mutual Funds			
Repurchase Agreements			
CMO			
<b>Total Debt Securities</b>	\$ —		
<b>Portfolio effective weighted duration</b>		0.00	
<b>OTHER INVESTMENTS</b>			
Mortgages	<b>4</b>		
Equity Securities			
Other (attach sheet if necessary):			
<b>Total Investments</b>	\$ —		

**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.

**5**

Commonwealth of Kentucky  
Revenue Recognition

General

**Tax Revenue**

Recognizable tax revenue 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 Fiscal Year 2024, will have been received as of June 30. Report these as unearned revenue.

Categorize recognizable tax receipts 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 experience, estimate the percent of withholdings refunded and apply this percentage to the first and second quarter withholding. This will be the amount of the "accounts payable" for income taxes.
- There will also be refunds for calendar year 2024 not paid as of June 30. This amount shall include authorized refunds that 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. Categorize grants into two types for revenue recognition purposes:

- A. Reimbursement grants are funded after certain allowable expenditures/expenses have been made. Recognize revenue 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 2024, 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:** Recognize 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)) when received. As a result, report no receivables on 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.

Base the recognition of this revenue on provided goods or services, as of June 30, for which monies have not been received. This includes items not billed, as well as those that have been billed but remain unpaid.

Separate Charges for Services 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. Report this information on form AFR-72. Handle these transactions 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.

Monies received in advance of the goods or service being provided shall be recorded as unearned revenue on form AFR-32.

**Investment Income:** Revenue Category 70 (R771 thru R775)

Generally recognize dividend revenue at the date of declaration. Therefore, report dividends declared but not received as of June 30.

Accordingly, report interest income earned but not received as of June 30.

**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). Report amounts earned but not received for non-operating revenues at June 30.

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 2024 that will be refunded after June 30, in fiscal year 2025. Record refunds of receipts for all receipts to which they apply.

**Allowance for Uncollectible**

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

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



NOTE: Do not complete form AFR-32 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 2024 will not be listed for those documents that post to “old year” during the closing period. List Accounts Receivable for fiscal year 2024 only for those documents that post to “new year” receipts.**

Detailed Instructions

AFR-32

Revenue Recognition Recap

1. Enter totals For any revenue source code separated by estimated date of receipt, total all receipts in that category according to estimated date of receipt.

Example:

R402	Within 30 days	Over 30 days
	\$20.00	\$10.00
R403	Within 30 days	Over 30 days
	\$25.00	\$5.00

CAN BE SUMMARIZED AS

Charges to Public	Within 30 days	Over 30 days
	\$45.00	\$15.00

2. For entries made to Charges for Services to State Agencies in item number 2 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.
3. For entries made to “Interfund Tranfers” in item 3 of form AFR-32 with a Transfer In “N” source code, you must complete form AFR-72A. Do not include any intrafund activity. Make sure the total entered on form AFR-72A equals the total reported in number 3 on form AFR-32.
4. For entries made to “Other” in item 4 of form AFR-32, please disclose the Revenue Code(s) by attaching a separate sheet.
5. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Revenue Recognition Recap**

5 Not Started

Dept Name:  
Fund Type:

Classification	Revenue Source Class	Revenue Earned Not Received as of 6/30		(Unearned Revenue) Amount Received Not Earned as of 6/30	Estimated Fiscal Year 2024 Receipts To Be Refunded in Fiscal Year 2025	Allowance For Uncollectible Amount
		Estimated Date Of Receipt				
		Within 30 Days	Over 30 Days			
Sales and Gross Receipt Taxes	100	1				
Individual Income Tax	240	1				
Coal Severance Tax	150	1				
License and Privilege Taxes	155	1				
Intergovernmental Revenues -Federal Grants	600	1				
Intergovernmental Revenues - Other	680	1				
Fines, Forfeitures & License Fees	300, 360, 380	1				
Charges to Public	400	1				
Charges to State Agencies (Interfund Charges Only)	430	2				
Interest and Investment Income	770	1				
Non-operating and/or Other Revenues	800, 820, 822, 825, 830, 850, 870, 880, 890	1				
Interfund Transfers: N	900	3				
Other - Please Disclose the Revenue Code(s) by attaching a separate list.		4				
<b>TOTAL</b>						
		\$	\$	\$	\$	\$

**NOTE: If the total is less than \$10,000 for Revenue, Unearned Revenue, or Refund of Receipts you do not need to complete this form.**

Detailed Instructions  
AFR-72  
Charges to State Departments

NOTES: The billing agency completes this form.

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 eMARS Fund charged.
2. Enter the eMARS Department charged.
3. Enter the eMARS Object Code charged.

NOTE: If there are multiple billings to a single account, please summarize.

Do not include intrafund transactions.

4. Record the amount to be charged.
5. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**DO NOT INCLUDE INTRAFUND TRANSACTIONS**

**Commonwealth of Kentucky**  
**Statewide Accounting Services**  
**CHARGES TO STATE DEPARTMENTS**  
*(Interfund Charges Only)*

**5** Not Started

Dept Name:  
Fund Type:

Account Number To Be Charged			Amount Due
(Fund Type)	(Department)	(Object)	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>

TOTAL \$           —            
Must equal AFR-32

Detailed Instructions  
AFR-72A  
Operating Transfers Out

1. Enter the eMARS Fund.
2. Enter the eMARS Department.
3. Enter the eMARS Transfer Out “T” code.
4. Record the amount of the transfer.
5. Enter total amount due and verify that it equal the amount reported on the AFR-32 in item number 3 as a Transfer In “N”.
6. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**DO NOT INCLUDE INTRAFUND TRANSFERS**

**Commonwealth of Kentucky**  
**Statewide Accounting Services**  
**Operating Transfers Out**  
*(Interfund Charges Only)*

**5** Not Started

Dept Name:  
Fund Type:

	Account Number To Be Charged			
(Fund Type)	(Department)	(Object)	Amount Due	
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	

TOTAL \$           —          

Must equal Transfer In "N" on AFR-32

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 2025 (new year).**

1. Column 1: Enter the eMARS Capital Project number.
2. Column 2: Enter the source of funds and grant number.
3. Column 3: Enter the results of the following computation: Total expenditures that posted through Fiscal Year 2024 minus total receipts posted through Fiscal Year 2024. The result should be total expenditures eligible for reimbursement.
4. 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.
5. Column 5: Enter the reimbursement rate for this grant (100%, 75%, etc.).
6. Column 6: Enter the results of the following computation: (Column 3 + Column 4) x Column 5.

(The Total monies due your department from the grantor at close of business June 30, and is an accounts receivable).

7. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).



**Commonwealth of Kentucky  
Statewide Accounting Services**

**Accounts Receivable**

*(Capital Projects Fund Only)*

**6** Not Started

Dept Name:

Fund Type:

Column 1

Column 2

Column 3

Column 4

Column 5

Column 6

Fund Number <b>1</b>	Funding Source <b>2</b>	Unreimbursed Expenditures Through 6/30 <b>3</b>	Accounts Payable at 6/30 <b>4</b>	Reimbursement Rate (%) <b>5</b>	Receivable <b>6</b>
					\$ —
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					—
					<u>\$ —</u>

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.). Report amounts remaining in the clearing accounts after closing period on form AFR-35 so the revenues are included in the appropriate fund type in the ACFR.

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 Fund number charged (clearing account).
2. Enter the Department number charged (clearing account).
3. Enter the Revenue Source charged (clearing account).
4. Enter the amount charged to that account number.
5. Enter the Fund number credited (account into which the revenues should be receipted).
6. Enter the Department number credited (account into which the revenues should be receipted).
7. Enter the Revenue Source credited (account into which the revenues should be receipted).
8. Enter the amount credited.
9. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Distribution Of Revenues - Interfund**

**9** Not Started

Dept Name:

Fund Type:

Account Number to be Charged				Account Number to be Credited			
(Fund Type)	(Dept.)	(Revenue Source)	Amount	(Fund Type)	(Dept.)	(Revenue Source)	Amount
1	2	3	4	5	6	7	8
TOTAL			\$ <u>—</u>	TOTAL			\$ <u>—</u>

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.

Submit the "Inventory Analysis" form AFR-40 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 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. Use the first in, first out (FIFO) method 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, 2024 to determine the lower of cost or market:

Step 1 Determine the cost of inventory based on the FIFO method that 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. The following rules guide exceptions to this definition, which generally apply only to proprietary funds:

- 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 actual cost of the inventory items based on the FIFO valuation method.
2. When the market value of items for resale is lower than cost, enter the difference.
3. Subtract item 2 from item 1 and enter the result.
4. Indicate if valuation method is other than FIFO.
5. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Inventory Analysis**

**5** Not Started

**Dept Name:**

**Fund Type:**

Inventory Type	Cost	Reductions to Cost	Lower of Cost or Market
Items for Resale	<b>1</b>	<b>2</b>	<b>3</b>
Materials and Supplies			
TOTALS	\$ —	\$ —	\$ —

Valuation Method: **4**

Detailed Instructions  
AFR55A  
Returned Copiers

Complete for copiers returned prior to the end of the lease term.

1. Enter the vendor name (vendor number is not necessary).
2. Enter the serial number of the item returned.
3. Enter the location including street and city.
4. Enter the return date of the item (early terminations only). Do not include copiers returned at the end of the lease.
5. Enter the monthly lease payment (Do not include cost of copies).
6. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).



**Commonwealth of Kentucky  
Statewide Accounting Services  
Returned Copiers**

6 Not Started

Dept Name:  
Fund Type:

	Vendor Name	Serial Number of Item Returned	Location		Date Item Returned	Monthly Costs
	1	2	Street	City	3	4
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						

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

## Detailed Instructions

### AFR55B

#### Leases

GASB 87 establishes a single model for lease accounting and eliminates the former operating v. capital lease classification. The definition of a lease provided in GASB 87 is: “A contract that conveys control of the right to use an entity’s non-financial asset as specified in the contract for a period of time in an exchange or exchange-like transaction.”

Training information regarding GASB 87 lease reporting can be found at the Office of the Controller’s website:

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

**Note:** The collection of this data will take significant time to prepare due to the need to read each lease agreement in order to report the required information (terms, cancellation periods, etc.)

Information is required for all leases in which the Commonwealth is the lessee OR lessor, including real property leases. We do not need information on copier leases from the master agreement (Xerox), as the vendor provides us with that information.

- A. **Agreement Number** – Enter the Lease number and Master Agreement Number.
- B. **Description of lease** – Provide a brief description of what the lease is for.
- C. **Agreement Effective Date** – Enter the date that the lease begins.
- D. **Lessee/Lessor** – Indicate whether you are the lessee or lessor in the lease agreement.
  - a. **Lessor** – the party granting a lease to someone else; receives payment for granting the right to use an asset to the lessee.
  - b. **Lessee** – the party being granted the right to use an asset by the lessor.
- E. **Fund Type** – Enter the Fund Type for the lease.
- F. **Governmental/BTA/ISF** – This field will automatically populate with the category based on the fund type entered in column “E”
- G. **Underlying Asset Type** – Select the asset type being leased (Building, Equipment, Land, Intangible Asset, Vehicle, Infrastructure, Investment, Service, Other).
- H. **Control/Right to Use** – Select yes or no – whether or not the contract conveys control to the lessee of the right to use the lessor’s asset as specified in the contract for a period of time in an exchange or exchange-like transaction.
  - a. Control does not have to be uninterrupted. While the agreement may have conditions on use, that does not limit your entities control of service capacity of the agreement.
- I. **Max Lease Term Greater than 12 Months** – Select yes or no – whether or not the *maximum* lease term is greater than 12 months
  - a. Options to extend should be considered in the lease term whether or not they are expected to be exercised. If any options exist that would extend the term beyond 12 months, the agreement IS NOT short term this would be a “Yes”.
- J. **Is the lease perpetual?** – Select Yes or No
  - a. A lease should only be considered perpetual if it renews automatically in perpetuity and it is reasonable certain that it will never be terminated.
- K. **Is there and exchange or exchange-like transaction?** – Select Yes or No – Are the payments made by the lessee equal to or close to the value being received?
- L. **Does the agreement transfer title (without termination options)?** Select Yes or No.
- M. **Lease Determination** – This column will automatically populate based on your

previous responses in the worksheet.

- N. **Initial Agreement Term** – Enter the total initial term of the lease agreement, not including any options to extend or terminate the lease.

**Columns O through T you are evaluating the terms and options for the LESSEE (the party that is being granted the right to use the underlying asset).**

- O. Termination Option – Does the LESSEE have the option to terminate the lease agreement?
- P. Reasonably Certain – Is the LESSEE reasonably certain to exercise the termination option?
- a. In order to evaluate whether or not exercising an option is “reasonably certain”, you should:
- i. Consider how this option has been handled in the past
  - ii. Consider the economic impact of the option
  - iii. Consider the importance of the underlying asset to operations
- Q. Year to Exercise – Identify how many years into the lease term that the LESSEE is reasonably certain to exercise their option to terminate.
- R. Option to Extend – Does the LESSEE have the option to extend the lease?
- S. Reasonably Certain – Is it reasonably certain that the LESSEE is going to exercise the option to extend? (Use same criteria as column P)
- T. Years to Extend – Enter the number of years that the LESSEE is reasonably certain to extend the contract beyond the original lease term

**Columns U through Z, you are evaluating the terms and options for the LESSOR (the party that granted the lessee the right to use the underlying asset)**

- U. Termination Option – Does the LESSOR have the option to terminate the lease agreement?
- V. Reasonably Certain – Is the LESSOR reasonably certain to exercise the termination option?
- a. In order to evaluate whether or not exercising an option is “reasonably certain”, you should:
- i. Consider how this option has been handled in the past
  - ii. Consider the economic impact of the option
  - iii. Consider the importance of the underlying asset to operations
- W. Year to Exercise – Identify how many years into the lease term that the LESSOR is reasonably certain to exercise their option to terminate.
- X. Option to Extend – Does the LESSOR have the option to extend the lease?
- Y. Reasonably Certain – Is it reasonably certain that the LESSOR is going to exercise the option to extend? (Use same criteria as column P)
- Z. Years to Extend – Enter the number of years that the LESSOR is reasonably certain to extend the contract beyond the original lease term.

**Columns AA through AD are automatically populated based on your previous responses in the worksheet. No action is required for these columns.**

- AE. **Payment Frequency** – Indicate whether payments against the lease are made weekly, monthly, quarterly, semiannually, or annually.
- AF. **Payment** – Indicate whether the payment is made at the beginning or end of the period (If the lease payments are made monthly, are they paid at the beginning or end of the month, etc.)
- AG. **Payment Periods** – This column is going to automatically populate with the total number of lease payments to be made based on your previous selections. Verify that this number is correct.

## MULTIPLE COMPONENTS

- AH. **Multiple Components** – Answer whether or not the lease has multiple components. These can include:
- The lease could have multiple underlying assets
  - The lease could have non-lease components such as maintenance costs
- AI. **Describe** – If you entered “Yes” in column AF for multiple components, describe all other components that the lease agreement has.

## FIXED PAYMENT

- AJ. **Fixed/In substance Fixed Payments** – Enter the total amount of the lease payment that is fixed or fixed in substance.

## VARIABLE PAYMENTS

- AK. **Variable Payments to Track for Note Disclosure** – Answer whether or not there are variable amounts paid against the lease (maintenance, paper for a copier, etc.)
- AL. **Describe** – If you answered “Yes” in column AI, describe the variable payments associated with the lease.

## INTEREST RATE

- AM. **Interest Rate** – Indicate whether the interest rate is stated in the lease agreement or if it will be implied from another comparable source.
- AN. **If Imputed, Describe** – If you selected imputed in column AK, describe where the imputed rate is coming from.
- AO. **Rate** – Enter the interest rate of the lease agreement.
- AP. **Present Value** – This column will automatically populate based on your previous selections.
- AQ.
- AS. **Additional Lease Information/Notes** – If there’s any other information or miscellaneous notes you wish to make for your reference or ours about the lease, you can enter them here. Also, if the lease payments are made/received by multiple fund types, please enter the break-down of these here.

Detailed instructions and the blank excel form can be found at:  
<https://finance.ky.gov/office-of-the-controller/office-of-statewide-accounting-services/financial-reporting-branch/Pages/annual-closing-package.aspx>

Detailed Instruction

AFR 55C SBITA

1. **Agreement Number** – Enter the Master Agreement Number or other document number that related to the SBITA contract.
2. **SBITA Description**– Provide the vendor name and a description of the IT arrangement.
3. **Original Subscription Commencement Date**– Enter the date the IT software and/or assets were first put into service after the agreement was signed.
4. **Subscription End Date** – Enter the date the organization no longer has the right to use the underlying IT assets. Commonly, the specific end date is stated in the term section of the IT agreement or is given as a factor of the subscription term and its start date.
5. **Fund Type** – Enter the Fund Type used for subscription payments. If multiple fund types are used, select “Multiple” and provide the breakdown of the payments in column AY.
6. **Governmental/BTA/ISF** – This field will automatically populate with the category based on the fund type entered in column “E”
7. **Does your agency have a contract to use a vendor’s software?** Select yes or no.
8. **Is this a software you are procuring or is it a perpetual license?** Select yes or no. Are you purchasing the software? Does the agreement go on in perpetuity with no agreement term?
  - a. A contract should only be considered perpetual if it renews automatically in perpetuity and it is reasonable certain that it will never be terminated.
9. **Is the software an insignificant component to any fixed asset in the contract?** Select yes or no. If you answer yes, this is not a SBITA, but may qualify as a lease under GASB  
87. See GASB 87 resources and form AFR 55B.
10. **Max Subscription Term Greater than 12 Months** – Select yes or no – whether or not the *maximum* subscription term is greater than 12 months
  - a. Options to extend should be considered in the subscription term whether or not they are expected to be exercised. If any options exist that would extend the term beyond 12 months, the agreement IS NOT short term this would be a “Yes”.
11. **Does the agreement have fixed payments that depend on an index/rate or that are fixed in substance?** Select yes or no.
12. **Is there and exchange or exchange-like transaction?** – Select Yes or No – Are both parties exchanging something of equal value (or close to equal value)?
13. **Determination** – This column will automatically populate based on your previous responses in the worksheet.
14. **Initial Agreement Term** – Enter the subscription term. The term is the period of the agreement between the agency and vendor that the agency has a noncancelable right to use the IT assets owned by the vendor.

**Columns O through T you are evaluating the terms and options for you as the agency/department using the vendor’s IT software.**

15. **Do you have the option to terminate the agreement?** Select Yes or No.

**16. Are you reasonably certain to exercise the option to terminate the contract if you do have the option?** Select Yes or No.

- a. In order to evaluate whether or not exercising an option is “reasonably certain”, you should:
  - i. Consider how this option has been handled in the past
  - ii. Consider the economic impact of the option
  - iii. Consider the importance of the underlying asset to operations

**17. How many years into the agreement are you reasonably certain to terminate?**

If you selected “Yes” for column P, enter how many years into the agreement term you are reasonably certain exercise your option to terminate the agreement.

**18. Do you have the option to extend the contract beyond the initial term entered in column N?** Select Yes or No.

**19. Are you reasonably certain to exercise the option to extend the contract?** Select Yes or No.

**20. How many years is your agency reasonably certain to extend the contract beyond the initial term?** Enter the number of years past the initial term you are reasonably certain to extend the contract.

**Columns U through Z, you are evaluating the terms and options for the SBITA vendor.**

**21. Does the vendor have the option to terminate?** Select Yes or No.

**22. Is the vendor reasonably certain to exercise their option to terminate the contract?** Select Yes or No.

**23. How many years into the agreement is the vendor reasonably certain to terminate?** If you selected “Yes” in column V, enter how many years into the agreement term that the vendor is reasonably certain to exercise their option to terminate the SBITA agreement.

**24. Does the vendor have the option to extend the contract beyond the initial term?** Select Yes or No.

**25. Is the vendor reasonably certain to exercise their option to extend the contract?** Select Yes or No.

**26. How many years is the vendor reasonably certain to extend the contract beyond the initial term?** Enter the number of years past the initial term that the vendor is reasonably certain to extend the contract.

**Columns AA through AD are automatically populated based on your previous responses in the worksheet. No action is required for these columns.**

**AE. Payment Frequency** – Indicate whether payments against the agreement are made weekly, monthly, quarterly, semiannually, or annually.

**AF. Payment** – Indicate whether the payment is made at the beginning or end of the period (If the SBITA payments are made monthly, are they paid at the beginning or end of the month, etc.)

**AG. Payment Periods** – This column is going to automatically populate with the total number of SBITA payments to be made based on your previous selections. Verify that this number is correct.

## **MULTIPLE COMPONENTS**

**AH. Multiple Components** – Answer whether or not the SBITA has multiple components. These can include:

1. a contract that contains both a subscription component (that is, the right to use the underlying IT assets) and a nonsubscription component (such as a separate perpetual licensing arrangement that would be excluded, or maintenance services for IT assets)
2. a contract that contains multiple underlying IT asset components

**AI. Describe** – If you entered “Yes” in column AF for multiple components, describe all other components the agreement has. The multiple components may need to be accounted for as separate contracts per [paragraphs 44 – 49 of GASB 96](#).

## **FIXED PAYMENT**

**AJ. Fixed/In substance Fixed Payments** – Enter the total amount of the SBITA payment that is fixed or fixed in substance.

## **OTHER PAYMENTS AND CAPITALIZED COSTS**

**AK. Variable Payments to Track for Note Disclosure** – Answer whether or not there are variable amounts paid against the contract. These could be:

1. variable payments based on an index or rate such as the Consumer Price Index,
2. variable payments that are fixed in substance,
3. Payments or penalties for terminating the SBITA if the term reflects you exercising a termination option or cancellation clause,
4. any subscription contract incentives (rebates or discounts, reimbursements of end user costs, free subscription periods, etc.) received from the SBITA vendor,
5. any other payments to the SBITA vendor associated with the SBITA contract that are reasonably certain of being required.

**AL. Describe** – If you answered “Yes” in column AI, describe the variable payments.

**AM. Amount of variable payments** – Enter the total amount of variable payments described in column AL.

**AN. Were there any implementation costs incurred that should be capitalized?** Select Yes or No. Refer to [Capitalizable Implementation Costs Guide](#) on the FAC website for more details.

**AO. Description of Implementation Costs to Capitalize** – describe the implementation costs that should be capitalized with the subscription asset.

**AP. Total Implementation Costs** – Enter the total implementation costs to be capitalized per the [Capitalizable Implementation Costs Guide](#).

**AQ. Were there any payments associated with the SBITA contract made before the commencement of the subscription term?** Select Yes or No. These could have been security deposits for assets or other SBITA related prepayments.

**AR. Total Prepayments** – Enter the total prepayments if you selected “Yes” in AP.

#### **INTEREST RATE**

**AS. Interest Rate** – Indicate whether the interest rate is stated in the agreement or if it will be implied from another comparable source.

**AT. If Implicit, Describe** – If you selected implicit in column AR, describe where the implied rate is coming from.

**AU. Interest Rate** – Enter the interest rate of the agreement.

**AV. Present Value** – This column will automatically populate based on your previous selections. Do not modify the formula in this column

**AW. Subscription Asset** – This column is also formula driven and will populate based on your responses in the form.

**AZ. Additional Information/Notes** – If there’s any other information or miscellaneous notes you wish to make for your reference or ours about the contract you can enter them here. Also, if the SBITA payments are made by multiple fund types, please enter the break-down of these here.



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, 2024. Report this amount 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 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: Do not complete AFR-60 if total prepaid expenses are less than \$10,000.

## Detailed Instructions

AFR-60

### Prepaid Expenses

1. Enter expenditure title to which expense was charged.
2. Enter expenditure object.
3. Enter amount of expenditure applicable to future periods.
4. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Prepaid Expenses**

**4** Not Started

Dept Name:

Fund Type:

Expenditure Title	Expenditure Object	Amount
1	2	3
TOTAL		\$ <u>          —</u>

**NOTE: If the total prepaid expenses are less than \$10,000 you do not need to complete this 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 reported on this form should include only amounts that will be paid with "**new year**" (Fiscal Year 2025) funds. The unpaid liabilities incurred as of June 30 should include documents 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, the billing agency will report these amounts as interfund payables on form AFR-72 (Charges to State Agencies).

Summarize payable amounts determined as of June 30, including capital project funds, on form AFR-70 according to the appropriate category as defined below. For invoices not 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 incurred as of June 30. Include salaries, wages, and fringe benefits only for those payrolls **not** processed through KHRIS.

Utilities, Rentals, and Other Services

Utilities, rentals, and other services include utility services, fuels, and other services 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 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 used or expended for a specific purpose, activity, or facility. Payments may also be made as reimbursements of expenditures made by a qualifying receiver. Payments mandated by statute to return a portion of revenues collected by the state to local governmental units are included in this category. 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. Recognize revenue sharing items as a liability for total current year receipts not distributed to local governmental units. Benefit payments, such as Medicaid, may require an estimate for the liability at June 30.

Base estimates for benefit payments 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 incurred as of June 30 and payment for the amounts made with "**new year**" funds.

Retainage

Retainage is a specified amount withheld from each payment to a contractor and paid at a later date once the contract has been satisfied and the work complete. Declare the amount withheld a payable to the contractor until making payment. Use retainage for capital project funds.

Refund of prior year receipts

There will be refunds for receipts recorded in fiscal years prior to 2024 that have not been paid as of June 30, 2024, and payment of these amounts will be made in Fiscal Year 2024 or later (These are revenues recorded prior to fiscal year 2024 which will remain payable at July 1, 2024). Please indicate the Revenue Source Code for the refund.

NOTE: Do not complete AFR-70 if total reportable accounts payable are less than \$10,000.

Detailed Instructions  
AFR-70  
Summary of Accounts Payable

NOTE: For the Transportation Fund, complete a separate form for each program within each department.

1. Enter the amount payable within one year for each classification. These amounts will require the use of fiscal year 2025 funds for repayment.
2. Enter the amount payable longer than one year for each classification.
3. If payable amounts cannot be classified under the given categories, list them as “other” and describe the purpose for the amount.
4. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Summary Of Accounts Payable**

**4** Not Started

**Dept Name:**

**Fund Type:**

Classification	Object Category	Payable Within One Year	Payable In Future Period	Total
Personal Services	10	<b>1</b>	<b>2</b>	\$ —
Utilities, Rentals and Other Services	20			—
Commodities and Supplies	35			—
Grants and Subsidies	41			—
Claims and Claims Adjustment Expense	40, 43			—
Capital Outlay	60, 70, 80			—
Travel	36			—
Retainage (Capital Projects)				—
Refunds of prior year receipts(identify Revenue Source Code):				
				—
Other (Identify):				—
<b>3</b>				—
Totals		\$ —	\$ —	\$ —

**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.

Commonwealth of Kentucky  
Judgments and Contingencies

Judgments

Judgments include amounts paid because 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. Segregate judgments into those amounts that are payable within one year and payable in future periods. Do **not** include any judgments payable by State Risk.

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. **Report only probable liabilities (75% or greater chance of occurrence) for which the loss is reasonably estimable as contingent liabilities on form AFR-70A.**

Contingent liabilities should be broken down into those amounts that are payable within one year and payable in future periods. Show payments for either judgments or contingencies on form AFR-70B. Do **not** include any contingencies payable by State Risk.

Before completing form AFR-70A or form AFR-70B, obtain a copy of your department's attorney report regarding judgments and contingencies. Please make sure that the attorney report agrees with all information provided on form AFR-70A and form AFR-70B. The attorney report 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 report containing information that substantiates the numbers presented on the AFRs.



## Detailed Instructions

### AFR-70A

#### Judgments and Contingent Liabilities

1. Enter the case name, case number or description of all probable contingent liabilities or judgments.
2. Enter the balance of each probable contingent liability or judgement at June 30, 2023, per last year's form AFR-70A or attorney report, as the beginning balance for Fiscal Year 2024.

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.

3. Enter the amount incurred for each contingent liability or judgment during the year (Fiscal Year 2024). Also, include any increases in estimates previously reported.
4. Enter amounts to be reclassified from the category in which it was reported at June 30, 2023. 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. Show decreases in current contingencies and increases in current judgments on form AFR-70A.

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

5. Enter the amounts of each contingent liability or judgment recorded at June 30, 2023, but dismissed during the year (Fiscal Year 2024). Also, include any decreases in estimated amounts previously reported.
6. Enter all amounts paid during the year for each contingent liability or judgment. This includes payments for contingent liability or judgment recorded at June 30, 2023, (part of beginning balance) and for contingent liability or judgment incurred during the year (Fiscal Year 2024). The total paid amounts should match the total of all paid amounts shown on form AFR-70A.
7. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

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



Detailed Instructions

AFR-70B

Detail of Contingent Liabilities and Judgments Paid

1. Enter the fund type, department, and object to which each payment was charged.
2. Enter the document number that entered the payment into the eMARS system.
3. Enter name of case that was paid.
4. Enter the amount paid/charged to each object.
5. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

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 report.

**Commonwealth of Kentucky  
Statewide Accounting Services  
Detail Of Contingent Liabilities And Judgments Paid**

**5** Not Started

Dept Name:  
Fund Type:

**\*\*Please make sure that all information provided on AFRs 70A & 70B is fully described in and agrees with your department's attorney report. If discrepancies exist, please contact the Financial Reporting Branch for further instructions.**

**I. CONTINGENT LIABILITIES INCURRED IN PRIOR YEAR(S) AND PAID DURING THE CURRENT YEAR:**

**A. PAYABLE WITHIN ONE YEAR**

Account Number (Fund Type - Department - Object Code)	Document Number	Name of Case	Amount Paid
1	2	3	4
<b>Total Paid</b>			\$ <u>    —    </u>

**B. PAYABLE IN FUTURE PERIODS**

Account Number (Fund Type - Department - Object Code)	Document Number	Name of Case	Amount Paid
1	2	3	4
<b>Total Paid</b>			\$ <u>    —    </u>

**II. JUDGMENTS INCURRED IN PRIOR YEAR(S) AND PAID DURING THE CURRENT YEAR:**

**A. PAYABLE WITHIN ONE YEAR**

Account Number (Fund Type - Department - Object Code)	Document Number	Name of Case	Amount Paid
1	2	3	4
<b>Total Paid</b>			\$ <u>    —    </u>

**B. PAYABLE IN FUTURE PERIODS**

Account Number (Fund Type - Department - Object Code)	Document Number	Name of Case	Amount Paid
1	2	3	4
<b>Total Paid</b>			\$ <u>    —    </u>

**III. AMOUNTS PAID DURING THE CURRENT YEAR FOR AMOUNTS INCURRED DURING THE CURRENT YEAR JUDGMENTS AND/OR CONTINGENCIES):**

Account Number (Fund Type - Department - Object Code)	Document Number	Name of Case	Amount Paid
1	2	3	4
<b>Total Paid</b>			\$ <u>    —    </u>

**Sum of All Amounts Paid** \$     —      
(Matches AFR-70A)

Detailed Instructions  
Attorney Report

1. Enter the name of all cases.
2. Enter the case number for each case.
3. Enter the attorney for each case.
4. Enter the case status for each case. Old cases are cases carried over from previous years. New cases are cases opened in this fiscal year. Closed cases are cases, new or old, that closed during the fiscal year.
5. Enter the date the case opened for each case.
6. Enter the date the case closed for each closed case.
7. Enter the probability of loss for each case.  
PROBABLE – Potential occurrence of loss is estimated as equal to or greater than 75%  
POSSIBLE – Potential occurrence of loss is estimated as greater than 50% AND less than 75%  
REMOTE – Potential occurrence of loss is estimated as less than or equal to 50%
8. Enter the estimated loss and payments made to each case.
9. Enter and identify if the case should be classified as a contingent liability or judgement.
10. Enter any changes in case or additional notes.
11. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services  
Attorney Report**

Dept Name:

**Purpose & Disclaimer**

*Any estimates, assessments, or statements contained in this report are listed solely for the purpose of complying with the reporting requirements of the Office of Statewide Accounting Services pursuant to its responsibilities outlined in KRS 45.305, 48.800, and other related statutes.*

*The purpose of this report is exclusively for budgetary purposes, to ensure that necessary state funds are appropriately reserved and allotted to cover potential Commonwealth liabilities. Accordingly, assessments in this report may allocate potential damages and liability to the Commonwealth regardless of the strength of the Commonwealth's position or arguments in a given case, to secure availability of assets sufficient to cover all possible contingencies.*

OLD - Cases carried over from last year  
NEW - New Cases  
CLOSED - Closed Cases

PROBABLE – Potential occurrence of loss is estimated as equal to or greater than 75%  
POSSIBLE – Potential occurrence of loss is estimated as greater than 50% AND less than 75%  
REMOTE – Potential occurrence of loss is estimated as less than or equal to 50%

Name Of Case	Case Number	Attorney	Old/New/Closed	Date Opened	Date Closed	Probability Of Loss	Estimated Loss/ Payments	Contingent Liability Or Judgement	Notes/ Changes To Case
1	2	3	4	5	6	7	8	9	10

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, 2024, 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, 2024, 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, 2024.

Compensatory leave balance includes the dollar value of accumulated compensatory leave as of June 30, 2024, 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 leave balance in hours at July 1, 2023, by category.
2. Enter the total dollar value of leave balances at July 1, 2023, by category. The dollar value should be the total of each employee's leave balance multiplied by the employee's year-end (June 30, 2023) hourly pay rate, plus the employer's portion of FICA and retirement.
3. Enter total hours earned during Fiscal Year 2024 by category.
4. Enter the dollar value of leave earned during Fiscal Year 2024. 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, 2024) hourly pay rate.
5. Enter the leave hours used during Fiscal Year 2024 by category.
6. Enter the total dollar value of leave used during Fiscal Year 2024. 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, 2024) hourly pay rate, plus the employer's portion of FICA and retirement.
7. Change forms status to the appropriate status ("In Progress", "In Agency Review", and "Submitted").



**Commonwealth of Kentucky  
Statewide Accounting Services  
Annual, Sick, And Compensatory Leave**

**7** Not Started

Dept Name:

Fund Type:

	Annual Leave Balance	Sick Leave Balance	Compensatory Leave Balance
<b>Beginning Balance June 30, 2023</b>			
Hours	1	1	1
Dollar Amount	2	2	2
<b>Earned During Fiscal Year June 30, 2024</b>			
Hours	3	3	3
Dollar Amount	4	4	4
<b>Used During Fiscal Year June 30, 2024</b>			
Hours	5	5	5
Dollar Amount	6	6	6
<b>Ending Balance June 30, 2024</b>			
Hours	0.00	0.00	0.00
Dollar Amount	\$ —	\$ —	\$ —

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

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).

Complete form AFR-73 if the agency has reimbursable expenditures/expenses at June 30 for which the appropriate documents (Journal Voucher or Inter-Account Bill) did not post to final by the close of Fiscal Year 2024. Only the billing department should complete form AFR-73. Complete this form for interfund transactions only.

NOTE: Do not complete form AFR-73 if the total is less than \$10,000.

Detailed Instructions

AFR-73

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

NOTE: For the Transportation Fund, complete a separate form 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 fund number charged.
2. Enter the department number charged.
3. Enter the object code charged.
4. Enter the amount charged to that account number.
5. Enter the fund number credited (account to which expenditure/expense originally charged.)
6. Enter the department number credited (account to which expenditure/expense originally charged.)
7. Enter the object code credited (account to which expenditure/expense originally charged.)
8. Enter the amount credited.
9. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

NOTE: Do not complete AFR-73 if the total is less than \$10,000.

**The total amount charged and total amount credited must be equal.**

**Commonwealth of Kentucky  
Statewide Accounting Services  
Reimbursement of Expenditures/Expenses - Interfund**

**9** Not Started

Dept Name:

Fund Type:

Account Number To Be Charged				Account Number To Be Credited			
Fund Type	Dept	Object	Amount	Fund Type	Dept	Object	Amount
1	2	3	4	5	6	7	8
<b>TOTAL</b>			\$ <u>    —    </u>	<b>TOTAL</b>			\$ <u>    —    </u>

**Note: Do not complete if the total is less than \$10,000.**

Commonwealth of Kentucky  
Last Date of Entry

General

The Office of Statewide Accounting Services can now directly access departments' ACFR 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 **2024 fixed assets documents** were entered into "**final**" status in the eMARS system for acquisitions, dispositions, modifications, and transfers. The date enables SAS to determine when all agencies have finalized their fixed asset transactions and SAS can be assured that reports from eMARS are complete.

The dollar threshold for ACFR 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 Fiscal Year 2024 ACFR reportable equipment is August 16, 2024. The eMARS documents will need to have a status of "**Final**".

For fixed asset questions please contact Jason Salazar-Munoz at (502) 782-2590 or by email.

## Detailed Instructions

AFR-74

### Last Date of Entry

1. Enter the calendar date on which the last fixed asset document was posted as “final” for Fiscal Year 2024.
2. Signature of department’s property officer.
3. Enter the phone number of the property officer.
4. Signature of department’s head.
5. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services**

**Last Date of Entry**

*Fixed Asset Equipment (Includes Equipment, Vehicles, and Software)*

**5** Not Started

**Dept Name: General Assembly**

**Last Transaction Date:**

**1**

**Signature of Department Property Officer:**

**2**

**Phone Number of Department Property Officer:**

**3**

**Signature of Department Head:**

**4**

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

Use the eMARS Advantage Fixed Asset Module 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. To consider an item 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, record individual software licenses with a cost of five hundred thousand dollars (\$500,000) individually). In determining the cost of an asset, component parts and all qualifying accessories should be included. The cost of freight, installation, and other auxiliary charges paid by the state, less any discounts, are also included in the determination. 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. For donated assets, 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 ACFR purposes, enter leased assets 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  
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 ACFR 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 Christina Shuffett, (502) 564-5125 for assistance.

## Detailed Instructions

AFR-75

Allocation of Profit/(Loss)

### **Internal Service Funds only**

1. Enter the department charged.
2. Enter the revenue source charged.
3. Enter the revenue received and posted in eMARS from each department during Fiscal Year.
4. Enter the amount reported on form AFR-72 (Charges to State Departments)
5. Enter the amount reported on form AFR-32 (Unearned Revenue (Revenues Collected in Advance)).
6. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).
7. Explain your pricing policy for sales made to the public.
8. List the revenue source used for sales to the public.
9. Indicate the total revenues received by the revenue source(s) listed. Record any unearned revenue (revenue collected in advance) as a reduction to revenue.
10. List the total expenses related to the revenues reported.
11. Change forms status to the appropriate status (“In Progress”, “In Agency Review”, and “Submitted”).

**Commonwealth of Kentucky  
Statewide Accounting Services**

**Allocation of Profit or Loss**

*(Internal Service Funds Only)*

**6** Not Started

**Dept Name:**

**Fund Type:**

Revenues received from state agencies (R431 through R445, R827 and R999 for Fund 3800):

<u>Account Number Charged</u>		<b>Revenue Received From State Agencies and Posted to eMARS during Fiscal Year 2024</b>	<u>(Plus)</u>	<u>(Minus)</u>	<u>(Equals)</u>
<b>(Department)</b>	<b>(Revenue Source Code)</b>		<b>Amount Reported on AFR-72</b>	<b>Amount Reported as Deferred Revenue on AFR-32</b>	<b>Total Revenue From State Agencies Reported in Fiscal Year 2024</b>
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	
<b>Total Revenue Received From Departments</b>		\$ —	\$ —	\$ —	\$ —

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

**5** Not Started

**Dept Name:**

**Fund Type:**

Explanation of pricing policy for sales to the public:

**1**

Revenue Source Code	Revenues	Expenses	Profit/(Loss)
			\$ —
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
			—
<b>Total Sales to the Public</b>	\$ —	\$ —	\$ —

**2**

**3**

**4**