

MINUTES OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Nancy Brown at 1:30 p.m. on March 16, 1993 in Room 521-S of the Capitol.

All members were present except: Representative Welshimer (excused)

Committee staff present: Michael Heim, Legislative Research Department  
Theresa Kiernan, Revisor of Statutes  
Lois Hedrick, Committee Secretary

Conferees appearing before the committee:

Senator David Corbin  
Jerry Demo, President, Planning and Zoning Association of Kansas  
David Yearout, County Planner, Butler County  
Bev Bradley, Kansas Association of Counties  
Donald Seifert, City of Olathe  
Jane Neff-Brain, Assistant City Attorney, Olathe  
Chris McKenzie, League of Kansas Municipalities  
Linda Schreppel, Kansas County Clerks Association, Oswego  
David Furnas, Kansas Press Association  
Franklin Dee Williams, Topeka

Others attending: See Guest List (Attachment 1).

Chairman Brown opened the hearing on **SB 116**, concerning the replatting of ground located outside a city. Theresa Kiernan explained that the bill amends the city and county planning and zoning law to provide that any regulations adopted by the board of county commissioners subdividing lots located outside cities may provide for the issuance of building permits on lots divided into more than two tracts without having to replat the lot, provided that the resulting tracts shall not again be divided into tracts of less than ten acres without replatting. Senator David Corbin appeared in opposition to the bill, even though he had voted for the bill in the Senate, stating that the bill takes away local control from the counties and he is not in favor of that.

Jerry Demo, Zoning Administrator of El Dorado and President of the Planning and Zoning Association of Kansas, spoke in opposition of the bill for himself and for the Association, explaining that zoning and planning is a local issue not requiring state legislation.

David Yearout, Butler County Planner, presented his opposition to **SB 116** (see Attachments 2 and 3).

Bev Bradley, speaking for the Association of Counties, stated the Association's opposition to the bill (Attachment 4).

Questions were raised about the bill's provisions. Mike Heim said the testimony in the Senate was that the bill was introduced in response to a property owner's request in Crawford County in which an estate wanted to subdivide some land without the expense of platting.

There being no others present to testify, the hearing on **SB 116** was closed. Then, on motion of Representative Wootton, seconded by Representative Mays, the Committee voted to table **SB 116**.

The Chairman opened the hearing on **SB 153**, which concerns cities and the notice and hearing on special assessments for improvements. Theresa Kiernan prepared the balloon amendment to the bill to incorporate the provisions of **SB 387** into this bill as requested by the City of Overland Park (Attachment 5).

Donald Seifert, of Olathe, appeared in support of the bill (see Attachment 6). The Chairman asked about the equality of assessments under the bill when a developer pays the assessment rate for lineal footage at the beginning of the project and later it is determined that costs are higher. Ms. Neff-Brain stated that the escrowed initial assessment would stand and no additional assessment would be charged the property owner. She then described the statutory procedures for setting and collecting assessments.

Chris McKenzie, of the League of Kansas Municipalities, testified on **SB 153**, stating that the League has no

formal position on the bill and he believed the Overland Park proposed amendments (the balloon amendment) do contain the provisions of **SB 387**, and that the proposed amendments have addressed the concerns the League had raised.

There being no others present to testify on **SB 153**, the hearing was closed. The Chairman then indicated the bill may be worked tomorrow.

Chairman Brown then opened the hearing on **SB 273**. Linda Schreppel, Labette County Clerk and vice president of the Kansas County Clerk's Association, spoke in support of the bill (see Attachment 7).

Representative Mays asked if cities, townships and school boards were not required to publish itemized expenditures, why were counties required to do so? Mike Heim replied that it simply seems to be a historical requirement. Representative Wempe inquired if the Association of Counties had set out a standardized summary form for counties to use. Bev Bradley, of the Association, replied that there was not. Representative Brown inquired as to how the League acquires the data it publishes relating to counties' receipts and expenditures. Chris McKenzie stated that the information is gathered from the state Accounts and Reports Division, Department of Revenue, Division of Property Valuation, Legislative Research and other departments. The Chairman stated that she had visited with Tom Severn, of the Legislative Research Department, concerning the various forms utilized by local units of government and the possibility of streamlining forms and procedures to consolidate data and its availability.

Linda Schreppel stated that all county clerks have itemized data available to anyone who desires to view the records and that the clerks felt that the counties should be able to publish expenditures in the same manner other local units of government do. Ms. Schreppel then noted that a copy of the written testimony of Gayle Landoll, Marshall County Clerk, Darlene Riggs, Graham County Clerk, Dorothy Houk Sanborn, Seward County Clerk, and Rosalie Seemann, Thomas County Clerk, all indicating support of **SB 273**, had been distributed to the committee members (attached to Attachment 8).

David Furnas, representing the Kansas Press Association, spoke in opposition to **SB 273**, indicating that the citizens should have access to the itemized expenditures. See his testimony, Attachment 9.

Franklin Dee Williams, a citizen of Topeka, spoke in opposition of the bill, saying that by reading the summary of expenses a citizen will most likely find difficulty in tracking down itemized documentation as multiple accounts may be grouped into a singular category in the published notice. He cited an example of an account for the quarter ending December 31 showing a large balance and then on January 1 show no balance. He stated an opinion that there is no way for a citizen to acquire records on a timely basis.

There being no others to testify on **SB 273**, the Chairman closed the hearing.

The Chairman then stated that **HB 130** should be discussed further tomorrow. Chairman Brown also suggested that **SB 273** would be a good subject for interim study and the Committee should decide its action this week, if possible.

Bill Ervin distributed copies to the Committee of the state's Setoff Program's Policy and Procedures Manual and listing of accounts subject to setoff; and its manuals for Administrative Aids for the Management of Receivables and Using the Setoff Program to Collect Accounts Receivable (Attachment 10).

The Chairman also indicated that copies of the Wichita Historic Preservation Board's letter of March 10, 1993, opposing **HB 2470** were given to each member (Attachment 11).

On motion of Representative Macy, seconded by Representative Mays, the Committee minutes of March 10, 1993, were approved.

The meeting was adjourned at 3:09 p.m. The next meeting is scheduled at 1:30 p.m., March 17, 1993, in Room 521-S of the State Capitol.

MITTEE: House Local GovernmentDATE March, 16, 1993

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
BEV BRADLEY	TOPEKA	KS ASSOC of Counties
Mary Carson	Overland Park	City of Olathe
DAVID YEAPOUT	El Dorado	BUTLER COUNTY
Jerry Demo	"	" "
Barbara Newfeld	N. Newton	WAMFC
<del>Barbara Newfeld</del>	<del>Olathe</del>	<del>City of</del>
Ruth Ann Niebert	N. Newton	WAMFC
Don Seifert	Olathe	City of Olathe
Randall Holmes	Plains	
Jane Deff Brain		City of Overland Park
Robert J. Watson		City of Overland Park
Victoria Gotcher		City of KCK
JOE REARDON	Lawrence, #	Interim
Larry Ray	Overland Park	City of Overland Park
Bill Ervin	Topeka	Dept of Admin
David Furrows	TOPEKA	KS PRESS
Chris McKenzie	"	League of Ks. Muncip
Janet Stubbs	"	HBA of Ks
FRANKLIN Dee Williams	"	SELF
		ATTACHMENT 1
		3-16-93

TESTIMONY OF DAVID L. YEAROUT, AICP

BUTLER COUNTY PLANNER

Regarding Senate Bill 116

March 16, 1993

Representative Brown and members of the House Local Government Committee, thank you for the opportunity to appear before you today regarding Senate Bill 116. My name is David Yearout. I am the County Planner for Butler County.

Senate Bill 116 proposes to amend K.S.A. 12-752(f) to provide that Subdivision Regulations in counties may provide for the issuance of building permits on lots 10 acres or larger without requiring replatting. The supplemental note states the intent is to provide relief to rural landowners who wish to sell their land in smaller parcels when they have frontage along existing roads by avoiding formal platting. Butler County is opposed to this bill, as indicated in the letter to Senator Parkinson on February 18, 1993, a copy of which is attached.

## David Yearout Testimony

The ability of local governments to manage the development of land within its jurisdiction is critical. The proper design of a rural subdivision can avoid numerous problems, both for the local units of government (i.e., counties and townships), as well as the **BUYERS** of the rural building lots. The platting process provides the county the opportunity to address the needs of the proposed development in terms of roads, water, sewage disposal, other utilities, and other support services such as school buses and mail delivery. If these issues are not addressed during the platting process, most often the buyers quickly find that their intended "dream home" has become a "nightmare". Water may not be available or may be very expensive to produce, either from a water well or a connection to a rural water district. The required sewage disposal method may not work well on the property, resulting in more expensive disposal systems. Plus the intrusion of dirt and dust from the rural roads is not what was intended when the buyers moved to the country. In effect, the county is forced to deal with the **"INNOCENT VICTIMS"** of unregulated rural development if the division of land was exempt from platting to begin with.

## David Yearout Testimony

While it is true that platting will not cause these development costs to go away, it will help ensure that the seller is fully aware of the impacts associated with his proposed development, and that the buyers are informed with these costs before a purchase is made. While this process may add time and cost to the development of the property, it avoids the expenditure of public funds to attempt to correct the effects of poorly designed or improper development. This is definitely in the public's interest and general welfare.

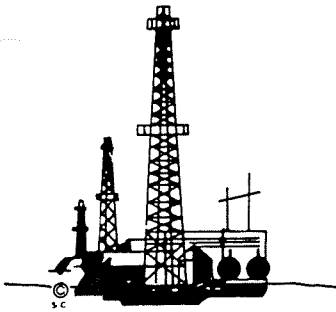
You may not feel that these concerns are valid, or that they are the imagination of an overzealous planner. But if you will look at the example of current land patterns in rural Butler County shown on the aerial cadastral map I have brought, you will see that it is not only possible that poorly design development might occur; it in fact has. Note the tremendous waste of land associated with the division of the property shown on the aerial. Also note the subdivision immediately north that is platted and developed under more current design standards.

## David Yearout Testimony

The Planning and Zoning laws were recodified in 1991 after many years effort by many people. The resulting laws were well written and designed to be a broad enabling law that establishes basic procedural and contextual requirements, and leaves to the local cities and counties broad discretion in developing regulations that will address the local needs.

The issue addressed by Senate Bill 116 is a local issue and should be addressed at the local level. In fact, it is my understanding that this issue originated from a proposed rural development in Crawford County. The current county Subdivision Regulations require platting of the property and a request was made to exempt the subject land from the platting requirement. In that case, the Crawford County Commissioners, who are responsible to the local electorate, decided it was not in the interests of the Crawford County citizens to waive the platting of the property. This is an excellent example of how the current laws are intended to work...local officials making local decisions based on local needs. To amend the law as proposed would lead to an erosion of this process and be detrimental to the local communities and counties.

We urge you to let Senate Bill 116 die in this committee and that no further revision of this provision of the statutes be done.

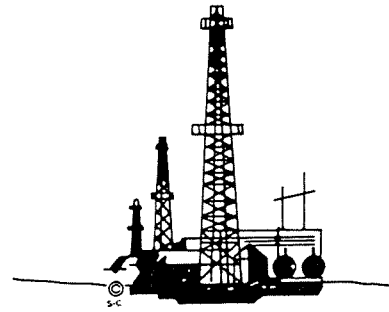


# Butler County

Room 400 • Courthouse

Phone (316) 321-0335

EL DORADO, KANSAS 67042



Senator Mark Parkinson, Chairman  
Senate Local Government Committee  
State Capitol Building  
Topeka, KS

February 18, 1993

Re: Senate Bill No. 116

Dear Senator Parkinson:

It has come to our attention that the proposed intention of Senate Bill No. 116 is to modify the current Planning and Zoning enabling laws regarding the abilities of counties to regulate the subdivision of lands in the unincorporated portions of the county. As we understand it, the proposed amendment intends to restrict the county's ability to require platting when a land owner is dividing land into rural home sites over a certain acreage (we have heard this provision to be 10 acres or more being exempt). Please be advised that the Board of County Commissioners of Butler County, as well as the Kansas Association of County Planning and Zoning Officials, is strongly opposed to this amendment. If the current law is revised as proposed in Senate Bill No. 116, it will dramatically affect the ability of Butler County to manage the impacts of rural development, as well as those counties within the State of Kansas currently regulating rural developments through Subdivision Regulations.

It is important to note that the current laws governing planning and zoning, as well as subdivision regulations, are not mandatory in Kansas for either cities or counties. And, further, the manner in which local zoning or subdivision regulations are written are not specific beyond certain required procedures and broad contextual matters. As such, the debate on the nature of a regulation on these items properly belongs at the local level. We strongly feel it is best to leave the enabling laws broad and general.

Butler County and the Kansas Association of County Planning and Zoning Officials strongly urges you to not pass Senate Bill No. 116 and let it die in committee. Your attention to this matter is greatly appreciated.

Sincerely,

David L. Yearout, AICP  
Butler County Planner

Jerry R. Demo  
Zoning Administrator  
President, KACPZO

ATTACHMENT 3 3-16-93

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"Service to County Government"

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**Executive Director**

John T. Tobben, C.M.

March 16, 1993

To: Representative Nancy Brown, Chair  
Members House Local Government Committee

From: Bev Bradley, Deputy Executive Director  
Kansas Association of Counties

Re: SB 116 Replatting of land located outside of a  
city

Zoning issues are difficult and controversial to say the least. Representatives from the legislature, cities, counties, the League of Kansas Municipalities, the Kansas Association of Counties, the Kansas Planning and Zoning Administrators and other interested people spent hours and hours working on recodification of the planning and zoning statutes just a few short years ago. I believe that we are only now finding out the ramifications. This is not the time to further complicate the issue by changing the statutes again because one person has a problem with the rules.

This legislation would make it possible for a landowner to divide 80 acres into 8, 10 acre tracts without replatting, all of which could open on a county road. Curb cuts along a county road are costly for the county, dangerous for motorists, and a total disaster for people of the agriculture community who try to get large equipment from one field to another.

The Kansas Association of Counties is opposed to SB 116.

ATTACHMENT 4  
3-16-93

# SENATE BILL No. 153

By Committee on Local Government

2-2

8 ~~AN ACT~~ concerning cities, relating to special assessments to pay the  
9 ~~costs of improvements authorized thereby, amending K.S.A. 12-~~  
10 ~~6a09 and repealing the existing section.~~

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 12-6a09 is hereby amended to read as follows:  
14 12-6a09. (a) As soon as the total cost of any improvement is deter-  
15 mined, *or the governing body has approved an estimate of the total*  
16 *cost of the improvement in the case of assessments to be levied*  
17 *pursuant to subsection (c), the governing body shall cause the as-*  
18 *sessments against each lot, piece or parcel of land deemed to be*  
19 *benefited, to be determined in the manner set forth in the resolution*  
20 *as to advisability of the improvement provided for in K.S.A. 12-*  
21 *6a04, and amendments thereto, and an assessment roll shall be*  
22 *prepared.*

23 (b) The proposed assessment roll shall be filed with the city clerk  
24 and be open for public inspection. The city clerk shall thereupon,  
25 at the direction of the governing body, *shall* publish notice that the  
26 governing body will meet to consider the proposed assessments. Such  
27 notice shall be published in a newspaper at least once not less than  
28 ~~ten (10)~~ 10 days prior to such meeting of the governing body and  
29 shall state the date, time and place of such meeting, and the general  
30 nature of the improvement, and its cost, the extent of the improve-  
31 ment district proposed to be assessed, and that written or oral ob-  
32 jections will be considered at such a hearing. At the same time, the  
33 clerk shall mail to the owners of the property made liable to pay  
34 the assessment, at their last known post-office address, a notice of  
35 the hearing and a statement of the cost proposed to be assessed;  
36 against the land so owned and assessed; ~~but~~ The failure of any  
37 owner to receive such notice shall not invalidate the proceedings.

38 (c) *As an alternative to the procedure required by this section,*  
39 *the governing body, prior to commencement of construction of the*  
40 *improvement, may determine the maximum amount of the assess-*  
41 *ments against each lot, piece or parcel of land deemed to benefitted*  
42 *by the improvement. Such determination shall be made in the manner*  
43 *provided in the resolution adopted pursuant to K.S.A. 12-6a04, and*

An Act concerning cities; relating to the construction and financing of public improvements; amending K.S.A. 12-690, 12-6a06, 12-6a07, 12-6a09 and 12-6a11 and repealing the existing sections.

ATTACHMENT 5-1  
3-16-93

1 *amendments thereto. Following such determination, an assessment*  
2 *roll shall be prepared and filed with the city clerk and a hearing*  
3 *shall be called and held to consider the proposed assessments as*  
4 *provided by subsection (b).*

5 ~~Sec. 2. K.S.A. 12-6a09 is hereby repealed.~~

(See attached)

6 ~~Sec. 2.~~ This act shall take effect and be in force from and after  
7 its publication in the statute book.

7

ATTACHMENT 5-2  
3-16-93

Sec. 2. K.S.A. 12-6a06 is hereby amended to read as follows:  
12-6a06. (a) The governing body ~~may~~, by a majority vote of the entire members-elect thereof, at any time within six ~~(6)~~ months after the final adjournment of the hearing on the advisability of making the improvements, may adopt a resolution ~~authorizing ordering~~ the improvement in accordance with the finding of the governing body upon the advisability of the improvement, as provided in K.S.A. 12-6a04, and amendments thereto which shall be effective upon publication once in the newspaper~~:-Provided~~7. The improvement shall not be commenced if, within ~~twenty-(20)~~ 20 days after publication of the resolution ordering the improvement, written protests signed by both ~~fifty-one-percent-(51%)~~ 51% or more of the resident owners of record of property within the improvement district and the owners of record of more than half of the total area of such district are filed with the city clerk~~:-Provided~~7-however7. Whenever adjoining parallel streets have been improved, and the proceedings are to improve the intervening connecting street to the same extent as the streets to be connected, or when two portions of any street have been improved and an intervening portion not exceeding two blocks has not been improved, and the proceedings are to improve such intervening portion to the same extent as the improved portions, or when the proceedings are to improve sanitary and storm water sewers, no protest shall be accepted by the city clerk and such improvements may be made regardless of protests. The genuineness of the signature and addresses of all signers of each protest shall be verified by some signer of such protest. The governing body shall be judge of the sufficiency of any protest and its decision shall be final and conclusive~~:-Provided~~7. Names may be withdrawn from any protests by the signers thereof at any time before the governing body ~~shall--convene~~ convenes its meeting to determine the sufficiency thereof.

(b) Such resolution ordering the improvement shall be mailed by the city clerk to the owners of the property included in the improvement district at their last know post-office address. The failure of any owner to receive the resolution shall not invalidate the proceedings.

(c) Any owner of property in the improvement district described in the resolution ordering the improvements to be made may bring an action not later than 30 days from the publication of the resolution for the purpose of challenging the creation of the improvement district or its boundaries, the need for and the nature and extent of the improvements to be made, the method of financing the improvements, including the apportionment of costs between the city and the improvement district and the method for levying assessments against the property in the improvement district or any other matter expressly provided for in the resolution.

Sec. 3. K.S.A. 12-6a07 is hereby amended to read as follows: 12-6a07. (a) The city may pay such portion of the cost of the improvement as the governing body may determine, but not more than ~~ninety-five-percent-(95%)~~ 95% of the total cost thereof. The share of the cost to be paid by the city at large shall be paid in the manner provided by K.S.A. 12-6a14, and amendments thereto.

(b) If any property deemed benefited shall ~~by reason of any provision of law~~ be exempt from payment of special assessments ~~therefor~~ by reason of any provision of law, such assessment ~~shall~~, nevertheless, shall be computed and shall be paid by the city at large.

(c) If any property which would otherwise be deemed benefited by an improvement has made payment of any tax, excise, fee or charge, or has dedicated land or easements, which payment or dedication has been expressly found by the governing body to represent all or a portion of the property's contribution to the cost of such improvement, the governing body either may (1) exclude the property from any improvement district created to construct and finance the same improvement and not levy any special assessment against the property for payment of the improvement, or (2) include the property in an improvement district created to construct and finance the same improvement, but provide a credit for the payment of any such tax, excise, fee, charge or dedication against the amount of any special assessment to be levied against the property for payment of the improvement.

Sec. 4. K.S.A. 12-6a11 is hereby amended to read as follows:  
12-6a11. No suit to set aside the ~~said~~ assessments or otherwise question the validity of the proceedings shall be brought after the expiration of ~~thirty-(30)~~ 30 days from the publication of the ordinance fixing ~~said~~ the assessments. No such suit shall litigate a claim or issue which was or could have been litigated in an action brought in accordance with subsection (c) of K.S.A. 12-6a06, and amendments thereto.

Sec. 5. K.S.A. 12-690 is hereby amended to read as follows:  
12-690. This act shall be supplemental to all other acts relating to the improvement of streets, boulevards and avenues and the designation of any street, boulevard or avenue as a main trafficway or main trafficway connection shall not ~~prevent~~ preclude the use of other statutes or home rule authority pursuant to section 5 of article 12 of the constitution of the state of Kansas for the ~~improving-of-any-such--street,--boulevard or--avenue~~ making and financing of all or any part of such improvement.

Sec. 6. K.S.A. 12-690, 12-6a06, 12-6a07, 12-6a09 and 12-6a11 are hereby repealed.

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TESTIMONY IN SUPPORT OF SENATE BILL NO. 153

TO: The Honorable Nancy J. Brown, Chairperson  
Members of the House Local Government Committee

DATE: March 16, 1993

RE: Senate Bill No. 153 -- Proposed Amendments to K.S.A.  
12-6a06, 12-6a07, 12-6a11 and 12-690 pertaining to  
improvement district and main trafficway financing of  
public improvements by Kansas cities

Ladies and Gentlemen:

The City of Overland Park has prepared and is proposing Sections 2 through 5 of the above-referenced legislation which would amend the K.S.A. 12-6a01 *et seq.* "improvement district" statutes and the K.S.A. 12-685 *et seq.* "main trafficway" statutes. The City presently utilizes both sets of statutes in conjunction with one another in order to construct and finance its thoroughfare system throughout the city. Sections 2 through 5 of Senate Bill No. 153 would simply clarify the right of Overland Park to continue to do what it has been doing for the past seventeen years as regards construction of its major thoroughfares.

Although there are strong arguments that can be advanced that existing statutory law allows the City to continue its practices, we are suggesting these changes be made in light of the obscurities created by the 1990 Kansas Supreme Court case of Blevins v. Hiebert, 247 Kan. 1 (1990), and by recent litigation in which the City's methods and means of creating a roadway improvement district were challenged at the time of assessment, after completion of the improvement and while temporary note interest was mounting against the City.

SECTION 2

In subsection (c) of Section 2 of Senate Bill No. 153, the City proposes an amendment to K.S.A. 12-6a06 concerning adoption of the resolution creating the improvement district that would require that persons with standing who wish to challenge the creation of the improvement district or its boundaries, the need for and the nature and extent of the improvements to be made, the method of financing the improvements, including the apportionment of costs between the city and the improvement district and the method for levying assessments against the property in the improvement district or any other matter expressly provided for

in the resolution creating the district do so within 30 days of publication of that resolution. This time limit would require a property owner in an improvement district to mount such a challenge and would allow a city to answer any such challenge prior to the city expending public funds and prior to incurring debt to construct the roadway.

Such a proposed amendment would not in any way disadvantage property owners in an improvement district. They would still have the ability to challenge the creation of the improvement district, but would have to do so in a timely manner. And K.S.A. 12-6a11 would remain to allow challenges within 30 days from the publication of the assessment ordinance to set aside the assessments for reasons other than those required to be asserted earlier (See Section 4 of Senate Bill No. 153).

In addition, the 20 day protest period presently provided for in K.S.A. 12-6a06 remains and halts commencement of the project if written protest is received from 51% or more of the resident owners of record of property within the improvement district and the owners of record of more than 1/2 of the total area of the district.

And to provide a further safeguard for those persons wishing to challenge the creation of the district, the City is proposing inclusion of subsection (b) which requires that in addition to publication of the resolution creating the district, the city clerk mail a copy of the resolution to the owners of the property included in the improvement district. This added notice requirement attempts to insure that all affected parties are aware of the proposed project and have an opportunity for timely protest.

### SECTION 3

In Section 3 of Senate Bill No. 153, the City suggests an amendment to K.S.A. 12-6a07 in order to deal with the relationship between properties that have escrowed funds and those that have not. Proposed sub-section (c)(1) would clarify the right of the city to continue to exempt property from an improvement district when the developer had previously escrowed his/her share of the cost of the improvement. That escrowed money along with additional city-at-large revenue would be the source of funding for the main trafficway portion of the project.

Proposed sub-section (c)(2) would allow a city the option of placing all properties benefitted by the improvement in the improvement district, but then would allow a credit to those properties that had escrowed all or a portion of their share of the cost of the improvement, so as not to overcharge those properties for their share of the cost of the improvement.



Although, it may be argued that the City could cease collecting escrow money and place all properties on an equal footing in an improvement district, thereby eliminating the potential problem of unequal financial burden for similar benefit, that solution creates greater hardship. It is far more desirable to collect escrow money from a single developer who can spread the cost among all future residents of the development via increased mortgage payments than to include hundreds of single family owners in an improvement district.

Likewise, it may be argued, that the City could wait for all properties along a thoroughfare to develop, thereby collecting all necessary escrow money to improve the roadway solely with those and city-at-large funds. As development along any thoroughfare comes in erratic intervals, waiting until all development is complete would leave early developers with an unimproved roadway long past the time that it can safely and efficiently handle given traffic counts.

Thus, the latitude to combine two statutory schemes or the ability to credit properties that have otherwise paid a portion of the cost of the improvement, provides the best mechanism for the City to service both adjoining property owners and the city-at-large.

#### SECTION 4

K.S. A. 12-6a11 presently allows an individual to challenge his/her assessment or otherwise question the validity of the proceedings within 30 days from the publication of the assessment ordinance. The proposed amendment would limit challenges to those issues which were not available for litigation within 30 days of publication of the resolution creating the improvement district (See Section 2 of Senate Bill No. 153). This amendment does not take away the right of any individual to litigate any issue involving the improvement district. It simply requires that issues regarding creation of the district be litigated early in the proceedings and those that cannot be litigated up front, be litigated at its conclusion.

#### SECTION 5

In Section 5 of Senate Bill No. 153 the City is requesting an amendment to K.S.A. 12-690, the final section of the "main trafficway" statute. There is an argument that once a city designates a road a main trafficway, it must then finance improvements to the road from city-at-large funds pursuant to K.S.A. 12-689. The effect of this argument is that a city could not use K.S.A. 12-6a to finance road improvements if it has designated the road a main trafficway. As K.S.A. 12-690 now reads, it is not clear if it can be used in combination with other statutes such as K.S.A. 12-6a or only as an alternative to those other statutes.

Cities, for purposes of long range planning, designate certain roadways as main trafficways or major thoroughfares. This action is vital in allowing present and future property owners the ability to properly plan land uses for their properties in accordance with the development of the City's future roadway system. Also, in order to utilize the main trafficway statutes to improve and finance a roadway improvement, that street must be declared a main trafficway via ordinance.

Since 1976 the City of Overland Park has required developers to share in the cost of constructing major thoroughfares that border their developments by paying for 1/2 the cost of a standard collector street. The City-at-Large then contributes the difference between the collector and major thoroughfare cost to construct the improvement. This condition is consistent with the City's requirement that developers construct all residential and collector streets that run through and serve their developments.

Developers contribute to the cost of constructing major thoroughfares in Overland Park in one of two ways. If a developer plats his/her property prior to the City's construction of the major thoroughfare, the developer places the money necessary to cover his/her share of the cost of the improvement into an escrow account with the city. If a developer has not platted his/her property by the time the City is ready to proceed with the improvement, that property is placed into an improvement district and assessed after completion of the improvement. It is with the first option, that the proposed amendment to K.S.A. 12-690 is intended to deal.

When the City is ready to construct a major thoroughfare, it takes the monies that have been escrowed by developers in the area of the proposed improvement who have previously platted their property and utilizes the K.S.A. 12-685 et seq. "main trafficway" statutes as authority to improve and finance that section of the roadway allocable to those developers. It then creates a K.S.A. 12-6a improvement district which includes the remainder of the properties that are to contribute to the financing of the improvement. Thus two different financing methods are utilized in conjunction with one another to equitably accomplish the desired improvement.

The proposed amendment to K.S.A. 12-690 would clarify the right of the City to continue to use other statutes, such as K.S.A. 12-6a and K.S.A. 12-749, as well as other lawful means to collect and escrow contributions from developers for the payment of a portion of the cost of the improvement, even though those escrowed funds would not be categorized as city-at-large funds.

Thank you for your consideration.

The City of Overland Park, Kansas

Office of  
**Labette County Clerk**

Labette County, Kansas  
Oswego, Kansas 67356  
316-795-2138

**LINDA SCHREPPPEL**, County Clerk

**PEGGY HOSTETTLER**, Deputy Clerk



DATE: March 16, 1993  
TO: House Committee on Local Government  
FROM: Linda Schreppel, V.P. Kansas County Clerk's Assn.  
Chairperson for the Legislative Committee  
RE: Proponent of SB-273 - Publication of County Expenditures

I support SB-273 for the following reasons: A few months ago the County Clerk from Cheyenne County called with some alarming news. The Cheyenne County Board of Commissioners and Clerk are being taken to court for not publishing in the manner currently prescribed in KSA 19-228.

Over the years many of the counties have relaxed the process in order to save cost by summarizing in different formats or not publishing the report at all.

A survey was taken from certain counties to see how many were in compliance with this statute and what the cost is if they are. Of the 58 counties surveyed 26 summarize, 26 itemize, 16 publish monthly, 38 publish quarterly, and 5 nothing at all. The cost to publish this report in itemized form ranges from \$480.00 to \$8,000.00. In summary form it ranges from \$ 230.00 to \$ 1,400.00.

Counties are the only taxing entity required to publish this report. It is not fair and equitable to require one entity to publish their expenses and accounts, and not the other. All of the information printed in the papers is on file in the county clerk's office and very accessible, within minutes. This is the space age!! We have mail, transportation, fax machines, telephones and computers. I know most of the 105 county clerks in Kansas. Even if by law, it wasn't required for us to give access to this information, I know none of them would deny it.

We appreciate your attention to this issue and would ask that you give considerable thought to possibly even abolishing KSA 19-228, effective upon publication in the Kansas Register.

ATTACHMENT 7-1

3-16-93

# ***Marshall County, Kansas***

Marysville, Kansas 66508

**Gayle Landoll**  
County Clerk

Phone (913) 562-5361

February 12, 1993

Linda Schreppel  
Labette County Clerk  
KCCA Legislative Chairman  
P.O. Box 387  
Oswego, KS 67356

Re: Senate Bill 273

Dear Linda:

Since January, 1991, Marshall County has paid \$4,602.19 to our local newspaper to publish the "statement of all sums allowed in excess of \$50". In addition, during the same length of time, this same local newspaper was paid \$11,221.00 for other types of legal publications for the county.

Counties are the only taxing entity that is required to publish an itemized list of expenditures. Townships, at one time, were also required to publish in itemized form, but that was changed in 1984 as a cost saving measure for the townships.

I hope this information is of help to you. Call me if I can do anything else.

Yours truly,



Gayle Landoll  
Marshall County Clerk

ATTACHMENT 8-1

3 - 16 - 93

GRAHAM COUNTY  
HILL CITY, KANSAS 67642

COMMISSIONERS

1st DISTRICT - ROBERT "BOB" PAXSON  
2nd DISTRICT - ALVIN F. DENK  
3rd DISTRICT - DEE W. SWAYNE

February 16, 1993

COUNTY CLERK  
DARLENE RIGGS  
TELEPHONE NUMBER  
913-674-3453

Mrs. Linda Schreppel  
Labette County Clerk  
P. O. Box 387  
Oswego, Kansas 67356

Dear Linda:

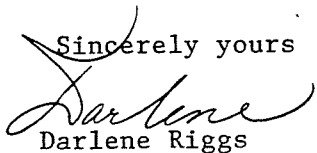
I am writing in regard to Senate Bill 273 "Publication of Summary Expenditures".

First I want to say that the publication of claims for counties in itself is not a "fair and equitable" bill in that no other taxing entity is required to publish expenditures even though they too operate on tax monies.

Itemization of the claims when publishing is very expensive. Our vouchers, checks and records all reflect individual items and are open for public inspection and any person interested need only contact us, either in person or by phone, for information.

By summarizing the expenditure, publication costs would be considerably less but still keep the public informed as to expenses.

Sincerely yours



Darlene Riggs

County Clerk

ATTACHMENT 8-2  
3-16-93

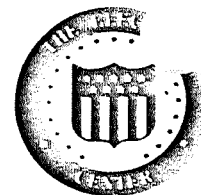


MEMBER  
IACROT

# Dorothy Houk Sanborn

County Clerk / Election Officer

Seward County Courthouse  
415 N. Washington  
Liberal, Kansas 67901  
Phone 316-626-3201  
FAX 316-626-3211



MEMBER  
ELECTION CENTER  
WASHINGTON DC

February 19, 1993

To Linda Schreppel  
Labette County Clerk  
P.O. Box 387  
Oswego, KS 67356

Dear Linda:

In reference to Senate Bill 273 concerning Legal Notice of Itemized Account of Expenditures which we have been required to publish on a regular basis.

As you know this has been an expense to counties all over the state and many do not comply with KSA 19-228 as it is presently written. I strongly feel that complying should be done uniformly state wide. I have complied with this statute religiously for 20 years that I have worked in Seward County Courthouse, but have felt that:

1. If cities and other taxing entities do not have to publish their itemized expenditures this is an unjust liability to the counties.
2. I strongly agree in the right to know of county expenditures and I am sure that this was a bill to sign for that purpose. If this was the case then I think all taxing entities should do the same.
3. Every resident of Seward County has the right under the open records law to come in the County Clerk's office and personally inspect any expenditures and or obtain a copy of such expenditures.

I would have no objection to publishing a condensed list of expenditures by fund totals enabling the tax payer to see the amount from each and every account and when they have a question enable them to call or come in the office as per open records law. Seward County publishes monthly, twice in December because of the amount of expenditures and spent approximately \$10,000.00 in 1992. The months vary from \$695.00 to \$1,000.00 or more if we have lengthy publications. I am strongly in favor of changing KSA 19-228 as we would not be eliminating the taxpayers right to know. If there is anything more I can do let me know.

Sincerely yours,

*Dorothy*  
Dorothy Houk Sanborn  
Seward County Clerk



ATTACHMENT 8-3  
3-16-93

**Kansas Press Association  
Inc.**

---

5423 S.W. 7th St., Topeka, KS 66606 (913) 271-5304, Fax (913) 271-7341

Testimony on SB 273  
before  
House Local Government Committee  
by  
Kansas Press Association

At one time, every expenditure -- every check written by county government -- was listed in the local newspaper every month. The list was well-read by county taxpayers. In fact, the list which included checks for salaries of county employees was probably too well-read. In most communities, the listing of county expenditures was the citizen's best way to find out where their taxpaying money went.

Over the years, local government officials -- supported by their tax-supported lobbyists -- have chiseled the monthly publication to quarterly, the itemized list to aggregate expenditures and now the county government proposes to publish a summary of expenditures. Some counties are already publishing notices this way in clear violation of the law -- but which reflect the disregard some counties have for the law.

The cost of publishing this notice is less than the cost of gas to drive to the courthouse to see the list. With the trend of charging citizens access to public records, the per capita cost of publishing the entire list monthly would be less than the fees charged for citizens to get a copy of the list.

The Kansas Press Association, on behalf of its members, opposes Senate Bill 273 and would recommend the Legislature clearly direct county government -- city government and school districts for that matter -- list the itemized monthly expenditures.

If Senate Bill 273 is passed, however, the association certainly would want the Legislature to make it clear that the itemized statement of expenditures is available for more than just review. Copies of the list should be available -- without charge -- to citizens requesting the list. At a very minimum, the notice should be published monthly.

ATTACHMENT 9  
3-16-93



# Policy

PPM-AF

## AND PROCEDURE MANUAL

### Department of Administration

#### Division of Accounts and Reports

STATEHOUSE—TOPEKA 66612

Filing No. 8,001  
Date  
Issued Jan. 1981  
Page 1 of 8

SUBJECT: Management of Receivables.

POLICY PURPOSE: The purpose of this filing is to set forth policies and procedures to be followed by all state agencies in the management and collection of receivables. In the interest of clarity, these policies and procedures have been separated into three sections: (1) Accounting for Receivables - defines and classifies receivables; (2) Agency Procedures - pertains to procedures for collecting delinquent accounts, obtaining approval to write off accounts and reporting receivable balances and transactions; and (3) Terminology - defines important terms used in this filing.

STATUTORY REFERENCES: The policies and procedures contained herein are in accordance with the following Kansas Statutes Annotated (K.S.A.).

K.S.A. 75-3707

K.S.A. 75-3728

#### I. Accounting For Receivables

##### A. General:

In general, the term "receivables" includes all claims held against others for future receipts of monies, goods and services. In accounting, however, this term is used in a more restrictive sense to indicate claims which have been billed and are expected to be collected in monies. The term "receivables", as used in this filing, includes taxes receivable, amounts due from the federal government, from political subdivisions, from other funds, from other agencies, and such other amounts which come due as a result of regular business transactions.

##### B. Taxes Receivable:

Due to the "modified accrual basis" structure of the State accounting system, taxes are not considered as receivables until a determination is made that the tax is actually due, but it has not yet been paid. Therefore, under the classification of "Taxes Receivable" the following may be found:

1. Taxes under litigation, pending court decision.
2. Amounts erroneously underpaid by taxpayers that are expected to be collected.
3. Amounts reported due by the taxpayer, but not yet paid.

In all of the instances cited above, documentation of the receivables must be available before the transaction can be entered in the agency's books of account.

ATTACHMENT 10-1

3-16-93



*Policy*

## AND PROCEDURE MANUAL

PPM-AF

File No. 8,001

Date Issued Jan. 1981

Page 2 of 8

- C. Amounts Due From Other Governmental Units: Amounts due from the Federal Government are to be set up on the books of the receiving agency as receivables if either of the following conditions are met:
1. The State of Kansas has incurred expenditures which qualify for reimbursement from the Federal government.
  2. The State of Kansas has expended funds to finance a project which, either by law or by contractual agreement, is to be financed on a matching basis by federal and state funds.
- Outright grants, since they do not meet these conditions, cannot be properly categorized as receivables.
- Amounts due from other political subdivisions to be set up on the books of the receiving agency as receivables include:
1. The State's share of taxes collected by its political subdivisions.
  2. Loans.
  3. Charges for services rendered or goods sold.
- D. Loans Receivable: Amounts which have been loaned to persons or organizations, including notes taken as security for such loans.
- E. Due From Other Funds: Amounts owed to a particular fund by another fund in the same governmental unit for goods sold or services rendered. This includes only short-term obligations on open account and not long-term loans.
- F. Miscellaneous - Other Receivables: Receivables arising from transactions other than those outlined in the preceding paragraphs may be classified under the general category of other receivables. Such receivables may include items as overpayments by an agency subject to refund, interest and penalties assessed against an individual or a corporation, and any of the items which may arise during an agency's course of operations.

## II. Agency Procedures:

- A. Minimum Collection Procedures: It is the responsibility of each state agency to collect amounts owed to the State in the most effective and efficient manner. Unless the Director of Accounts and Reports approves an agency's alternative collection procedure, the following basic procedures relating to collection of past due accounts will be adhered to by all state agencies. These procedures are considered minimum efforts. Certain state agencies may find it necessary to expand these general procedures to fit their particular circumstances.
1. All accounts which are more than 30 days past due must be subjected to collection procedures.

ATTACHMENT 10-2

3-16-93

*Policy*

## AND PROCEDURE MANUAL

Date Issued Jan. 1981

PPM-AF

File No. 8,001

Page 3 of 8

2. A record must be kept for each action taken to collect an account, the name of the person taking the action, and the date the action was taken. This documentary evidence of collection efforts must be available at the agency to support an account being classified as uncollectible.
3. At least three (3) documented efforts should be made to collect all delinquent accounts over \$25. Accounts \$25 and under require only one documented attempt.
4. All past due accounts over \$200 must be referred for legal review. Where legal assistance is available within a state agency, the accounts should be referred to that staff. Agencies with no legal staff should request assistance of the Attorney General's office.
5. When an account becomes 60 days past due, further credit should be cut-off until the account is returned to a current status.
6. As authorized by legislation passed by the 1980 Legislature, House Bill 3189 and Senate Bill 884, the State's right to set off debts owed the state against state payments due such debtors should be utilized. Detailed procedures to implement said setoffs are currently being developed.
7. If an uncollectible account arises from a bad check for purchase of a license, such license should not be issued or if it has already been issued, it should be revoked or suspended.
8. Deferred payment terms should be extended on a limited basis, only upon determining that the debtor is unable to pay the balance in full. Terms should not extend over a period of more than six months. However, terms could be extended for a few months more where large balances are concerned and payment of said balances would create a hardship to pay within six months.
9. When other statutes address the agency's collection procedures, those procedures should be followed.

**B. Write-off  
Request  
Procedures:**

An agency shall apply to the Director of Accounts and Reports for authority to write off a receivable when the following criteria is met:

1. A valid receivable does exist, i.e., there are no unsettled differences between the agency and the debtor (as to the validity of the charges to the account).
2. The receivable is past due (having missed a scheduled payment). The length of time past due may vary by the type of the receivable.
3. The agency has complied with the "Minimum Collection Procedure" section, without success, and has determined that the receivable is uncollectible.

ATTACHMENT 10-3

3-16-93

*Policy*

# AND PROCEDURE MANUAL

PPM-AF

File No. 8,001

Date Issued Jan. 1981

Page 4 of 8

As soon as the criteria noted above is met, the agency should prepare the request in two copies; the original to be forwarded to the Director of Accounts and Reports for approval to write off the receivable, and the copy to be retained in the agency. The request should include the following:

1. The number of accounts to be written off.
2. The total dollar amount of such accounts.
3. For each account, list the debtor's name, social security number, amount, and a brief statement as to the reason or basis for determining the account to be uncollectible. In lieu of said brief statement, the agency may use a numerical write-off code.
4. A statement by the responsible individual that in his/her opinion the accounts are uncollectible, and that this request is submitted in accordance with K.S.A. 75-3728a-j and these policies and procedures.
5. The signature of the agency head which certifies his/her approval of the request.

The agency should retain the receivables on its record pending notification of approval from the Division of Accounts and Reports. Upon receiving such notification, the agency should promptly remove the receivable from its records.

C. Monthly  
Reporting By  
Agencies -  
Form DA-32:

Form DA-32, Accounts/Other Receivables (see below for instructions and page 7 for sample form) is to be used by each agency to report its month end receivable transactions and balances to the Division of Accounts and Reports. For some agencies, the cutoff date for posting receivable transactions may not coincide with the end of the month. In this case, agencies may elect to report the receivable data as of the cutoff date. At the end of fiscal year, however, all agencies are required to report receivable data as of June 30.

One copy of this report is to be forwarded to the Division of Accounts and Reports, Accounting Systems and Procedures Section, and is due no later than the close of the 10th day of the following calendar month.

## INSTRUCTIONS FOR PREPARING FORM DA-32, ACCOUNTS/OTHER RECEIVABLES.

The steps required to fill in form DA-32 are outlined below. The circled numbers below match the circled numbers on the following sample form.

- ① Enter here the appropriate month and year.
- ② Enter here the agency name.
- ③ Enter here the description of the revenue being reported as receivable. You may abbreviate if necessary.
- ④ Enter here the appropriate two digit classification code of the receivable being reported.

ATTACHMENT 10-4  
3-16-93

*Policy*

## AND PROCEDURE MANUAL

PPM-AF

File No. 8,001

Date Issued Jan. 1981

Page 5 of 8

- 10 - Taxes Receivable - This classification is the uncollected portion of taxes which has been levied and has become due.
- 20 - Due From Other Governmental Units - This classification includes amounts owed to your agency by another governmental unit e.g. cities, counties, federal government. These amounts include cost reimbursable federal grants, shared taxes, taxes collected by another unit, loans, and charges for goods sold or services rendered to another unit.
- 30 - Loans Receivable - This classification includes amounts which have been loaned to persons or organizations, including notes taken for security for such loans. A good example would be loans to students at the state universities.
- 40 - Due From Other Funds - Amounts owed to a particular fund by another fund in the same governmental unit for goods sold or services rendered. This includes only short-term obligations on open account and not long-term loans.
- 50 - Miscellaneous - Other Receivables - This classification includes all other receivables which do not fit any of the other classifications listed above. This includes amounts owed to your agency on open account from private persons, firms, and corporations for goods sold or services rendered.

**SPECIAL NOTE:** It will be necessary for you to use two or more columns to report a receivable if either of the following two conditions exist:

- 1. Receipts upon collection are deposited into two or more funds, e.g., 80 percent is deposited to fee fund, 20 percent is deposited to general fund. In this case, the receivable data requested on lines 3-24 should be reported in two columns to properly reflect the amount due each fund.
- 2. Receipts upon collection are deposited in only one fund, but two or more source codes are needed to classify the source of revenue, e.g., student loan collection deposits are broken down into principal (6220), interest (3090), and late payment charges (5900). In this case, the receivable data requested on lines 3-24 should be reported on three columns to properly reflect the three sources of revenue.

- ⑤ Enter here the four digit source code which best identifies the source of revenue to be realized when the receivable is collected.

ATTACHMENT 10-5

3-16-93

*Policy*

# AND PROCEDURE MANUAL

Date Issued Jan. 1981

PPM-AF

File No. 8,001

Page 6 of 8

- ⑥ Enter here the fourteen digit C.A.S.K. Fund/Account number to which cash collections will be deposited.
- ⑦ Enter here the total amount of the outstanding accounts at the beginning of the current month. This figure should agree with the ending amount for the previous month.
- ⑧ Enter the total amount of new charges recorded on account during the current month.
- ⑨ Enter here the total collections received on account during the current month.
- ⑩ Enter here the total amount of abatements during the current month.
- ⑪ Enter here the total amount of charges compromised during the current month.
- ⑫ Enter here the net total of all other adjustments made affecting the receivable balance during the current month, e.g., credit memos, Medicaid charges recovered through the state appropriation process (state hospitals only), etc. If net total of adjustments is negative, enclose amount in brackets.
- ⑬ Enter here the total amount of uncollectible accounts written off during the current month. This includes only those accounts approved by the Division of Accounts and Reports.
- ⑭ Enter here the total amount of the outstanding accounts at the end of the current month.

For state hospitals, if total amount includes Medicaid receivables, a footnote is required containing the following information:

- (a) The total amount of Medicaid receivables.
- (b) The State's portion of Medicaid receivables in terms of percentage and dollar amounts.

- ⑮ Enter here the total amount of outstanding charges recorded in the accounts but not yet billed, e.g., that portion of student loans which is not yet in a repayment status.
- ⑯ - ⑳ Enter here the aging of the total billed charges outstanding, e.g., the "current" category includes all outstanding charges billed during the current month; the "1-30 Days Past Due" category includes all outstanding charges billed during the previous month, etc.
- ㉑ Enter here the total receivables balance aged. This amount should equal the amount on line ⑭.
- ㉒ Enter here your estimate as to the dollar amount of the ending balance on line ⑭ that will ultimately prove uncollectible. The documentation supporting this estimate should be maintained at the agency and be available upon request.
- ㉓ The agency or department head affixes his/her signature here which certifies as to the accurate content of the report.
- ㉔ Enter here the title of the individual signing this report.
- ㉕ Enter here the transmittal date of this form to the Division of Accounts and Reports.
- ㉖ Enter here both individual and total page numbers included in the report.

ATTACHMENT 10-6  
3-16-93

STATE OF KANSAS  
Department of Administration  
Division of Accounts and Reports  
DA-32

MONTHLY REPORT  
ACCOUNTS/OTHER RECEIVABLES  
FOR THE MONTH ENDING 1, 19  

This report is submitted in accordance with the requirements of K.S.A. 75-3728 and covers all accounts/other receivables of the agency.

Name of Agency 2

Signature 25  
Title 26 Date 27

Description	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24
Class Code   Source Code																						
CASK Fund/Account Number																						
<u>Current Month Activity</u>																						
Beginning Balance																						
Charges (Billings)																						
Collections of Receivables																						
Abatements																						
Compromises																						
Adjustments																						
Write-Offs																						
Ending Balance																						
<u>Aging Analysis</u>																						
Special Term Balances																						
Current																						
1-30 Days Past Due																						
31-60 Days Past Due																						
61-90 Days Past Due																						
91-120 Days Past Due																						
121-365 Days Past Due																						
Over 1 Year Past Due																						
Total Receivable Balance																						
<u>Allowance Account</u>																						
Est. Amount Uncollectible																						

*Policy*

AND PROCEDURE MANUAL  
Date Issued Jan. 1981

PPM-AF

File No. 8,001  
Page 7 of 8

ATTACHMENT 10-7  
3-16-93

*Policy*

## AND PROCEDURE MANUAL

Date Issued Jan. 1981

PPM-AF

File No. 8,001

Page 8 of 8

### III. TERMINOLOGY

**ABATEMENT.** A complete or partial cancellation of a levy imposed by a governmental unit. Abatements usually apply to tax levies, special assessments, and service charges.

**AGING OF RECEIVABLES.** Classifying the account balances of all receivables according to whether the amount is not yet due or past due by varying lengths of time.

**ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE.** That portion of a receivable which it is estimated will never be collected.

**COMPROMISE.** This term refers to the statutory authority granted certain state agencies to negotiate a settlement of a debt between the debtor and the agency.

**CURRENT ACCOUNT.** This term is used to designate an account which is within terms and has not become past due.

**PAST DUE (DELINQUENT) ACCOUNT.** This term is used to designate an account in which one or more scheduled payments have not been made.

**WRITE-OFF.** This term refers to accounting procedures for removing uncollectible charges from receivable balances.

ATTACHMENT 10-8

3-16-93

STATE OF KANSAS  
Department of Administration  
Division of Accounts and Reports

ADMINISTRATIVE AIDS  
FOR THE MANAGEMENT OF RECEIVABLES



JOHN CARLIN, Governor

PATRICK J. BURLEY  
Secretary of Administration  
DEPARTMENT OF ADMINISTRATION

JAMES R. COBLER  
Director  
DIVISION OF ACCOUNTS AND REPORTS



STATE OF KANSAS



DEPARTMENT OF ADMINISTRATION  
DIVISION OF ACCOUNTS AND REPORTS

JOHN CARLIN  
Governor

JAMES R. COBLER  
Director of Accounts and Reports

State Office Building  
Topeka, Kansas 66612  
(913) 296-2311

January 30, 1981

TO: ALL STATE AGENCIES

This manual has been issued to provide you technical information and assistance regarding the collection of monies owed the state. Subject areas covered in the manual include virtually every aspect of accounts receivable management from the initial decision to grant credit to the collection of delinquent accounts.

In addition, Policy and Procedure Manual filing 8,001, Management of Receivables, sets forth policies and procedures to be followed by all state agencies in the management of receivables. This filing contains statewide procedures for the collection and write off of delinquent accounts as well as procedures for the monthly reporting of agency receivable balances and transactions.

I hope you will use this manual to enhance your accounts receivable management practices. Members of my staff are available to assist you in establishing the suggested procedures. If you have any questions or desire additional information, please let me know.

Very truly yours,

A handwritten signature in cursive script that reads "James R. Cobler".

James R. Cobler, Director  
Division of Accounts and Reports

JRC:DLI:eme

ATTACHMENT 10-10  
3-16-93

ADMINISTRATIVE AIDS  
FOR THE MANAGEMENT OF RECEIVABLES

TABLE OF CONTENTS

	<u>Page</u>
Designated Responsibility.....	1
Documentation of Receivables.....	1
Controlling Accounts and Subsidiary Ledgers.....	1
Aging of Receivables.....	2
Allowance for Estimated Uncollectibles.....	2
Determination of Payment Plan.....	3
Granting Credit.....	3
Billing.....	4
Follow-Up Procedures.....	5
Locating Lost Debtors.....	7
Evaluation of Collection Performance.....	7

APPENDIX

Credit History Information.....	i
Sample Letter - Friendly Reminder.....	iii
Sample Letter - Friendly But Firm Second Reminder.....	iv
Sample Letter - Firm Final Demand.....	v
Telephone Collection Techniques.....	vi
Skip Tracing Check Sheet.....	ix
Terminology.....	x

ADMINISTRATIVE AIDS  
FOR THE MANAGEMENT OF RECEIVABLES

Designated Responsibility

Each agency should designate an individual or position the responsibility for the management and collection of receivables.

Documentation of Receivables

Transactions affecting receivables should be supported by documents indicating all of the pertinent information relating to the transaction.

- (1) Establishment of receivables. A billing document should be prepared and forwarded to the debtor, indicating the nature and the amount of the debt. A file of these documents should be maintained by the agency.
- (2) Recording of receipts. Daily receipts applicable to receivables should be listed in detail in a cash journal, disclosing the source of revenue, the name of the payee, and the amount received.
- (3) Adjustments of receivables. Any adjustments increasing or decreasing the amount of receivable carried on the books of the agency should be supported either by a revised billing document (in the case of an increase) or by a credit memorandum (in the case of a decrease).
- (4) Write-offs, compromises and abatements. All write-offs, compromises and abatements should be supported by appropriate documentation.

The documents as outlined in items (1), (2), and (3) above should be pre-numbered for identification and posting. All documents should be maintained in the agency files in accordance with Policy and Procedure Manual filing number 3,801.

Controlling Accounts and Subsidiary Ledgers

The manner in which controlling accounts and related subsidiary ledgers are set up and maintained will depend largely on the number of accounts outstanding and will vary to a degree among agencies. Although the Division of Accounts and Reports does not suggest any particular records format, certain information regarding receivable transactions should be recorded whenever controlling accounts and subsidiary ledgers are maintained.

The controlling account should contain the following information:

- (1) Aggregate of debit and credit postings to the subsidiary ledger(s).
- (2) Date of postings.
- (3) Outstanding balance.

An account in the subsidiary ledger should contain the following information:

- (1) Account name (debtor's name).
- (2) Detail of debit and credit posting e.g. date of postings, description or source (sale, payment or adjustment etc.), and the amount.
- (3) Outstanding balance.

Detailed postings of transactions are made at the subsidiary level. These detailed postings are then summarized and entered in the controlling account. The subsidiary ledger should be balanced against the controlling account at least monthly.

#### Aging of Receivables

Aging of receivables is a distribution of outstanding accounts by the time periods during which the accounts have been outstanding. It shows all accounts that owe money, how much and how long.

The aging identifies those accounts requiring follow-up procedures and is a simple, but very effective method of determining collection efficiency. Aging can also form the basis for computing the allowance amount for uncollectibles. In order to effectively utilize the aging information, the agency should age receivables as frequently as possible - at least at the end of each month.

#### Allowance for Estimated Uncollectibles

The allowance for uncollectibles is an estimate of receivables that probably can not be collected. The agency should establish the allowance in order to arrive at an accurate net receivable balance that is expected to be collected. By subtracting the allowance amount from the receivable balance the agency can predict more accurately the amount of receivables it can depend on as revenue.

### Determination of Payment Plan

At the earliest feasible time, the agency furnishing goods, services, or loans should establish, with the debtor, a definite schedule for payment of the receivable.

It is important that the debtor, guardian, responsible party, or co-signer clearly understands his obligations under the plan and the arrangements for payment are reasonable and timely. Any interest or late charges should be fully explained.

Once the payment plan is established, it forms the basis for the determination of when the receivable is delinquent and activates the follow-up collection procedures.

### Granting Credit

Basic to any granting credit is the securing of adequate information to assess the credit risk of the proposed debtor and to locate the debtor in case of default. The agency records for each debtor should include the following information for an individual:

- (1) Date of birth.
- (2) Social Security number.
- (3) Present address and phone number.
- (4) Permanent address and phone number.
- (5) Place of employment, address, and phone number.
- (6) Name and address of nearest relative or guardian.
- (7) Other credit references - banks, retail stores, etc.

Similar data should be maintained for companies.

One way to obtain this information is a formal written credit application signed by the applicant. (See the sample credit application, the Appendix, page i.) Not only would the written application supply the needed information, but the debtor might take a more serious attitude toward the obligation. It can generally be said that the more complete information obtained about the debtor, the less credit risk is involved for the agency.

From the credit information obtained on the debtor, some clues might arise in making the basic credit decision. Any variances from normal would require further investigation. The extent of the investigation will vary. The amount of information needed is just that amount needed to reach a decision. The credit information on the debtor should be verified to some degree. Some methods to verify the information include:

- (1) Call the employer and verify the information with him.
- (2) Be sure to telephone and check references.
- (3) Write the debtor's bank to verify and confirm information.
- (4) Any name given during the credit check is a possible source check.
- (5) Credit bureaus and credit reporting services.

The investigation should contain questions phrased in a manner to provide specific and factual responses rather than opinions or judgements. The tone should be tactful and considerate of the respondent.

The credit information on the debtor should be updated and kept current. The credit application should be more closely reviewed when an abnormal amount is requested from an existing debtor. It is important that credit is not handled carelessly because it is the first stage in the collection process. The manner in which credit is granted will have some affect on the way the debt is later collected.

### Billing

Timeliness of billing is essential to a sound receivables collection program. Thus, accounting procedures of the agency should provide for billing for goods or services rendered as quickly after the fact as is possible.

The billing should contain sufficient information to allow the debtor to fully understand the nature of the amount of charges billed. This information should include, but not be limited to:

- (1) Invoice number, date and description of items purchased.

- (2) Total charges due, including previous balance due and some breakdown of current month charges.
- (3) Credit terms i.e. when payment is due.

#### Follow-Up Procedures

A timely, aggressive, and systematic set of procedures for follow-up is essential to a sound collection process. Once a receivable is determined to be "past due" (having missed a scheduled payment), these procedures should be followed until the receivable is returned to a "current" status or is determined to be uncollectible. See Policy and Procedure Manual Filing 8,001, Management of Receivables, for minimum collection procedures.

One sequence of procedures will not be effective for all types of accounts. Hence, each agency may have to modify its collection procedures to fit the individual account or situation. However, in an effort to aid agencies in the development of timely and systematic follow-up procedures, we offer the following sample sequence:

#### From Due Date To 30 Days Past Due

- (1) Mail duplicate copies of invoices or customer statements with a rubber stamp past-due affixed;  
or
- (2) Mail a friendly reminder, either a personal or form letter. Generally, the content of a collection letter should:
  - a. Be brief, using simple language.
  - b. Allow the debtor to save face while requesting immediate payment, e.g. "Perhaps you have overlooked our billing of \_\_\_\_\_."
  - c. Avoid sarcasm or negative allegations of words such as "your failure", "you choose to ignore", "unwilling".
  - d. Create an urgency to motivate the debtor. Do not use the fact that the debtor will be on your delinquent report.
  - e. Avoid the use of specific or implied threats.
  - f. Close with a courteous "thank you" for the debtor's cooperation in this matter.

From 31 Days To 60 Days Past Due

- (1) Mail a second reminder letter, either a personal or form letter carrying a personal signature;  
or
- (2) Contact the debtor by telephone.

From 61 Days To 90 Days Past Due

- (1) Mail a final demand letter by registered mail with return receipt. This letter should be a personal letter.

At this stage, the agency will need to make a judgment decision as to which collection procedure(s) to employ if the debtor does not respond to the final demand. The specific collection procedure(s) decided upon should be mentioned in the final demand letter and may include:

- a. Referring the account to the legal division within the agency or the attorney general for assistance in the collection efforts. This assistance may include:
  - 1. Civil suit to obtain judgment.
  - 2. Garnishee of wages, file a judgment lien on real property or levy on an attachable asset.
  - 3. Compromise or settlement of the debt where it appears advantageous in order to liquidate the receivable.
- b. Utilizing the State's right to offset amounts receivable against amounts payable in accordance with legislation passed by the 1980 Legislature, House Bill 3189 and Senate Bill 884.
- c. Referring the account to an outside collection service e.g. a collection agency or a private attorney.

Normally an agency should refer an account to a collection service after its collection efforts have failed. However, it is advisable to terminate collection efforts and immediately refer an account to an outside collection service if:



1. Agency efforts to locate the debtor have failed, or
2. The cost of further agency collection effort(s) will exceed the amount recoverable.

Once the account is referred to a collection service, the agency should constantly review the amount of effort and quality of work performed by said collection service.

#### From 91 Days To 120 Days Past Due

If previous collection efforts noted above fail and the accounts remain unpaid, the agency should immediately proceed with the specific collection procedure(s) communicated to the debtor in the final demand.

NOTE: We have included in the Appendix, pages iii-viii sample collection letters and telephone collection techniques.

#### Locating Lost Debtors

Some agencies have debtors who do not respond to communications or who move and fail to leave a forwarding address to notify the agency of a change of address. Regardless of whether it is intentional or accidental, the agency is faced with the necessity of tracing the debtors. It is a complex task, and a well developed approach is most economical and fruitful. A Skip Tracing Check Sheet has been developed for your use. (See Appendix, Page ix.) Full use of the Check Sheet should help locate nearly every debtor within a reasonable period of time. Reasonableness should be used in determining the effort expended in attempting to locate debtors who owe small amounts.

#### Evaluation of Collection Performance

The agency should periodically monitor and evaluate its collection performance to insure that its collection objectives are being met. To measure its collection performance, the agency can use several types of information, including the following:

- (1) Aging of receivables (for detailed explanation please refer to page number 2).

ATTACHMENT 10-18

3-16-93

- (2) Determining collection ratios/rates to determine collection effectiveness and to indicate the length of time it takes to collect.
- (3) Determining and comparing costs of various collection methods to determine which is the most efficient and economical.

The above information could be incorporated into internal agency report(s) for management control of receivables.

## APPENDIX

Forms, Examples and Terminology

ATTACHMENT 10-20  
3-16-93

CREDIT HISTORY INFORMATION

Date \_\_\_\_\_

1. Name \_\_\_\_\_

(Full name - Do not use initials)

Social Security Number \_\_\_\_\_ Date \_\_\_\_\_  
of  
Birth

2. Address \_\_\_\_\_ ☐ Owned ☐ Renting

Length of time there \_\_\_\_\_ Phone Number \_\_\_\_\_

If less than 2 years, previous address \_\_\_\_\_

Mortgage payment \_\_\_\_\_ or rent \_\_\_\_\_

3. Employer \_\_\_\_\_

Address \_\_\_\_\_ Phone Number \_\_\_\_\_

Length of employment \_\_\_\_\_ Position \_\_\_\_\_

If less than 5 years, list previous employer, address, and  
phone number \_\_\_\_\_  
\_\_\_\_\_

4. Annual Salary ☐ less than 10,000 ☐ 22,000 - 28,000  
☐ 10,000 - 16,000 ☐ 28,000 - 34,000  
☐ 16,000 - 22,000 ☐ 34,000 - 40,000  
☐ over 40,000

List other income \_\_\_\_\_

5. ☐ Unmarried ☐ Married ☐ Separated

6. Name of spouse or responsible party \_\_\_\_\_

Relationship \_\_\_\_\_ Phone No. \_\_\_\_\_

Address \_\_\_\_\_

7. Spouse's employer \_\_\_\_\_

Address \_\_\_\_\_ Phone No. \_\_\_\_\_

Position \_\_\_\_\_

8. Debts or loans outstanding  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

CREDIT HISTORY INFORMATION (Continued)

9. Number and age of dependents \_\_\_\_\_  
\_\_\_\_\_
10. ☐ Own ☐ Buying ☐ Leasing - Car  
Make and age \_\_\_\_\_  
Amount still owing or to lease \_\_\_\_\_
11. Bank Reference \_\_\_\_\_  
☐ Checking ☐ Savings ☐ Loan  
Finance Company Reference \_\_\_\_\_
12. Charge Accounts: 1. \_\_\_\_\_  
2. \_\_\_\_\_  
3. \_\_\_\_\_  
4. \_\_\_\_\_
13. List relative who will always know your address  
Name \_\_\_\_\_ Phone No. \_\_\_\_\_  
Address \_\_\_\_\_
14. Personal References  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

To the best of my knowledge, the  
above information is correct. I  
authorize your investigation of  
the above information.

\_\_\_\_\_  
Signature of Applicant

Sample Letter - Friendly Reminder

For Accounts From Due Date to 30 Days Past Due

Re:  
Balance Due:

Our records indicate that we have not received payment on your account which was due \_\_\_\_\_. We are sure that this is merely an oversight and that you will make immediate payment.

Please make checks payable to: \_\_\_\_\_  
\_\_\_\_\_. Mail your payments to: \_\_\_\_\_  
\_\_\_\_\_.

If you have any questions regarding your account, please contact us. Your cooperation in this matter is greatly appreciated.

Very truly yours,

Sample Letter - Friendly But Firm Second Reminder  
For Accounts From 30-60 Days Past Due

Re:  
Balance Due:

Our records indicate that your account is still past due. We remind you again that you should remit the amount noted above to pay your account in full.

If you are unable to remit full payment at this time, please contact us as soon as possible regarding what arrangements you are willing to make concerning the balance. We are extending you an opportunity to settle this account in a friendly manner.

Make all checks payable to: \_\_\_\_\_  
\_\_\_\_\_. Mail your payments to: \_\_\_\_\_  
\_\_\_\_\_.

Your cooperation in this matter is greatly appreciated.

Very truly yours,

Sample Letter - Firm Final Demand  
For Accounts From 60 to 90 Days Past Due

Re:  
Balance Due:

You have ignored our previous notices concerning the above account. We must have an immediate answer.

If we do not receive payment in full within 15 days, we will have no choice but to refer your account to the office of the Attorney General for legal assistance.

Please make your check payable to: \_\_\_\_\_  
\_\_\_\_\_. Mail your check to: \_\_\_\_\_.

Your immediate attention to this matter is greatly appreciated.

Very truly yours,



## TELEPHONE COLLECTION TECHNIQUES

Know your State and Federal collection laws so you will not follow a procedure which is or may become contrary to law. Control the conversation and develop urgency in your voice. The first thirty seconds of a telephone call are the most important.

- (1) Check payment arrangements, any previous promise to pay, payment history, and balance owed. Be able to pronounce debtor's name and know all pertinent data about the account. This should be reviewed prior to the telephone number being dialed.
- (2) Identify the debtor. Make sure you are speaking to the debtor. Do not get familiar with the debtor by calling him by his first name.
- (3) Identify yourself.
- (4) State the agency for whom you are collecting. State the purpose of the call and ask for payment in full. Specify the exact dollar amount you are asking for and is due on the account.
- (5) Impress the debtor with the importance of fulfilling his or her obligation. Reverify his mailing and/or home address. Verify his employer, spouse's employer and any other pertinent information.
- (6) Finally, have debtor write down date payment is due, the exact amount due, the address where payment is to be made, your name and telephone number.

### Motivations

Your telephone image should be businesslike, combined with a genuine interest in the debtor. State your case with conviction, and utilize the following motivational techniques as appropriate:

- (1) State the value of a good credit rating, e.g., "A good credit rating is your most valuable asset".
- (2) Honesty and reputation in the community. Dwell on debtor's reliability and dependability.
- (3) Freedom from worry, e.g., "Relieve your mind of worry and protect your credit rating".

### TELEPHONE COLLECTION TECHNIQUES (Continued)

- (4) Show appreciation for the services rendered to the debtor for the loan, tuition or medical services he received.
- (5) Pay today and avoid additional costs. Tell debtor there will be added interest, possible court costs. Do not threaten legal action.

### Partial Payments

In some cases the debtor will not be financially able to pay the balance in full. You should then be able to work out an agreeable payment schedule.

- (1) Terms should not extend over a period of more than six months. However, terms could be extended for a few months more where large balances are concerned. The older the debt becomes, the more reasons there are for not paying.
- (2) Thank debtor for the payment arrangement.
- (3) Make sure the debtor knows the amount due and the date each payment is due. Make sure he knows the address where payment is to be made.
- (4) Reverify all pertinent information: employer, spouse's employer, home address and telephone number.

### Source of Money

As previously stated, most debtors will not be able to pay in full. We must remind the debtor of sources of money which he may not know exist.

- (1) Debtor will probably have one of the following sources for money:
  - a. Increase existing loan
  - b. Employer payroll advance
  - c. Credit union
  - d. Bank
  - e. Finance company
  - f. Insurance policy
  - g. Home mortgage
  - h. Relatives, friends

## TELEPHONE COLLECTION TECHNIQUES (Continued)

### (2) Sources of money for monthly payments:

- a. Payroll deductions
- b. Second job
- c. Spouse's payroll
- d. Spouse's payroll deduction

### Excuses

The debtor will counter your contact with a variety of excuses. Some will be valid, most will not. You should be able to anticipate the excuses and refute the alibis.

- (1) Payment in mail - Where was payment mailed from? Was the payment by check or money order? How long ago was payment sent?
- (2) Out of work - Reason for being out of work? How long out of work? Prospects for employment? Is spouse working and where? Emphasize that you will keep in touch. Keep a close follow-up to recontact.
- (3) Illness - Who is ill, debtor, spouse, children? If wage earner: How long has he or she been off work? From where? How much longer will he or she be off? Does he or she receive sick pay or disability pay? When specifically will debtor return to work and when may we expect payment?
- (4) Separation or divorce - Date of separation is very important. Name of attorneys for him and her? Employer of both? Advise debtor that payment is expected from him or her. When may we expect payment?
- (5) Bankruptcy - Date, docket number and address of court where it was filed. Stop all collection efforts. Make no threats. File a Proof of Claim. If the debtor has been discharged request a copy of the Bankruptcy Discharge.
- (6) Deceased debtor - Be sympathetic and understanding. Date and place of death? Who is the administrator and attorney for the estate? File creditor's claim in the estate. Always request a copy of the death certificate.

SKIP TRACING CHECK SHEET

(Keep brief notes on each new lead.)

- (1) Was returned mail addressed correctly?
- (2) Check debtors address with credit application.
- (3) Check any previous correspondence for address change.
- (4) Try phone number. If a new number is furnished, ask for the new address.
- (5) If there is a co-signer, bill him for payment and ask for debtor's new address.
- (6) Telephone debtor's relatives for new address.
- (7) If married, telephone spouse's relatives for new address.
- (8) Telephone last known employer.
- (9) Telephone bank, finance company, or charge account references for new address.
- (10) Any name connected to the debtor or mentioned during the credit application is a source that could be contacted.

ATTACHMENT 10-29

## TERMINOLOGY

ABATEMENT. A complete or partial cancellation of a levy imposed by a governmental unit. Abatements usually apply to tax levies, special assessments, and service charges.

AGING OF RECEIVABLES. Classifying the account balances of all receivables according to whether the amount is not yet due or past due by varying lengths of time.

ALLOWANCE FOR ESTIMATED UNCOLLECTIBLE. That portion of a receivable which it is estimated will never be collected.

CONTROLLING ACCOUNT. An account in the general ledger in which are recorded the aggregate of debit and credit postings to a number of identical or related accounts called subsidiary accounts. For example, the "Taxes Receivable" account is a control account supported by the aggregate of individual balances in individual taxpayers' accounts.

COMPROMISE. This term refers to the statutory authority granted certain state agencies to negotiate a settlement of a debt between the debtor and the agency.

CURRENT ACCOUNT. The term is used to designate an account which is within terms and has not become past due.

PAST DUE (DELINQUENT) ACCOUNT. This term is used to designate an account in which one or more scheduled payments have not been made.

SKIP TRACING. This term refers to a procedure or a set of procedures designed to locate "lost" debtors, e.g., those who do not respond to communications or have moved and failed to leave a forwarding address.

SUBSIDIARY ACCOUNT. One of a group of related accounts which support in detail the debit and credit summaries recorded in a control account.

SUBSIDIARY LEDGER. A group of subsidiary accounts the sum of the balances of which is equal to the balance of the related control account.

WRITE-OFF. This term refers to accounting procedures for removing uncollectible charges from receivable balances.

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RUN DATE= 03/19/90 TIME= 12.02.58 STARS  
VERSION 3.0

CONTROL AGENCY (000)  
DIO EXPEND-SUB-OBJECT DESCRIPTOR TABLE  
AS OF 03/10/90

TABLE ID KEY	TITLE	OBJECT LVL1	SENS LVL2	EXP OBJ	CAP OBJ	SET IND	REP OFF	FA FLAG	FA NORM	FA HIGH	LAST-PROC DATE	EFFECTIVE START-DATE	EFFECTIVE END-DATE	PAGE
DIO.5060	FEDERAL AID TO QUALIFIED NON-STATE ORGANIZATIONS	5000	5001	0	5	N	N	N			111789			5
5070	FEDERAL AID TO OTHER STATE AGENCIES (IFV ONLY)	5000	5001	0	5	N	N	N			111789			
5110	ST AID CO, CTY, DIST, SCHLS, HLTH CTRS, ETC.	5000	5101	0	5	N	N	N			111789			
5120	SHARED REVENUE (AGENCIES 276,331,565, & 670 ONLY)	5000	5101	0	5	N	N	N			111789			
5140	SCHOOL DISTRICT EE RETIREMENT CONTR (365 ONLY)	5000	5101	0	5	N	N	N			111789			
5150	LOCAL CTY-CO SALES & COMPENSATING USE TAX-670 ONLY	5000	5101	0	5	N	N	N			111789			
5160	STATE AID TO QUALIFIED NON-STATE ORGANIZATIONS	5000	5101	0	5	N	N	N			111789			
5170	STATE AID TO OTHER STATE AGENCIES (IFV ONLY)	5000	5101	0	5	N	N	N			111789			
5180	LOCAL CITY-CO TRANSIENT GUEST TAX PYMTS-565 ONLY	5000	5101	0	5	N	N	N			111789			
<del>5200</del>	PERS-INSURED DISABILITY PAYMENTS (365 ONLY)	5000	5201	0	5	N	Y	N			031590		053190	
5210	DEATH CLAIMS	5000	5201	0	5	N	N	3			111789			
5220	PERSONAL INJURY CLAIMS	5000	5201	0	5	N	N	3			111789			
5230	PROPERTY DAMAGE OR LOSS CLAIMS	5000	5201	0	5	N	N	N			111789			
5240	WORKERS' COMPENSATION CLAIMS	5000	5201	0	5	N	Y	N			111789			
5250	DISEASED ANIMAL INDEMNIFICATION CLAIMS (055 ONLY)	5000	5201	0	5	N	N	N			111789			
5260	MEDICAL MALPRACTICE CLAIMS	5000	5201	0	5	N	N	N			111789			
5270	CIVIL RIGHTS CONCILIATION CLAIMS	5000	5201	0	5	N	N	7			111789			
5280	PROMPT PAYMENT ACT INTEREST PENALTIES	5000	5201	0	5	N	N	8			111789			
5290	OTHER CLAIMS	5000	5201	0	5	N	Y	N			111789			
5300	EMPLOYMENT SECURITY BENEFITS	5000	5301	0	5	N	Y	N			111789			
5400	PERS-SPEC LEGISLATIVE EE RET BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		053190	
5410	PERS - NON-SCHOOL EMPLOYEES BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		053190	
5411	NON-SCHOOL RETIREMENT BENEFITS-STATE EMPLOYEES	5000	5401	0	5	N	Y	N			031590		040290	
5412	NON-SCHOOL RETIREMENT BENEFITS-LOCAL EMPLOYEES	5000	5401	0	5	N	Y	N			031590		040290	
5421	STATE SPECIAL OFFICIALS RETIREMENT BENEFITS (365)	5000	5401	0	5	N	Y	N			031590		040290	
5430	PERS - SCHOOL RETIREMENT ANNUITIES (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5432	SCHOOL RETIREMENT ANNUITIES (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5440	PERS - SPEC KPGF RET SYSTEM EE BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5450	PERS - KPGF RET SYSTEM EE BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5451	KANSAS POLICE AND FIRE RETIREMENT BENEFITS-STATE	5000	5401	0	5	N	Y	N			031590		040290	
5452	KANSAS POLICE AND FIRE RETIREMENT BENEFITS-LOCAL	5000	5401	0	5	N	Y	N			031590		040290	
5461	STATE LEGISLATIVE RETIREMENT BENEFITS(365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5471	DISABILITY BENEFITS-STATE EMPLOYEES (365)	5000	5201	0	5	N	Y	N			031590		040290	
5472	DISABILITY BENEFITS-LOCAL EMPLOYEES (365)	5000	5201	0	5	N	Y	N			031590		040290	
5480	PERS - KPGF SCHOOL EMPLOYEES BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5481	SCHOOL RETIREMENT BENEFITS-STATE EMPLOYEES (365)	5000	5401	0	5	N	Y	N			031590		040290	
5482	SCHOOL RETIREMENT BENEFITS-LOCAL EMPLOYEES (365)	5000	5401	0	5	N	Y	N			031590		040290	
5490	PERS-JUDGES & COURT REPORTERS BENEFITS (365 ONLY)	5000	5401	0	5	N	Y	N			031590		040290	
5491	STATE JUDGES & COURT REPORTERS RETIREMENT BENEFITS	5000	5401	0	5	N	Y	N			031590		040290	
5510	DIRECT STATE WELFARE ASSISTANCE	5000	5501	0	5	N	Y	N			111789			
5520	DIRECT FEDERAL WELFARE ASSISTANCE	5000	5501	0	5	N	Y	N			111789			
5550	HOSPITAL RESIDENCIES & INTERSHIPS	5000	5501	0	5	N	N	N			111789			
5560	TUITION GRANTS	5000	5501	0	5	N	N	N			111789			
5570	HOMESTEAD PROPERTY TAX RELIEF PAYMENTS	5000	5501	0	5	N	N	N			111789			
5580	NUTRITION AND HEALTH ASSISTANCE GRANTS	5000	5501	0	5	N	N	N			111789			
5590	OTHER STATE SPECIAL GRANTS (AGENCIES 300 & 628)	5000	5501	0	5	N	N	N			111789			
5610	SCHOLARSHIPS, FELLOWSHIPS & GRANTS (REPORTABLE)	5000	5601	0	5	N	N	3			011190			
5620	TRAINEE STIPENDS - SPONSORED INSTRUCTIONAL GRANTS	5000	5601	0	5	N	N	3			111789			

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3-16-93  
ATTACHMENT 10-31

CONTROL AGENCY (000)  
DIO EXPEND-SUB-OBJECT DESCRIPTOR TABLE  
AS OF 03/10/90

DIO EXPEND-SUB-OBJECT DESCRIPTION TABLE														AS OF 03/10/90		PAGE 2											
TABLE		TITLE		OBJECT		SENS		EXP		CAP		REP		FA		LAST-PROC		EFFECTIVE		EFFECTIVE							
ID		KEY		LVL1		LVL2		OBJ		OBJ		IND		OFF		FLAG		NORM		HIGH		DATE		START-DATE		END-DATE	
DIO	2120	MOVING OF AGENCY OFFICE EQUIPMENT AND SUPPLIES		2000	2101	0	2	N	N	N																	
	2130	EMPLOYEES' PERSONAL EFFECTS IN-STATE		2000	2101	0	2	N	N	0																	
	2140	EMPLOYEES' PERSONAL EFFECTS OUT-OF-STATE		2000	2101	0	2	N	N	0																	
	2150	PACKAGE DELIVERY SERVICES		2000	2101	0	2	N	N	N																	
	2190	OTHER FREIGHT AND EXPRESS		2000	2101	0	2	N	N	N																	
	2210	PRINTING AND BINDING (PYMT TO STATE FACILITY ONLY)		2000	2201	0	2	N	N	N																	
	2230	DUPLICATING, BLUE-PRINTING AND REPRODUCING		2000	2201	0	2	N	N	N																	
	2240	ADVERTISING		2000	2201	0	2	N	N	N																	
	2290	OTHER VENDOR PRINTING AND BINDING		2000	2201	0	2	N	N	N																	
	2300	STATE BUILDINGS CAPITAL CHARGE		2000	2301	0	2	N	N	N																	
	2310	REPROGRAPHIC EQUIPMENT RENTAL		2000	2301	0	2	N	N	1																	
	2320	BUILDING SPACE RENTAL		2000	2301	0	2	N	N	1																	
	2330	EQUIPMENT RENTAL		2000	2301	0	2	N	N	1																	
	2340	LAND RENTAL		2000	2301	0	2	N	N	1																	
	2350	COMPUTER SYSTEMS EQUIPMENT RENTAL		2000	2301	0	2	N	N	N																	
	2360	INFORMATION PROCESSING EQUIPMENT RENTAL		2000	2301	0	2	N	N	N																	
	2370	COMPUTER OR INFORMATION PROCESSING SOFTWARE RENTAL		2000	2301	0	2	N	N	N																	
	2380	STATE BUILDINGS OPERATING CHARGE		2000	2301	0	2	N	N	N																	
	2390	OTHER RENTALS		2000	2301	0	2	N	N	1																	
	2410	REPAIR AND SERVICE - PASSENGER CARS		2000	2401	0	2	N	N	N																	
	2420	REPAIR AND SERVICE - OTHER SELF-PROPELLED EQUIPMNT		2000	2401	0	2	N	N	N																	
	2430	REPAIR AND SERVICE - MACHINERY, EQUIPMENT, FURNITURE		2000	2401	0	2	N	N	N																	
	2440	REPAIR AND SERVICE - BUILDINGS AND GROUNDS		2000	2401	0	2	N	N	N																	
	2450	REPAIR AND SERVICE - HIGHWAYS AND BRIDGES		2000	2401	0	2	N	N	N																	
	2460	REPAIR AND SERVICE - COMPUTER SYSTEMS EQUIPMENT		2000	2401	0	2	N	N	N																	
	2470	REPAIR AND SERVICE-INFO PROC, MICRO SYS, COMM EQUIP		2000	2401	0	2	N	N	N																	
	2480	REPAIR AND SERVICE-COMP SYS, INFO PROC EQUIP SOFTW		2000	2401	0	2	N	N	N																	
	2490	REPAIR AND SERVICE - NOT OTHERWISE CLASSSED		2000	2401	0	2	N	N	N																	
	2510	PRIVATE CAR MILEAGE - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2520	HIRE OF CARS, PLANES, BUSES - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2530	STATE CAR EXPENSE - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2540	MOTOR POOL OPERATING CHARGE - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2550	SUBSISTENCE AND MEALS - IRS REPORTABLE - IN-STATE		2000	2501	0	2	N	N	7																	
	2560	MOTOR POOL CAPITAL CHARGE - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2570	RAIL, PLANE, BUS FARES - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2580	SUBSISTENCE AND MEALS - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2590	NONSUBSISTENCE ITEMS - IN-STATE TRAVEL		2000	2501	0	2	N	N	N																	
	2610	RECRUITMENT EXPENSES		2000	2601	0	2	N	N	N																	
	2620	HONORARIUMS		2000	2601	0	2	N	N	7																	
	2630	DATA PROCESSING SERVICES AND DATABASE ACCESS FEES		2000	2601	0	2	N	N	N																	
	2640	RECORDING FEES, SERVICING, AND COURT COSTS		2000	2601	0	2	N	N	N																	
	2650	LABORATORY FEES		2000	2601	0	2	N	N	N																	
	2660	TUITION FOR EMPLOYEES AND STUDENTS		2000	2601	0	2	N	N	N																	
	2670	BOARDING HOME PAYMENTS		2000	2601	0	2	N	N	7																	
	2680	MAINTENANCE AND TUITION FOR REHABILITATION CLIENTS		2000	2601	0	2	N	N	7																	
	2690	OTHER FEES		2000	2601	0	2	N	N	7																	
	2710	ARCHITECTS AND ENGINEERS		2000	2701	0	2	N	N	7																	
	2720	ATTORNEYS AND LAWYERS		2000	2701	0	2	N	N	7																	

USING THE SETOFF PROGRAM TO COLLECT ACCOUNTS RECEIVABLE

Prepared by  
Setoff Program Staff

Department of Administration  
Division of Accounts and Reports

September 29, 1992

ATTACHMENT 10-33  
3-16-93



## USING THE SETOFF PROGRAM TO COLLECT ACCOUNTS RECEIVABLE

The Setoff Program provides a valuable benefit to State agencies: new revenue at a very small cost. Since its inception, the Setoff Program has experienced phenomenal growth. At the end of its first year of operation (FY 1982), the Setoff Program had 12,300 delinquent accounts on file and had collected \$196,000. By FY 1992, the number of accounts had increased to over 132,000, and collections had increased to over \$6.1 million. Four appendixes attached provide additional information regarding recent growth and status of the Setoff Program. Appendix 1 is a summary of collections, by agency, for setoff and write off accounts for FY 1990 through FY 1992. Appendix 2 shows the eight categories of sources of collections for FY 1990 through FY 1992. These sources include collections from matching payments in process against debts as well as other settlements including direct debtor payments. Appendix 3 shows the number of debts and the amounts of debts in the Setoff Program debtor file. Appendix 4 is a listing of the types of debts that agencies submit to the Setoff Program for collection assistance.

Besides the Setoff Program, there are, of course, many procedures that State agencies use in managing accounts receivable. These include billings and statements, telephone contacts, legal staff work, collection agencies, skip tracing, and collection letters. All these procedures, to a degree, rely on persuading the debtor to pay the debt owed to the State. The Setoff Program, which uses the speed, accuracy, and efficiency of computers to match payments in process with the debtor files, doesn't rely on persuasion. After a match is made, the State, in effect, says to the debtor: "You owe the State money, and, unless you can prove that your debt to the State is not valid, we will collect it by setting it off against money the State owes you." State agencies do not have access to the matching capability of the debtor file and the payments in process file except through the Setoff Program.

Currently, 35 State agencies are voluntarily participating in the Setoff Program. We urge more State agencies to use the Setoff Program, and we urge those who are already using it to use it for more of their delinquent accounts.

## BRIEF BACKGROUND OF SETOFF PROGRAM

The Setoff Program began in early 1981 following legislation, see K.S.A. 75-6201 et seq., that allowed the Director of Accounts and Reports to set off moneys the State owes debtors (such as State employee earnings, income tax refunds, and other payments) against moneys owed to the State.

To increase the effectiveness of the Setoff Program, legislation since 1981 has allowed more types of payments to be set off. Setoff against withdrawal of Kansas Public Employees Retirement System (KPERs) contributions other than retirant benefit payments began in 1982. Setoff against unemployment insurance benefits for collection of child support payments was authorized in 1983. Procedures for write off of accounts determined uncollectible by State agencies were authorized in

1983; these accounts are now added to the Setoff Program debtor file along with other delinquent accounts.

To participate in the Program, agencies provide the Division of Accounts and Reports with lists of debts which include debtor names and social security numbers (for businesses, federal employer identification numbers), amounts owed, and the nature of the debts. This consolidated file of agencies' delinquent accounts, called the "debtor file," is then matched by computer with State payments in process, and the payments are netted (setoff) against the debts. The Division remits these moneys twice a month to the agencies and bills the agencies a 15 percent collection assistance fee.

"Setoff accounts" and "write off accounts" are different. Setoff accounts are those accounts that agencies request the Setoff Program to help collect; a 15 percent collection fee is charged for the collection of these accounts. On the other hand, write off accounts are those accounts that the agencies have given up on and are considered to be uncollectible. When the statutory requirements have been met to classify such uncollectible accounts as write off accounts, they are assigned to the Division of Accounts and Reports, and all subsequent collections on them--either by the agency or the Division--belong to the Division. The agency who wrote them off must, however, be able to substantiate the debt if it goes to hearing. Writing off accounts is controlled by K.S.A. 75-3728 et seq. The Setoff Program's debtor file includes both setoff accounts and write off accounts.

#### CRITERIA FOR SUBMITTING ACCOUNTS FOR SETOFF

The setoff process begins with the referral of delinquent accounts to the Setoff Program by participating State agencies. Accounts submitted must meet the criteria established by PPM 8,001: a valid receivable must exist, the debt must be owed to the State, and the debt must be considered delinquent. Further, K.S.A. 75-6205 requires that the debt must be at least \$25.

The Setoff Program can accept accounts from agencies in any quantity, and they may be submitted by paper listings or by magnetic media. Coordination is needed at the beginning to ensure, for the agencies that submit by magnetic media, that account record layouts are compatible with the Setoff Program's debtor file data base.

#### MATCHING AGAINST DIFFERENT PAYMENTS AND SETTING OFF AGAINST DEBTORS

The Setoff Program matches against the debtor file for several types of State payments. These types of payments and the related setoff procedures are described below.

#### Payroll

State employees became subject to setoff procedures when the matching of the debtor file against employee earnings began in May 1981.

Wage garnishment laws define the wage amounts that may be setoff against debts. Twenty-five percent of disposable earnings (gross pay less federal and state income taxes, social security tax, and KPERS) may be setoff against most debts, but 100 percent may be setoff against tax debts. (SRS is authorized to collect--independent of the Setoff Program--delinquent child support via "income withholding orders" against the absent parent's State wages.)

Many State employees who have had their debts matched against their wages elect wage assignment. By agreeing to a wage assignment, the debtor-State employee acknowledges the debt and authorizes a specific amount to be deducted each payroll period. Setoff Program policy requires that a wage assignment deduction be at least \$25 per payroll period.

#### Income tax refunds

A copy of the debtor file is regularly given to the Department of Revenue to match individual income tax refunds in process. Setoff of single individual income tax refunds was implemented in July 1981, and setoff of joint income tax refunds was added in January 1982. One-hundred percent of single filers' income tax refunds can be setoff against debts owed to the State. A portion of joint filers' income tax refunds is available for setoff based on the ratio of each spouse's income contribution to total income.

#### Homestead property tax, and food sales tax

Setoff of homestead property tax and food sales tax refunds was implemented in January 1983. One-hundred percent of the homestead, and the debtor's proportionate share of the food sales tax refunds can be setoff against debts owed to the State.

#### Miscellaneous payments

Miscellaneous payments in process are matched against the Setoff Program debtor file. These include payments to individuals and vendors, KPERS withdrawals of contributions, and Kansas Lottery winnings. One-hundred percent of most of these payments can be setoff against debts owed to the State. Some miscellaneous payments, however, cannot be setoff due to Federal and State restrictions.

#### Unclaimed property

The State Treasurer matches payments for unclaimed property against the Setoff Program debtor file. One-hundred percent of these payments can be setoff against debts owed to the State.

#### Unemployment insurance benefits and KPERS retirement benefits

The Department of Human Resources matches the unemployment insurance benefit claim file with the file of individuals who are delinquent in payment of court-ordered child support.

Fifty percent of the weekly unemployment insurance benefit amount may be setoff to satisfy child support debts. The debtor is given the opportunity to sign a voluntary agreement, however, which acknowledges the debt and limits the deduction, usually to 35 percent of the weekly benefit.

Setoff of KPERS retirement benefits began in July 1990. KPERS matches its retirant benefit file with the file of individuals who are delinquent in payment of court-ordered child support. Fifty percent of monthly retirement benefits may be setoff and applied toward child support debts.

#### Direct payments

Many debtors enter into repayment agreements with the creditor agency once they have been notified of a match by the Setoff Program. Payments can be processed through the Setoff Program or through the agency. After the debtor has been notified by the Setoff Program, all payments received from the debtor must be reported as Setoff Program collections.

#### STEPS IN COMPLETING SETOFF

The Setoff Program follows several steps in setting off debts. The requirements of law include:

- Substantially all State payments in process are compared against the debtor file and matched on social security numbers and federal employer identification numbers. Setoff Program personnel review the listings of all such matches to determine if there are matches of both the identification numbers and names between the debtor file and the payments in process file. If these matches are found, the payment is held up.
- The debtor is notified by a letter of intent to setoff payment against debts owed to the State.
- The debtor is given 15 days in which to request an administrative appeal. If no appeal is requested, final setoff is effected.
- The funds are collected by the Setoff Program and applied to the debtor's account balance.
- An accounting notice is provided to the debtor.
- Funds collected are transferred twice a month to the creditor agencies, and the collection assistance fees are billed.

#### DEBTOR APPEAL RIGHTS

Kansas law requires that the debtor be given the opportunity to appeal the setoff procedure. The debtor initially has the right to appeal within 15 days of the letter of intent to setoff. If an appeal is received within 15 days, further setoff procedures are delayed until

the dispute is resolved. Even if the debtor does not appeal within the 15-day period, the debtor still has the right to appeal within two years from the date of the letter of intent to setoff. If the appeal request is received after the initial 15-day period, setoff may have already occurred. However, a hearing will be held to determine if the setoff was proper. There have been a few cases where the debtor did not make the 15-day appeal but did appeal within the two-year period and prevailed in his appeal. Moneys that had been erroneously setoff were refunded.

When the Setoff Program receives a hearing request from the debtor, the Setoff Program notifies the agency and requests the agency to try to resolve the dispute. If it cannot be resolved, the matter is scheduled for hearing. At this hearing, the agency is responsible for providing evidence to establish the debt's validity.

#### CREDITOR AGENCY MAINTAINS CONTROL OF SETOFF ACCOUNTS

The creditor State agency maintains control of setoff accounts and is involved in every step of the setoff process. The receivable is owed to the agency, and the agency maintains control of the account. The Setoff Program's role is to assist in collection on behalf of the agency.

The Setoff Program provides the agency a copy of all correspondence sent to the debtor, and the agency is responsible for: meeting with debtors, providing documentation regarding the validity of the debts, resolving disputes, and arranging payment plans. Agencies are also responsible for updating debtor account balances referred to the Setoff Program, including the accounting for direct payments and adjustments to the debts owed.

A debt remains in the Setoff Program system as long as the referring agency decides to leave it there. Agencies remove debts when: they decide the debts are uncollectible; the debts are no longer delinquent because payment has been made or because a deferment has been filed; the debts are discharged due to bankruptcy.

#### REQUIREMENTS FOR ACCOUNTS RECEIVABLE MANAGEMENT

Policy and Procedure Manual (PPM) Filing No. 8,001 explains procedures for State agencies in the management and collection of receivables. Unless the Director of Accounts and Reports approves alternative collection procedures, the following PPM 8,001 procedures apply:

- A record shall be kept for each action taken to collect an account.
- At least three documented efforts should be made to collect all accounts over \$25, and one attempt should be made for accounts under \$25.

- All delinquent accounts over \$500 must be referred to the agency attorney or the Attorney General for legal review.
- The agency shall attempt to avail itself of available legal remedies, such as cancelling licenses, before beginning court proceedings.
- All accounts that are more than 30 days past due should be subjected to collection procedures. When an account is 60 days past due, further credit should be cut off.
- If other statutes determine the agency's collection procedures, those procedures should be followed.
- The delinquent debt should be submitted to the Setoff Program.

#### Monthly reports of accounts receivable activity

PPM 8,001 further requires agencies to submit monthly reports of their accounts receivable activity to the Division on Form DA-32, Monthly Report; Accounts/Other Receivables. Completion of this form includes an aging analysis of the receivables. Many agencies have used this information to help determine which accounts to refer to the Setoff Program.

#### Procedures for write off of uncollectible accounts

PPM 8,001 also specifies procedures for write off of uncollectible accounts. The criteria that must be met are: (1) a valid receivable exists, (2) the receivable is past due, and (3) the agency has complied with the minimum collection procedures. When accounts are approved for write off they are assigned to the Director and added to the Setoff Program debtor file.

All funds subsequently collected on write off accounts must be remitted to the Division of Accounts and Reports. In addition, the agency must maintain documentation for two years for accounts that have been written off.

#### SETOFF PROGRAM'S ON-LINE AUTOMATED SYSTEM

In November 1987, the Setoff Program installed a new processing system which permits direct on-line inquiry by agencies. This allows participating agencies inquiry capability for the status of accounts they have referred to the Setoff Program.

#### DISPOSITION OF COLLECTIONS

The Setoff Program remits collections of setoff accounts to the creditor agencies twice monthly and bills the agencies the 15 percent collection assistance fee. Included with each remittance is the detail of all collections by debtor and amounts setoff.

The Setoff Program is financed, in part, by these collection assistance fees. The Setoff Program fee is quite reasonable when compared to the fees involved with other collection methods. (Collection attorneys generally charge from 35 to 50 percent of the amounts they collect.) Other Setoff Program revenue sources include collection of write off accounts.

\* \* \* \* \*

If you would like more information about the Setoff Program and how it can work for you, please call 913-296-3436 or write: Setoff Program; Division of Accounts and Reports; 900 Jackson, Room 251, LSOB; Topeka Kansas 66612-1220.

Attachments

Setoff Program  
Summary of Collections (Setoff and Write off) By Agency  
Fiscal Year 1990 - Fiscal Year 1992

Agency Name	1990	1991	1992
Attorney General	\$ 171.00	\$ -0-	\$ 614.00
Board of Regents	-0-	111.00	-0-
Commission On Veterans Affairs	-0-	133.00	-0-
Department of Administration	369.00	1,439.00	192.00
Department of Education	-0-	-0-	168.00
Department of Human Resources	501,145.00	382,955.00	381,144.00
Department of Revenue	72,573.00	67,047.00	91,014.00
Department of Transportation	-0-	180.00	-0-
Emporia State University	32,909.00	26,803.00	24,519.00
Fort Hays State University	10,106.00	16,911.00	18,791.00
Grain Inspection Department	65.00	1,324.00	-0-
Health and Environment	6.00	-0-	18.00
Highway Patrol	-0-	80.00	-0-
Insurance Department	-0-	42.00	235.00
Judicial Branch	-0-	1,581.00	2,074.00
Ks. Development Finance Authority	-0-	568.00	-0-
Kansas Soldiers Home	233.00	-0-	-0-
Kansas Lottery	-0-	-0-	111.00
Kansas State University	27,819.00	29,066.00	29,920.00
KSU-Salina-School of Technology	663.00	841.00	2,114.00
Kansas Neurological Institute	1,128.00	2,197.00	1,201.00
Ks. Public Employees Retirement System	306.00	-0-	219.00
Kansas University Medical Center	606,290.00	697,265.00	815,683.00
Larned State Hospital	1,453.00	7,642.00	4,988.00
Osawatomie State Hospital	22,439.00	22,113.00	20,792.00
Parsons State Hospital	192.00	969.00	751.00
Pittsburg State University	23,947.00	19,127.00	15,789.00
Rainbow Mental Health Facility	6,139.00	4,739.00	6,064.00
School for the Deaf	17.00	-0-	-0-
Dept. of Social & Rehabilitation	2,721,791.00	3,602,156.00	4,683,410.00
Topeka State Hospital	12,505.00	13,089.00	11,987.00
University of Kansas	40,628.00	42,843.00	36,793.00
Wichita State University	19,967.00	13,903.00	22,170.00
Wildlife and Parks	735.00	-0-	54.00
Winfield State Hospital	430.00	-0-	33.00
Total	\$ <u>4,104,026.00</u>	\$ <u>4,955,124.00</u>	\$ <u>6,170,848.00</u>

The following write off collections are included in the above amounts:

Department of Revenue	\$ 3,468.00	\$ 8,695.00	\$ 19,312.00
Kansas State University	10,633.00	8,838.00	11,687.00
Kansas University Medical Center	238,775.00	260,150.00	406,663.00
University of Kansas	11,747.00	7,114.00	8,112.00
Other Agencies	<u>8,726.00</u>	<u>10,379.00</u>	<u>15,489.00</u>
Total	\$ <u>273,349.00</u>	\$ <u>295,176.00</u>	\$ <u>461,263.00</u>

ATTACHMENT 10-41  
3-16-93



SETOFF PROGRAM  
SOURCES OF COLLECTIONS  
FY 1990 - FY 1992

<u>SOURCES OF COLLECTIONS</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>
State Employee Payroll	\$ 108,779	\$ 97,659	\$ 115,106
State Tax Refunds	1,864,786	1,728,980	1,628,306
Other State Payments (A)	265,193	252,866	348,411
Direct Payments (B)	108,118	122,158	160,978
Unemployment Insurance (C)	1,470,808	2,460,213	3,502,308
Unclaimed Property	10,801	12,144	15,836
Agency Collections (D)	275,541	244,009	369,871
KPERS (E)	-0-	37,095	30,032
TOTAL	\$ <u>4,104,026</u>	\$ <u>4,955,124</u>	\$ <u>6,170,848</u>

- (A) These include miscellaneous voucher that contain social security numbers of federal employer identification numbers. Also includes Lottery prize winnings.
- (B) These are cash payments received from debtors after they are notified by the Setoff Program.
- (C) KPERS monthly benefits and unemployment insurance benefits are only matched against delinquent child support debts.
- (D) When agencies receive direct payments on accounts that are in the Setoff Program and have been notified by the Division of Accounts and Reports, they are required to reimburse the Division 15 percent for its collection activities on setoff accounts (KUMC 10 percent) and 100 percent on write off accounts.
- (E) Fiscal year 1991 was the first year for the Setoff Program to intercept KPERS retirement and disability payments for child support debts.

SETOFF PROGRAM  
NUMBER OF DEBTORS AND AMOUNT OF DEBTS  
FY 1990 - FY 1992

NUMBER OF DEBTORS  
IN SYSTEM AS OF JUNE 30

AMOUNT OF DEBTS  
IN SYSTEM AS OF JUNE 30

AGENCY NAME	FY 1990	FY 1991	FY 1992	FY 1990	FY 1991	FY 1992
Adjutant General	1	1	1	\$ 888	\$ 888	\$ 888
Board of Agriculture	2	3	3	180	2,180	2,180
Animal Health Department	0	0	1	0	0	300
Attorney General	13	5	8	1,104,076	103,835	130,597
Corporation Commission	2	2	6	677	677	1,011
Dept. of Administration	0	1	2	0	98	2,034
Ft. Hays State Univ.	365	573	665	295,695	498,327	526,913
Grain Inspection	6	7	5	2,895	5,897	5,034
Dept. of Transportation	2	2	3	1,312	1,312	1,422
Dept. of Human Resources	12,536	12,582	13,693	7,044,611	7,496,664	8,706,778
Insurance Department	10	14	13	5,859	20,700	20,466
Ks. Neurological Institute	34	33	30	53,212	54,358	49,364
Kansas Public Employee Retirement System	8	8	18	2,291	2,166	49,121
Kansas Soliders Home	28	0	0	126,200	0	0
Kansas State Univ.	1,351	1,195	954	522,977	483,410	427,388
KSU-Salina-College of Tech.	59	48	58	14,750	12,980	19,906
Emporia State Univ.	1,073	1,086	1,131	549,354	591,290	699,805
Pittsburg State Univ.	589	693	772	536,062	527,014	591,523
Larned State Hospital	109	224	330	31,347	85,308	144,781
Kansas Lottery	0	24	31	0	46,269	52,688
Board of Nursing	0	1	1	0	481	481
Osawatomie State Hosp.	1,552	1,184	1,119	512,183	561,392	585,090
Parsons State Hospital	19	21	24	14,155	14,916	22,705
Real Estate Commission	0	0	2	0	0	718
Rainbow Mental Health Facility	356	372	495	313,604	322,814	486,179
Board of Regents	2	2	2	111,912	111,801	114,032
Dept. of Revenue	6,882	8,273	9,126	8,494,107	9,998,318	12,607,423
School for the Deaf	1	1	3	42	43	431
Social & Rehabilitation						
Kansas Child Support	35,089	36,527	39,225	197,264,968	213,967,000	244,047,527
Interstate Child Support	3,129	3,739	4,486	18,986,998	23,910,339	30,687,685
Fraud & Recovery	3,940	4,404	4,508	6,143,627	7,058,489	7,255,134
Dept. of Education	0	5	8	0	19,902	24,922
Topeka State Hospital	471	419	400	754,151	640,952	647,203
Judicial Branch	1	28	33	319	21,514	33,259
University of Kansas	2,652	1,612	1,063	754,161	566,566	440,692
Univ. of Ks. Med. Ctn.	18,897	19,787	18,605	22,906,104	19,784,763	19,904,186
Veterans Affairs	25	28	28	13,930	18,400	16,937
Dept. of Wildlife and Parks	2	5	8	2,485	7,868	18,134
Winfield State Hospital	9	10	15	2,630	7,133	11,366
Wichita State Univ.	430	425	472	443,525	449,842	528,552
Write offs (all agencies)	<u>25,372</u>	<u>29,099</u>	<u>34,858</u>	<u>20,356,502</u>	<u>29,352,854</u>	<u>33,278,746</u>
TOTAL	<u>115,017</u>	<u>122,443</u>	<u>132,205</u>	<u>\$287,367,789</u>	<u>\$316,748,760</u>	<u>\$362,143,601</u>

ATTACHMENT 10-43

3 -16 -93

SETOFF PROGRAM  
EXAMPLES OF DEBTS SUMMITTED FOR SETOFF AND WRITE OFF

Apartment lease and damages  
Continuing education  
Child support  
Diversionary agreements  
Enrollment fees  
Fines  
    Parking fines  
Hospital services  
    Parental obligation  
    Patient obligation  
    Treatment and care  
Independent study  
Insufficient funds checks  
Judgments  
    Civil judgments  
    Court ordered restitutions  
    Criminal judgments  
KPERS withdrawal overpayments  
Late fees  
Library services  
    Library fines  
    Library materials  
    Library overdue books  
    Library processing fees  
Liquidated debts  
Overpayment - expense allowances  
Personal telephone calls  
Printing services  
Promissory notes  
Recoup amount for garnishment  
Recovery of expenses  
Recreational services  
Salary overpayments  
Services rendered  
Student health

Student loans  
    National direct student loans  
    Pell grant repayments  
    Perkins student loans  
Surgery and medicine  
Taxes  
    Drug tax - criminal fraud  
    Individual income taxes  
    Inheritance tax and interest  
    Liquor excise tax  
    Premium tax - foreign  
    Sales tax  
    State unemployment taxes  
    Withholding taxes  
    Motor carrier taxes  
    Unemployment taxes  
Telecommunications  
Tuition  
Unliquidated debts  
Unpaid insurance premiums  
Workers' compensation overpayments

Wichita Historic Preservation Board  
c/o Metropolitan Planning Department  
10th Floor City Hall  
Wichita, KS 67202  
March 10, 1993

The Honorable Nancy Brown  
Chair, Local Government Committee  
Kansas House of Representatives  
State Capitol, Room 521S  
Topeka, KS 66612

RE: House Bill 2470  
Historic Preservation

Ladies and Gentlemen:

We the members of the Historic Preservation Board of the city of Wichita, KS, are unanimously opposed to the changes to K.S.A.-75-2724 made in House Bill No. 2470. We feel that the current legislation addresses the ability of the State Historic Preservation Board (SHPO) to draft agreements and regulations between the state board and the individual city review organizations and, therefore, paragraph 'e' is not a necessary addition to the legislation. We do, however, take exception to the reduction of the 500 foot environs review to 200 feet. Our concern lies in that many of our cities in Kansas have unimproved, vacant or park areas that completely occupy 500 feet adjacent to historic sites and that review and notification should actually extend to the next privately owned property or 500 feet, whichever is greater.

Respectfully Yours



Ann J. Schowengerdt  
President

copy: All Board Members  
Bob Beardsley, Preservation Planner, city of Wichita

ATTACHMENT II

3-16-93