



**MATTHEW G. BEVIN**  
Governor

Commonwealth of Kentucky  
FINANCE AND ADMINISTRATION CABINET  
DEPARTMENT OF REVENUE

**COL WILLIAM M. LANDRUM III**  
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**DANIEL P. BORK**  
Commissioner

September 23, 2019

Rep. Steven Rudy, Co-Chair  
Sen. Christian McDaniel, Co-Chair  
Appropriations and Revenue  
Capitol Annex  
Frankfort, Kentucky 40601

RE: Progress Report on 2004 HB 162

Dear Sirs:

This letter is in response to the reporting mandates contained in 2004 HB 162, codified as KRS 45.241 (10) (a). In accordance with these reporting responsibilities, the Finance and Administration Cabinet required all agencies to include, as a supplement in their annual closing packages, a summary of all their debts categorized as required by the legislation. Please consider this letter as part of the reporting mandates required by statute.

The Department of Revenue implemented its Enterprise Collections System (ECS) in May of 2007. Prior to this date, the Department manually collected for some agencies. The Enterprise Collections program is currently available to all state and some local authorities; contingent upon DOR agreeing to accept the debt based on available resources. The following is a brief overview of each participating agency:

Agency	FY 2019 Collections	Cumulative Amount
Kentucky Community and Technical College Systems	\$8,274,362.42	\$72,170,666.81
University of Kentucky Healthcare	\$10,697,648.44	\$72,719,337.73
Morehead State University	\$1,365,993.65	\$12,777,823.88
Northern Kentucky University	\$1,402,478.96	\$9,499,184.63
Kentucky Higher Education Assistance Authority	\$291,557.05	\$3,612,421.23
Western Kentucky University	\$1,384,825.03	\$5,319,284.47
The University of Kentucky	\$1,873,724.73	\$6,074,256.22
Eastern Kentucky University	\$1,091,858.82	\$3,530,472.15
Murray State University	\$803,148.53	\$2,618,867.74
Department of Medicaid Services	\$214,149.92	\$1,126,782.89
Kentucky Board of Nursing	\$27,261.03	\$326,496.39
Kentucky Labor Cabinet	\$47,679.82	\$345,668.34
Department of Financial Institutions	\$27,113.65	\$117,995.59
Kentucky State University	\$33,050.22	\$165,546.86
Crime Victims Compensation Board	\$34,045.10	\$107,109.82
Cabinet for Health and Family Services Office of Legal Services	\$2,934.00	\$38,034.71
Department of Insurance	\$0.00	\$13,165.98
Department of Parks	\$0.00	\$1,390.24
Motor Vehicle Commission	\$0.00	\$1,951.45
<b>Total</b>	<b>\$27,571,831.37</b>	<b>\$190,566,457.13</b>

For Fiscal Year 2019, there were no new agencies added to the Enterprise Collection program.

Since inception through June 30, 2019, the total collected through the Enterprise Collections program is \$190,566,457.13. Of the \$190,566,457.13 collected, \$144,941,023.33 in principal has been returned to the referring agencies. Interest totaling \$9,356,332.90 has been returned to the General Fund and \$36,269,100.90 in cost of collection fees has been used to fund collection efforts.

Collection of debt owed to the Commonwealth remains one of the Department of Revenue's top priorities. The department continues its efforts to encourage agencies to participate in the program. The General Assembly's continued support in this endeavor will be appreciated.

Please let me know if you need any additional information.

Sincerely,



Daniel P. Bork, Commissioner

Cc: William M. Landrum III



COMMONWEALTH OF KENTUCKY  
 REPORT OF LIQUIDATED AND UNLIQUIDATED DEBT  
 SUMMARY  
 AS OF JUNE 30, 2019

ALL LIQUIDATED DEBT <sup>(1)</sup>

CABINET	NOTE	UNDER 1 YEAR	1-3 YEARS	3-5 YEARS	5-10 YEARS	OVER 10 YEARS	TOTAL
KENTUCKY LOTTERY CORPORATION	(2)	\$ 113,467	\$ 196,320	\$ 199,982	\$ 64,521	\$ 31,659	\$ 605,949
CABINET OF THE GENERAL GOVERNMENT	(3)	33,365	25,490	38,695	18,353	59,382	175,285
TRANSPORTATION CABINET		8,092,396	26,646,615	10,292,784	13,244,465	8,895,491	67,171,751
ECONOMIC DEVELOPMENT CABINET		-	-	-	-	-	-
FINANCE AND ADMINISTRATION CABINET	(4)	206,158,011	265,807,614	156,151,988	149,762,420	20,539,479	798,419,512
CABINET FOR UNIVERSITIES		572,778	1,486,818	1,059,184	798,768	745,932	4,663,480
TOURISM, ARTS AND HERITAGE CABINET		742,202	35,058	-	-	-	777,260
EDUCATION AND WORKFORCE DEVELOPMENT CABINET		5,738,171	2,386,458	2,286,007	50,032,267	5,190,391	65,633,294
HEALTH AND FAMILY SERVICES CABINET	(5)	20,378,000	8,911,615	11,760,541	5,422,275	13,791,258	60,263,689
PERSONNEL CABINET		2,143	8,572	8,572	14,286	30,154	63,727
ENERGY AND ENVIRONMENT CABINET	(6)	6,407,214	13,528,730	12,858,734	31,500,156	233,321,890	297,616,724
PUBLIC PROTECTION CABINET		15,000	-	-	-	-	15,000
<b>TOTAL</b>		<b>\$ 248,252,747</b>	<b>\$ 319,033,290</b>	<b>\$ 194,656,487</b>	<b>\$ 250,857,511</b>	<b>\$ 282,605,636</b>	<b>\$ 1,295,405,671</b>

TOTAL LIQUIDATED DEBT \$ 1,295,405,671

ALL UNLIQUIDATED DEBT <sup>(1)</sup>

CABINET	NOTE	UNDER 1 YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS	TOTAL
CABINET OF THE GENERAL GOVERNMENT		\$ 2,191,853	\$ 100,676	\$ -	\$ -	\$ 2,292,529
TRANSPORTATION CABINET		15,087	67,342	-	-	82,429
FINANCE AND ADMINISTRATION CABINET	(7)	194,114,790	150,036,258	66,299,536	27,196,544	437,647,128
TOURISM, ARTS AND HERITAGE CABINET		1,588,841	-	-	-	1,588,841
HEALTH AND FAMILY SERVICES CABINET		241,414,481	171,355,738	73,793,398	44,673,228	531,236,845
ENERGY AND ENVIRONMENT CABINET		191,850	1,367,445	3,206,644	6,186,551	10,952,490
PUBLIC PROTECTION CABINET		160,000	-	-	-	160,000
<b>TOTAL</b>		<b>\$ 439,676,902</b>	<b>\$ 322,927,459</b>	<b>\$ 143,299,578</b>	<b>\$ 78,056,323</b>	<b>\$ 983,960,262</b>

TOTAL UNLIQUIDATED DEBT \$ 983,960,262

GRAND TOTAL ALL DEBT \$ 2,279,365,933

NOTES:

- (1) Amounts due from the Federal Government, State Governments, and State Agencies are not included in the totals. See attached listing.
- (2) The Liquidated Debt listed for the Kentucky Lottery Corporation includes \$41,048 in bankruptcy.
- (3) The Liquidated Debt listed for the General Government Cabinet includes \$4,203 in bankruptcy.
- (4) Of the Liquidated Debt listed for the Finance and Administration Cabinet, \$798,444,296 is attributable to the Department of Revenue. This includes \$50,664,416 in bankruptcy.
- (5) The Liquidated Debt listed for the Health and Family Services Cabinet includes \$5,332,903 in bankruptcy.
- (6) The Liquidated Debt listed for the Energy and Environment Cabinet includes \$44,019,372 in bankruptcy.
- (7) Of the Unliquidated Debt listed for the Finance and Administration Cabinet, \$437,647,128 is attributable to the Department of Revenue.

Kentucky Retirement Systems and Kentucky Teachers' Retirement System have been excluded from this report.

COMMONWEALTH OF KENTUCKY  
 REPORT OF LIQUIDATED AND UNLIQUIDATED DEBT  
 SUMMARY  
 AS OF JUNE 30, 2019

ALL IMPROPER PAYMENTS

	CABINET					TOTAL
	UNDER 1 YEAR	1-5 YEARS	5-10 YEARS	OVER 10 YEARS		
HEALTH AND FAMILY SERVICES CABINET	\$ 2,559,961	\$ 14,954,048	\$ 7,676,736	\$ 4,583,432		\$ 29,774,177
PERSONNEL CABINET	2,857	11,429	14,285	35,870		64,441
<b>TOTAL</b>	<b>\$ 2,562,818</b>	<b>\$ 14,965,477</b>	<b>\$ 7,691,021</b>	<b>\$ 4,619,302</b>		<b>\$ 29,838,618</b>

**TOTAL IMPROPER PAYMENTS \$ 29,838,618**

These amounts represent improper payments included in the Summary of Total Liquidated and Unliquidated Debt.

**COMMONWEALTH OF KENTUCKY  
 REPORT OF LIQUIDATED AND UNLIQUIDATED DEBT  
 ACCOUNTS RECEIVABLE DUE FROM FEDERAL AND STATE GOVERNMENTS  
 AS OF JUNE 30, 2019**

CAB	DEPT	DEPARTMENT NAME	AMOUNT
31	030	Unified Prosecutorial System	\$ 504,695
31	040	Attorney General	251,400
31	045	Auditor Of Public Accounts	2,344,573
31	076	Military Affairs Commission	11,700
31	095	Department of Military Affairs	12,541,753
31	112	Department for Local Government	1,195,085
35	615	Department Of Aviation	44,614
35	625	Department Of Highways	84,403,365
35	630	Department Of Vehicle Regulation	173,806
36	635	Cabinet for Economic Development-Education Development and Finance Authority	1,031,774
36	635	Cabinet for Economic Development-High-Tech Investment and Construction Pool	348,037
39	080	Ky Housing Corporation	4,794,000
45	415	Council On Postsecondary Education	107,778
50	410	Kentucky Heritage Council	25,599
50	660	Kentucky Fish and Wildlife Resources	1,124,336
51	531	Department For Workforce Investment	4,844,715
51	540	Department of Education	36,784,750
53	746/748	Department For Medicaid Services	1,537,185
54	500	Justice - Office of the Secretary	46,046
54	525	Department Of Criminal Justice Training	31,863
54	527	Department of Corrections	687,954
56	106	Department of Workplace Standards	12,155
<b>TOTAL DUE FROM FEDERAL AND STATE GOVERNMENTS</b>			<b>\$ 152,847,183</b>