

**Report on  
Liquidated and Delinquent  
Accounts Receivable  
June 30, 2012**



**Legislative Fiscal Office  
December 2012**



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LEGISLATIVE FISCAL OFFICE**

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December 28, 2012

To the Members of the Seventy-Sixth Oregon Legislative Assembly:

Enclosed is a compilation of the reports on liquidated and delinquent accounts receivable that were submitted to the Legislative Fiscal Office in accordance with ORS 293.229. The statute requires state agencies to report on the status of their liquidated and delinquent accounts each fiscal year. The same statute requires our office to compile these reports into one summary for the Legislative Assembly. This is the thirteenth report issued under the statute.

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Legislative Fiscal Officer



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# Introduction and Background

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## **Introduction**

This Legislative Fiscal Office (LFO) report on liquidated and delinquent accounts is a statutorily required report made annually at the end of December to inform the Legislative Assembly of the aggregate status of certain accounts receivable held by state agencies. The terms “liquidated” and “delinquent” are defined in the Oregon Accounting Manual and in general refer to those accounts that are past due, the past due amount known by both the agency and the debtor, and where full payment has not been made within a reasonable or specified period of time. This is the thirteenth report issued by LFO under the statute.

HB 3509 (1999) and SB 70 (2001) provide statutory guidance to state agencies on the collection of past due accounts. HB 3509 amended ORS chapter 293 relating to the administration of public funds, requiring state agencies (with certain exceptions) to turn over those liquidated and delinquent accounts, for which no payment had been received within one year, to the Department of Revenue or to a private collection firm for collection. Subsequently, during the 2003 legislative session, ORS chapter 293 was amended so that the time period before being turned over for collection is now 90 days. SB 70 provides similar guidance for the Judicial Branch.

## **Reporting under the statute**

Prior to October 1 of each year, a state agency must submit to the Legislative Fiscal Office, “a report that describes the status of that agency’s liquidated and delinquent accounts and efforts made by that agency to collect liquidated and delinquent accounts during the previous fiscal year.” Definitions used and instructions for reporting are included as Appendix 5 and Appendix 6, respectively. This year, the only agency that failed to report was the Oregon Student Assistance Commission.

## **Reporting system**

To facilitate agency reporting requirements, LFO, through Legislative Administration (Information Services), electronically hosts a network database application for the purpose of capturing and reporting agency data. Agency accounts receivable coordinators are sent reporting instructions and a link to the reporting system at the beginning of August each year. The reporting system is opened to agencies for data entry beginning September 1 and ending October 1. Agencies are responsible for the accuracy and validity of the data they report. LFO does not verify or validate agency reported data. Adjustments to reported data are noted in this report and are typically only used to reconcile current year reporting data with prior year data.

## **Acknowledgements**

The Legislative Fiscal Office would like to acknowledge the following contributors to this year's effort:

- The Information Systems staff of Legislative Administration for supporting and maintaining the application and providing a secure host for input of the required information.
- Personnel at state agencies who prepared and submitted their information.



## Results of Reporting

### Summary of reporting results

This report accounts for 124 state agencies. Agencies were provided with reporting instructions and access to the electronic reporting database; no training session was conducted this year.

<b>Summary of Agency Reporting</b>		
<b>June 30, 2012</b>		
Agencies reporting no accounts	51	41.1%
Exempt agencies not reporting	15	12.1%
Agencies reporting accounts	57	46.0%
Agencies that did not report	1	0.8%
<b>Total</b>	<b>124</b>	<b>100.0%</b>

### Summary of liquidated and delinquent accounts receivable

During the 2012 reporting period, agencies were asked to verify the number and value of the accounts reported as ending balances for the 2011 report. Four agencies reported discrepancies due to internal reporting errors and therefore requested adjustments made to their 2011 ending balances. The table below summarizes those adjustments.

<b>Agency Adjustments to Prior Year Ending Balance</b>		
	<b>Accounts</b>	<b>Value</b>
2011 Report Ending Balance	2,049,821	\$ 2,456,824,790
Education, Department of	(1)	(694)
Employment Department	(43,644)	(7,225,276)
Parks & Recreation Department	(304)	(30,503)
PERS	(199)	0
All Agency Adjustments	(44,148)	(7,256,473)
Corrected 2011 Ending Balance	<u>2,005,673</u>	<u>\$ 2,449,568,317</u>

The Employment Department reported that the large adjustment was to account for mathematical errors that had been carried forward from previous reporting periods, but did not reflect a change in their actual accounts.

The following table illustrates the aggregate number and dollar value of liquidated and delinquent accounts that agencies reported to LFO. A list of the individual agencies that reported activity during the year along with the number and dollar amount of the agency's accounts is included as Appendix 1 to this report. A list of the individual agencies that reported no such accounts is included as Appendix 2.

<b>Liquidated and Delinquent Accounts</b>		
<b>June 30, 2012</b>		
	<b>Accounts</b>	<b>Value</b>
1. Beginning Balance	2,005,673	\$ 2,449,568,317
2. Additions:	780,174	1,174,282,971
3. Collections:	0	(570,853,610)
4. Accounts Closed:	(612,655)	-
5. Write-Off's:	(40,588)	(108,294,077)
6. Adjustments:	0	144,707,439
<i>LFO Adjustments</i>	(4)	(10,881)
7. Reversals:	(32,460)	(70,194,237)
<b>8. Ending Balance</b>	<b><u>2,100,140</u></b>	<b><u>\$ 3,019,205,922</u></b>

Because collections and adjustments (lines 3 and 6) are made on accounts that are still open, closed, or subsequently written off, only the dollar amounts of collections and adjustments are reported. Similarly, only the number of accounts that were closed is reported on line 4. Reversals are accounts previously reported as liquidated and delinquent, but have now changed status. LFO adjustments included in the table are for calculation errors that were captured by the reporting system due to a programming oversight that was corrected during the reporting period. Reporting instructions provide descriptions of information to be included on each reporting line. The instructions are provided in Appendix 6.

The net increase in the number of liquidated and delinquent accounts results in about a 4.7% growth rate from last year. The net increase in the aggregate value of account results in about a 23.2% growth rate from last year. This shows that the accounts that are not collected tend to be larger dollar amount accounts. The table shows that the disparity is much less evident when looking at the growth rate of added accounts, both in the number and value of accounts added; but, even then, the average value of accounts added (\$1,505.16) is higher than the average value of accounts held at the beginning of the year (\$1221.32). The ending balance results in an average account balance of \$1437.62, an increase of \$216.30 per account, or 17.7% from last year's ending balance.

The following table lists the ten agencies with the highest average account values.

<b>Top Ten Agencies by Average Account Value</b>			
<u>Agency</u>	<u>Accounts</u>	<u>Total Outstanding</u>	<u>Average Account</u>
Tax Practitioners, State Board of	28	\$3,981,017	\$142,179
Labor & Industries, Bureau of	52	\$2,562,095	\$49,271
Veterans' Affairs, Department of	58	\$2,526,473	\$43,560
Chiropractic Examiners, Board of	9	\$338,942	\$37,660
Oregon Business Development Department	50	\$1,575,602	\$31,512
Oregon Medical Board	15	\$240,686	\$16,046
Accountancy, State Board of	21	\$283,741	\$13,511
Mortuary and Cemetery Board	11	\$133,273	\$12,116
Real Estate Agency	27	\$325,690	\$12,063
Consumer & Business Services, Dept. of	6,814	\$67,445,445	\$9,898

Six of the ten agencies with high average account values are professional licensing boards. These agencies hold a relative small number of accounts with high balances that are typically a result of civil penalties and fines assessed against licensees. In some cases, collection on these accounts can be particularly difficult, especially if a licensee is no longer living or practicing in the state. The same issues are also found at the Bureau of Labor and Industries where civil penalties and fines have been levied on businesses that may no longer exist or be doing business in Oregon. The Oregon Department of Veterans' Affairs (ODVA) and the Oregon Business Development Department liquidated and delinquent accounts tend to have high average account values because they often represent loan delinquencies or defaults. ODVA reports that 21 of the 58 accounts reported are foreclosures losses totaling \$1.6 million.

The following table lists the ten agencies with the highest total amount due.

<b>Top Ten Agencies by Total Receivables Outstanding</b>			
<u>Agency</u>	<u>Accounts</u>	<u>Total Outstanding</u>	<u>Average Account</u>
Judicial Department	1,395,590	\$1,268,730,069	\$909
Revenue, Department of	161,891	\$1,000,164,414	\$6,178
Justice Department	411,509	\$386,221,320	\$939
Employment Department	51,717	\$125,874,491	\$2,434
Consumer & Business Services, Dept. of	6,814	\$67,445,445	\$9,898
Oregon University System	29,569	\$60,949,877	\$2,061
Oregon Health Authority	9,292	\$33,962,682	\$3,655
Human Services, Department of	17,341	\$33,529,885	\$1,934
Transportation, Department of	4,902	\$12,915,765	\$2,635
Environmental Quality, Department of	1,516	\$4,631,389	\$3,055

The top agencies in terms of total liquidated and delinquent account values outstanding tend to be those agencies that reach a large percentage of the public. The top two agencies, Judicial Department and Department of Revenue, account for \$2.27 billion of the \$3.02 billion, or 75.1% of the total value of accounts reported.

**Liquidated and delinquent accounts receivable by fund type**

A listing of the reported balances outstanding by fund type is presented below.

<b>Fund Type</b>	<b>Dollars</b>	<b>%</b>
FF Federal Funds	\$ 220,844,598	7.31%
GF General Fund	836,166,761	27.69%
LF Lottery Funds	586,261	0.02%
OF Other Funds	1,492,961,707	49.45%
Other Funds - Pass Throughs	468,646,595	15.52%
Grand Total	<u>\$ 3,019,205,922</u>	<u>100.00%</u>

Of the \$836 million General Fund balance, the Department of Revenue accounted for \$792 million, or 94.7%, of the total. Just over 90% of the Other Funds outstanding balances are accounted for by the Judicial Department, Department of Revenue, Employment Department, and Department of Justice. Other Funds Pass Through balances are comprised almost entirely of the Judicial Department and Department of Justice. Nearly 90% of the Federal Fund balances are held by the Department of Justice and Department of Human Services. Lottery Funds balances are from the Oregon Business Development Department and Lottery Commission.

**Agencies that did not report**

The only agency that a report was not received from this year was the Oregon Student Assistance Commission. Statute is silent about consequences of non-reporting. However, it is incumbent upon agencies to report, and all agencies should be expected to report in the future.

**Agencies exempt from reporting**

Certain state agencies are exempt from reporting. The State Accident Insurance Fund Corporation is exempt from ORS chapter 293, except for ORS 293.240, which establishes the process for writing off uncollectible accounts. The Oregon Health and Science University Public Corporation is exempt as its enabling legislation states that the university “shall not be considered...a state agency for purposes of state statutes.”

Many commissions and boards also claim exemption from the reporting requirement because of the placement of HB 3509 (1999) in the Oregon Revised Statutes. Since the reporting requirement was codified in ORS 293.229, any state agency whose enabling legislation exempted it from a range of sections of ORS 293 that included ORS 293.229 would be exempted from reporting their liquidated and delinquent accounts receivable. A list of agencies that did not report because they are exempt is included as Appendix 4 to this report.

**Collections by  
Department of  
Revenue**

ORS 293.231 requires that accounts be turned over to the Department of Revenue or to private collection agencies for collection. Presented here is summary information on accounts turned over to the Department of Revenue by agencies that reported.

<b>Collections by Department of Revenue</b>			
Beginning Balance*	266,344	\$	328,589,815
Additions			106,711,918
Collections			(28,429,697)
Returned			(150,563,972)
<b>Accounts Outstanding</b>	<b>194,048</b>	<b>\$</b>	<b>256,304,011</b>

\*Beginning Balance includes an adjustment of three additional accounts and a reduction of \$1,584,157 from the prior period balance

The Department of Revenue, Business Special Programs Section operates the state’s captive collection agency known as Other Agency Accounts (OAA). OAA was formed during the 1971 legislative session and is codified under ORS 293.250. OAA collects delinquent debt for state agencies, boards and commissions, circuit and district courts, and educational and regulatory agencies. OAA uses collection activities like those used by private collection agencies as well as collection through refund offsets.

The table above shows only those amounts reported by agencies that are included in this report. The Department of Revenue total collections are higher. The Department notes that a larger number of 2011 and 2012 tax filings carried refunds, thus resulting in a higher percentage of collections in this reporting period.

**Collections by private collection agencies**

Prior to the statutory change on liquidated and delinquent accounts, the use of private collection agencies was allowed, but not mandatory. Now agencies must turn over liquidated and delinquent accounts to the Department of Revenue or to private collection agencies for collection. The statute also requires agencies to report on the accounts turned over to private collection agencies. Presented below is a summary of accounts turned over to private collection agencies during the reporting year.

<b>Collections by Private Collection Agencies</b>		
Beginning Balance*	670,843	\$ 553,850,840
Additions		520,997,583
Collections		(19,838,425)
Returned		(147,863,000)
<b>Accounts Outstanding</b>	<u><b>966,552</b></u>	<u><b>\$ 907,142,161</b></u>

\*Beginning Balance includes an adjustment of 156 additional accounts and a reduction of \$64,565,081 from the prior period balance

**Exempt accounts**

Not all accounts can be transferred to the Department of Revenue or to private collection agencies. There may be federal or state statutory or regulatory prohibitions that would cause them to be exempt from transfer. Specific exemptions are codified in ORS 293.231(9)(a) through (i). If other state or federal laws exempt agencies from turning over accounts for collections, ORS 293.231(5) applies.

ORS 293.233 allows exemptions to be established administratively by the Department of Administrative Services. These are set forth in the Oregon Accounting Manual (OAM), referenced as OAM 35.40.114(j) through (r). The table on the following page contains summary information on accounts reported as statutorily or administratively exempt from transfer for collection.

Of the more than \$3 billion in liquidated and delinquent accounts reported, \$1.13 billion (37.5%) were classified as exempt from the statutory requirement to be turned over for collection. Of the \$1.13 billion exempt, \$737 million (65%) were reported as administratively exempt. Of those accounts administratively exempt, \$276 million (37%) are exempt because they are for spousal or child support payments which are governed by other federal rules and regulations.

<b>Statutorily prohibited or exempt</b>		
Prohibited by Law - ORS 293.231(5)	64	\$ 33,216,432
Exempt under ORS 293.231(9), sub		
a-consensual security interest	874	12,832,426
b-court ordered judgement	286	22,005,465
c-litigation, bankruptcy, mediation, etc.	23,345	177,012,786
d-student loan of a student attending school	0	-
e1-state agency receivables	203	857,771
e2-federal or local government receivables	185	1,103,886
f-hospitalized debtor	24,124	93,995,902
g-imprisoned debtor	346	1,537,619
h-account less than \$100.00	49,797	1,989,887
i-loss of federal funds or federal program funds	22,596	50,700,655
<b>Subtotal statutorily prohibited or exempt</b>	<b>121,820</b>	<b>\$ 395,252,829</b>
<b>Administratively Exempt</b>		
Under OAM 35.40.114, sub		
j-debtor hardship	811	\$ 2,458,651
k-non-consensual lien	353	11,779,220
i-secured by bond	15	92,113
m-payment on multiple accounts within 1 year	3,005	9,132,395
n-DAS approved exemptions	43,207	435,889,606
o-ORS Chs. 825, or 826 related to a motor carrier	2	9,284
p-wage garnishment or order prevents	493	2,919,032
q-spousal or child support	276,196	273,410,141
r-not income-producing and no assets	364	959,631
<b>Subtotal administratively exempt</b>	<b>324,446</b>	<b>\$ 736,650,073</b>
<b>Total Exemptions</b>	<b>446,266</b>	<b>\$ 1,131,902,902</b>





## Appendix 1

### Agencies reporting accounts with activity

Accountancy, State Board of	21	\$ 283,741
Administrative Services, Department of	199	658,554
Agriculture, Department of, & Commodity Comm.	93	203,976
Chiropractic Examiners, Board of	9	338,942
Community Colleges & Workforce Development	55	24,900
Construction Contractors Board	2,357	4,372,912
Consumer & Business Services, Dept. of	6,814	67,445,445
Corrections, Department of	1,657	1,480,168
Education, Department of	3	7,894
Employment Department	51,717	125,874,491
Energy, Department of	47	140,811
Environmental Quality, Department of	1,516	4,631,389
Fish and Wildlife, Dept. of	24	16,156
Government Ethics Commission, Oregon	1	1,280
Health Licensing Agency	347	265,767
Housing & Community Services Dept.	482	1,440,134
Human Services, Department of	17,341	33,529,885
Judicial Department	1,395,590	1,268,730,069
Justice Department	411,509	386,221,320
Labor & Industries, Bureau of	52	2,562,095
Legislative Administration Committee	108	1,270
Licensed Social Workers, Board of	1	580
Liquor Control Commission, Oregon	26	82,083
Lottery Commission, Oregon State	45	279,320
Marine Board	71	2,362
Massage Technicians, Board of	113	669,369
Medical Imaging, Board of	1	1,500
Military Department	22	37,464

Mortuary and Cemetery Board	11	133,273
Nursing, Board of	54	73,073
Orchardgrass Seed Producers Commission, Oregon	1	3,295
Oregon Business Development Department	50	1,575,602
Oregon Health Authority	9,292	33,962,682
Oregon Medical Board	15	240,686
Oregon University System	29,569	60,949,877
Oregon Youth Authority	16	8,789
Parks & Recreation Department	2,946	193,202
Pharmacy, Board of	9	54,397
Police, Oregon State Department of	46	57,434
Prof. Counselors & Therapists, Board of	5	40,279
Public Employees Retirement System	723	2,260,074
Public Safety Standards & Training, Dept. of	14	99,033
Public Utility Commission	33	8,052
Real Estate Agency	27	325,690
Revenue, Department of	161,891	1,000,164,414
Ryegrass Growers Seed Commission, Oregon	2	13,228
Secretary of State	74	171,384
State Lands, Department of	1	5,940
Tall Fescue Commission, Oregon	1	2,164
Tax Practitioners, State Board of	28	3,981,017
Transportation, Department of	4,902	12,915,765
Veterans' Affairs, Department of	58	2,526,473
Water Resources Department	151	136,222
<b>Total</b>	<b>2,100,140</b>	<b>\$ 3,019,205,922</b>

## Appendix 2

### Agencies reporting no accounts

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Advocacy Commissions Office, Oregon
Albacore Commission, Oregon
Alfalfa Seed Commission, Oregon
Beef Council, Oregon
Blind, Commission for the
Clover Commission, Oregon
Columbia River Gorge Commission
Court Procedures, Council on
Criminal Justice Commission
Dairy Products Commission, Oregon
Dentistry, Board of
District Attorneys & their Deputies
Dungeness Crab Commission, Oregon
Employment Relations Board
Fine Fescue Commission
Forest Resources Institute, Oregon
Geology & Minerals Industries, Dept. of
Governor, Office of the
Hazelnut Commission, Oregon
Hop Commission, Oregon
Judicial Fitness, Commission on
Land Conservation & Development
Land Use Board of Appeals
Legislative Assembly
Legislative Commission on Indian Services
Legislative Counsel Committee
Legislative Fiscal Office
Legislative Revenue Officer
Library, Oregon State
Long-Term Care Ombudsman

Mint Commission, Oregon
Occupational Therapists, Board of
Oregon Naturopathic Medicine, Board of
Oregon Watershed Enhancement Board
Parole and Post-Prison Supervision, Board of
Processed Vegetable Commission, Oregon
Psychiatric Security Review Board
Psychologist Examiners, State Board of
Public Defense Services Commission
Racing Commission
Raspberry & Blackberry Commission, Oregon
Salmon Commission, Oregon
Sheep Commission, Oregon
Speech Lang. Path. and Audiologists, Board o
Strawberry Commission, Oregon
Sweet Cherry Commission, Oregon
Teacher Standards and Practices Comm
Trawl Commission, Oregon
Treasury, Oregon State
Veterinary Medical Examiners, Board of
Wheat Commission, Oregon

## Appendix 3 Agencies that did not report

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Student Assistance Commission

The failure of this agency to comply with the reporting requirement is not expected to materially affect the statewide numbers compiled in this report.

## Appendix 4

### Agencies exempt from reporting

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Agency	Exempting Statute
Appraiser Certification and Licensure Board	ORS 674.305
Architect Examiners, Board of	ORS 182.460
Children's Trust Fund of Oregon Foundation	ORS 182.460
Corrections Enterprises, Oregon	ORS 421.352
Engineering and Land Surveying, Board of Ex for	ORS 182.460
Film and Video Office, Oregon	ORS 284.375
Geologist Examiners, Board of	ORS 182.460
Landscape Architects Board	ORS 182.460
Landscape Contractors Board	ORS 182.460
Massage Technicians, Board of	ORS 182.460
Optometry, Board of	ORS 182.460
Oregon Health and Science University	ORS 353.100
Patient Safety Commission, Oregon	ORS 182.460
Physical Therapists Licensing Board	ORS 182.451
State Accident Insurance Fund	ORS 656.753
Tourism Commission, Oregon	ORS 284.118
Travel Information Council	ORS 377.836
Utility Notification Center, Oregon	ORS 757.552(3)
Wine Board, Oregon	ORS 182.460

## Appendix 5

# Definitions used in the reporting process

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**State agency** – ORS 293 defines a state agency as “any officer, board, commission, department, division or institution in the executive or administrative branch of state government.”

**Account** – the debt relationship between a state agency and an individual or entity. Agencies may define “account” differently in their systems. For the purposes of this reporting requirement, a legal entity may have multiple debts with that agency. If treated in the agency’s system as the same account, it should be reported as one account in this report. If an agency treats each debt as a separate account and collects them separately, they may report them as separate accounts.

**Delinquent** – a delinquent account is defined as a receivable account for which payment has not been received by the due date. Most receivables have a specific due date. If any part of that debt is not paid by the due date, the account needs to be reported. Some debts do not have an obvious due date, such as overpayments. The due date for this debt may be determined by the agency. For example, the date on which the agency may start assessing interest or enforcing collection may be the best date to use. Accounts that are not yet due are not included in the report.

**Liquidated accounts** – are defined in the Oregon Accounting Manual. In general, a liquidated account is one where the exact past due amount is known, proper notification of the debt has been made to the debtor, and there has been a judgment, or a distraint warrant for taxes, or an administrative proceeding has established the debt, etc.

The definition provided in the Oregon Accounting Manual is included here.

**For purposes of ORS 293.229 - .233 and ORS 293.250, a liquidated debt is one for which:**

- a. An agency has determined an exact past due amount owing; and
- b. An agency has made a reasonable attempt to notify the debtor in writing of the amount owing and nature of the debt, and has requested payment; and
- c. The debt meets one of the following conditions: (See Note 1)
  1. Judgment has been entered on the debt.
  2. The debt is a tax debt for which a distraint warrant has been issued or the prerequisites of issuance have been met.
  3. Liability for, and the amount of, the debt have been established through an administrative proceeding.
  4. A non-complying employer’s debt for claim and administrative costs eligible for referral under criteria identified by the Department of Justice.
  5. (See Note 1) The debt arises from a promissory note.
  6. (See Note 2) The debt is an account stated under a preexisting written agreement between the agency and the debtor. A statement of account has been mailed or delivered to the debtor, and the debtor has not objected within a reasonable time, which should be specified by the agency. Example: A student signs a revolving

account agreement with the university, an invoice for a laboratory fee is mailed to the student and he or she does not object.

7. The debtor has, in writing, unconditionally acknowledged the debt, both as to liability and amount, or an agreement has been reached in writing between the agency and the debtor regarding the debt, both as to liability and amount. Once acknowledged, a debtor's claim of inability to pay does not, by itself, affect whether the debt is liquidated.
8. The amount due is derived by an arithmetical calculation of fees (including renewal fees), collection costs, charges, penalties, or the like, from a report or an application for a permit or license submitted by the debtor in accordance with a regulatory system administered by the agency, and the debtor has not disputed liability or the amount.
9. (See Note 2) Liability for a debt, but not its amount, has been established by an administrative or judicial proceeding, or by written acknowledgement of the debtor. The amount of the debt is determined by arithmetical calculation. The calculation has been mailed or delivered to the debtor in the manner of an account stated and the debtor has not objected within a reasonable time, which should be specified by the agency. Example: Balances due the Department of Consumer and Business Services for a non-complying employer as a result of an injury to a subject worker.

**Note 1:** For each delinquent account referred to the Collections Unit, the agency must specify which subsection .103 c. condition has been met. For c. 1-4 debts, the Collections Unit is authorized to utilize all potential collection tools, including warrants. For c. 5-9 debts, warrants cannot be issued. If warrant authority is necessary for effective collection, the debt must be returned to the agency for appropriate action to qualify the debt under subsections c. 1-4. In addition, if the debtor disputes whether a c. 5-9 debt is owing or liquidated, the debt will no longer be considered liquidated.

**Note 2:** Expiration of the time specified by an agency for objection to a billing, such as a c. 6 or 9 debt, does not necessarily extinguish the debtor's right to object. It means that the agency can act on the assumption the debtor does not dispute the debt. If the debtor thereafter disputes the debt, the debt will no longer be considered liquidated.



## Appendix 6

### Instructions for reporting

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#### 1. Beginning Balance

- 1A This entry should be the total number of liquidated and delinquent accounts as of July 1 of the reporting fiscal year. This number should equal the ending number of accounts (8A) from the previous year. *System Generated*
- 1B This entry should be the dollar value of liquidated and delinquent accounts as of July 1 of the accounts reported in 1A. This number should equal the ending balance dollar value (8B) from the previous year. *System Generated*

#### 2. Additions

- 2A Enter the total number of accounts that became liquidated and delinquent since July 1 of the reporting fiscal year. Only include accounts that had not been included as liquidated and delinquent in the beginning balance. If an account became liquidated and delinquent after July 1 and the amount was also collected prior to June 30 of the fiscal year, **include that account**.
- 2B Enter the total dollar value of liquidated and delinquent amounts added during the fiscal year. Note – the total number of accounts may not increase but the dollar value may. For example, a small agency may have 50 liquidated and delinquent accounts valued at \$5,000 at the beginning of the year. They may not add any new accounts. However, an account may incur additional debt, such as interest, which would increase the total dollar value.

#### 3. Collections

- 3B Enter any amounts collected on any of the accounts included in the beginning balance or the additions during the fiscal year. Include amounts that were collected on accounts that became liquidated and delinquent (additions) during the period. **Do not use a minus (-) sign or brackets, collections defaults to a negative number.**

#### 4. Accounts Closed

- 4A Enter the number of accounts from the beginning balance or additions that were collected or resolved in some manner. Include only accounts that no longer have a liquidated and delinquent balance. This would include accounts that became liquidated and delinquent during the period and then were closed because they were fully collected. They would also include accounts that were closed because a portion was collected and a portion was compromised or adjusted. The amount written off or adjusted would be included in 5B or 6B below. **Do not use a minus (-) sign or brackets, accounts closed defaults to a negative number.**

## **5. Write-Offs**

- 5A Enter the number of accounts that had been liquidated and delinquent and then were written off during the fiscal year to close the accounts. **Do not use a minus (-) sign or brackets, the number of accounts defaults to a negative number.**
- 5B Enter the dollar value of liquidated and delinquent accounts that were written off during the fiscal year. **Do not use a minus (-) sign or brackets, the amount of write-offs defaults to a negative number.**

## **6. Adjustments**

- 6B Adjustments can either increase or decrease debt. Enter any amounts that had been designated liquidated and delinquent that were later adjusted. Adjustments include accounts or amounts that were set up in error, found uncollectible due to bankruptcy, compromised or abated (were determined not to be owed). **You must enter a minus (-) sign if adjustments reduce the amount of liquidated and delinquent account balances.**

## **7. Reversals**

- 7A Enter the number of accounts reported as liquidated and delinquent on a prior report that need to be removed from liquidated and delinquent status. These can be accounts that were erroneously reported or that for some reason are again open for appeal. These also can be loans that have been renegotiated and no longer are delinquent. **Do not use a minus (-) sign or brackets, the number of accounts defaults to a negative number.**

**Note: You should never have an entry in this field if this is the first report being made for this type of account. Accounts reversed can be accounts in the beginning balance or that were added and reported as additions in the current year.**

- 7B Enter the dollar value of the accounts being removed from liquidated and delinquent status. **Do not use a minus (-) sign or brackets, the amount of reversals defaults to a negative number.**

**Note: You should never have an entry in this field if this is the first report being made for this type of account. Accounts reversed can be accounts in the beginning balance or that were added and reported as additions in the current year.**

## **8. Ending Balance**

- 8A No entry is required because this number is computed. Use this as a check against your total to ensure all data has been entered properly.
- 8B No entry is required because this number is computed. Use this as a check against your total to ensure all data has been entered properly.