

KENTUCKY COMMUNITY AND TECHNICAL COLLEGE SYSTEM

Kentucky Fire Commission (Amendment)

739 KAR 2:140. Fire department reporting requirements.

RELATES TO: KRS Chapter 65A, 75.430, Chapter 95A

STATUTORY AUTHORITY: KRS 95A.050(3), 95A.055(13)

NECESSITY, FUNCTION, AND CONFORMITY: KRS 95A.055(13) requires the commission to promulgate administrative regulations to implement KRS 75.430 and KRS 95A.055. This administrative regulation establishes fire department reporting requirements.

Section 1. Definitions.

- (1) "Commission" means the Kentucky Fire Commission~~[Commission on Fire Protection Personnel Standards and Education]~~ established in KRS 95A.020.
- (2) "Nonprofit fire department" is defined by KRS 95A.055(1)(b).
- (3) "Reporting fire district~~[department]~~" means a fire district~~["fire department" as]~~ defined by KRS 95A.055(1)(a) which is obligated to report to the commission.

Section 2. Reporting Requirements. Each reporting fire district~~[department]~~ shall comply with KRS 95A.055(3) and shall submit:

- (1) A list of the elected or appointed members of the board of the reporting fire district~~[department]~~, if applicable;
- (2) The budget adopted by the reporting fire district~~[department]~~, if applicable; and
- (3) Current year budget estimates, prior year amendments or transfers, and prior year end actual financial data for:
 - (a) Revenue calculations for:
 1. Taxes;
 2. Permits and licenses;
 3. Payments made to governmental authorities in lieu of taxes;
 4. Intergovernmental revenues;
 5. Charges for services;
 6. Other revenues; and
 7. Interest earned;
 - (b) Receipts and cash calculations for:
 1. Carryover cash from the prior reporting year;
 2. Bonded debt;
 3. Transfers to other funds;
 4. Transfers from other funds;
 5. Borrowed funds;
 6. Government Leasing Act funds; and
 7. Loans obtained from the commission; and
 - (c) Appropriations calculations for:
 1. Personnel;
 2. Operations;
 3. Administration and reserves;
 4. Capital outlay; and
 5. Debt service.

Section 3. Reporting Procedure.

- (1) Each reporting fire district~~[department]~~ shall, on or before August 31 of each calendar year, complete and submit an updated Financial Disclosure Report to the commission

electronically via Web site access, by regular U.S. Mail, or through electronic mail to fdstateaid@kctcs.edu.

(2) Upon receipt of a reporting fire ~~district's~~~~[department's]~~ Financial Disclosure Report, the commission shall review the Financial Disclosure Report for accuracy and compliance with the requirements established in this administrative regulation and in KRS 95A.055.

(a) If a reporting fire ~~district's~~~~[department's]~~ Financial Disclosure Report does not comply with the requirements established in this administrative regulation or KRS 95A.055, the commission shall notify the reporting fire ~~district~~~~[department]~~ in writing.

(b) The written notification shall state the specific deficiencies identified and the process and timeframe for correcting the deficiencies.

(3) On or before October 1 of each calendar year, the commission shall produce a cumulative report of all reporting fire ~~districts~~~~[departments]~~ actual revenues, receipts, and appropriations and their averages, as reported on the reporting fire ~~districts~~~~[departments]~~ Financial Disclosure Reports~~[Report]~~ for that year, and of the compliance of the reporting fire ~~districts~~~~[departments]~~ with the requirements of this administrative regulation and KRS 95A.055(3). This report also shall be filed with the Legislative Research Commission and shall be published on the commission's Web site within seven (7) days of its production.

Section 4. Financial Reviews and Audits.

(1) At least once every ~~twelve (12) months~~~~[four (4) years]~~, every reporting fire ~~district or nonprofit fire~~ department shall be subject to a financial review in accordance with KRS 95A.055(5)~~[consistent with KRS 65A.030, 95A.055, and the Kentucky Fire Commission Internal Audit Procedures]~~.

(2) The commission ~~may~~~~[shall]~~ require any fire district or nonprofit fire department with the higher of annual receipts from all sources or annual expenditures equal to or greater than \$100,000 but less than \$500,000 to once every four (4) years be subject to an independent audit in the manner specified within KRS 65A.030(2)~~[reporting fire departments to undergo an independent audit in accordance with the Fire Department Annual Audit Schedule]~~.

(3) The commission shall ensure that every fire district or nonprofit fire department with the higher of annual receipts from all sources or annual expenditures equal to or greater than \$500,000 for two (2) consecutive fiscal years is audited annually in the manner specified within KRS 64A.030(2) until its annual revenues or expenditures are less than \$500,000.

(4) If a reporting fire ~~district~~~~[department]~~ is audited pursuant to KRS 95A.055 and as established in this section, the reporting fire ~~district~~~~[department]~~ shall submit a copy of the audit report and all related documents to the commission within seven (7) days of receiving the completed audit report.

Section 5. Penalties.

(1)

~~[(a)]~~ If the commission identifies any irregularities relating to the finances or operations of a reporting fire ~~district or nonprofit fire~~ department, the commission shall report the irregularities to the Attorney General and Auditor of Public Accounts.

(2) ~~[(b)]~~ The commission may also notify any other public official with jurisdiction over fire ~~district or nonprofit fire department~~~~[departments]~~ for further investigation and follow-up action.

(3) ~~[(2)]~~ If a reporting fire ~~district~~~~[department]~~ fails to comply with the requirements of this administrative regulation, KRS 95A.055, or 75.430, the commission shall, for substantial noncompliance or abuse, withhold one (1) or more of the following:

(a) Incentive pay to qualified firefighters as established in KRS 95A.250;

- (b) Volunteer fire ~~district~~~~[department]~~ aid, funds used to purchase workers compensation insurance for fire departments, and low-interest loans under KRS 95A.262;
- (c) Thermal Vision Grant program funds as established in KRS 95A.400 through 95A.440; and
- (d) Any other funds controlled by the commission.

Section 6. Incorporation by Reference.

- (1) The following material is incorporated by reference:
 - (a) "Financial Disclosure Report," 2019 edition, Kentucky Fire Commission; and
 - (b) "Kentucky Fire Commission Internal Audit Procedures", January 2024; ~~May 2015;~~
~~and~~
 - ~~[(c)] ["Fire Department Annual Audit Schedule", March 2020].~~
- (2) This material may be inspected, copied, or obtained, subject to applicable copyright law, at the Office of the Kentucky Fire Commission, 110 Cleveland Drive, Paris~~118 James Court, Lexington~~, Kentucky 40361~~40505~~, Monday through Friday, 8 a.m. to 4:30 p.m.
- (3) This material is also available on the commission's Web site at: <https://kyfirecommission.kctcs.edu/>.

RICKY KING, Chair

APPROVED BY AGENCY: March 10, 2025

FILED WITH LRC: March 12, 2025 at 9:21 a.m.

PUBLIC HEARING AND COMMENT PERIOD: A public hearing on this administrative regulation shall be held on May 25, 2025, at 1:00 p.m. ET at the Kentucky Fire Commission, 110 Cleveland Drive, Paris, Kentucky 40361. Individuals interested in being heard at this hearing shall notify this agency in writing by five (5) workdays prior to the hearing of their intent to attend. If no notification of intent to attend the hearing is received by that date, the hearing may be canceled. This hearing is open to the public. Any person who wishes to be heard will be given an opportunity to comment on the proposed administrative regulation. A transcript of the public hearing will not be made unless a written request for a transcript is made. If you do not wish to be heard at the public hearing, you may submit written comments on the proposed administrative regulation. Written comments shall be accepted through May 31, 2025. Send written notification of intent to be heard at the public hearing or written comments on the proposed administrative regulation to the contact person.

CONTACT PERSON: John K. Wood, Counsel for the Kentucky Fire Commission, 163 East Main Street, Suite 200, Lexington, Kentucky 40507, phone (859) 225-4714, email administrativeregulations@wgmfirm.com.

REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Contact Person: John K. Wood

(1) Provide a brief summary of:

(a) What this administrative regulation does:

KRS 95A.055(13) requires the Commission to promulgate administrative regulations to implement KRS 75.430 and KRS 95A.055. This administrative regulation establishes fire department reporting requirements.

(b) The necessity of this administrative regulation:

KRS 95A.055(13) requires the Commission to promulgate administrative regulations to implement KRS 75.430 and KRS 95A.055. This administrative regulation is necessary to establish fire department reporting requirements.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

KRS 95A.055(13) requires the Commission to promulgate administrative regulations to implement KRS 75.430 and KRS 95A.055. KRS 75.430 and KRS 95A.055 require fire departments to submit information to the Commission. This administrative regulation conforms to the content of KRS 75.430 and KRS 95A.055 by establishing fire department reporting requirements.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

KRS 75.430 and KRS 95A.055 require fire districts to submit information to the Commission. This administrative regulation assists in the effective administration of those statutes by establishing fire department reporting requirements.

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

House Bill 122 (2018 Regular Session), Ky. Acts ch. 90, sec. 2, amended KRS 75.430 and KRS 95A.055 to modify the audit and reporting requirements for fire departments. House Bill 372 (2022 Regular Session), Ky. Acts ch. 157, sec. 1, amended KRS 95A.055 to clarify the reporting requirements for fire districts and nonprofit fire departments. This amendment updates the reporting and audit requirements to bring this administrative regulation into conformity with the foregoing statutory changes.

(b) The necessity of the amendment to this administrative regulation:

House Bill 122 (2018 Regular Session), Ky. Acts ch. 90, sec. 2, amended KRS 75.430 and KRS 95A.055 to modify the audit and reporting requirements for fire departments. House Bill 372 (2022 Regular Session), Ky. Acts ch. 157, sec. 1, amended KRS 95A.055 to clarify the reporting requirements for fire districts and nonprofit fire departments. This amendment is necessary to bring this administrative regulation into conformity with the foregoing statutory changes.

(c) How the amendment conforms to the content of the authorizing statutes:

This amendment conforms to the content of KRS 75.430 and KRS 95A.055 by updating the requirements of this administrative regulation to conform with the amendments to those statutes.

(d) How the amendment will assist in the effective administration of the statutes:

This amendment will assist in the effective administration of KRS 75.430 and KRS 95A.055 by updating the audit and reporting requirements of this administrative regulation to conform with the statutory requirements.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

This administrative regulation will affect all fire departments.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

Fire department will be required to comply with the audit and reporting requirements of this amendment and KRS 75.430 and KRS 95A.055.

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

There will be no cost to any entity identified in question (3), other than the administrative costs of compliance with the audit and reporting requirements of KRS 75.430 and KRS 95A.055.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

Fire departments will benefit from the clarification of the audit and reporting requirements of this amendment consistent with KRS 75.430 and KRS 95A.055.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

Other than administrative costs, there will be no costs to the Commission in implementing this administrative regulation.

(b) On a continuing basis:

Other than administrative costs, there will be no costs to the Commission in implementing this administrative regulation.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

Appropriations to the Commission through the Kentucky Community and Technical College System.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

No increase in fees or funding will be necessary to implement this amendment.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This regulation does not establish any fees.

(9) TIERING: Is tiering applied?

Tiering is not applied to this administrative regulation because the amendment applies to all fire departments.

FISCAL IMPACT STATEMENT

(1) Identify each state statute, federal statute, or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 95A.055(13) requires the Commission to promulgate administrative regulations to implement KRS 75.430 and KRS 95A.055. Those statutes require fire departments to submit information to the Commission. This administrative regulation establishes fire department reporting requirements.

(2) Identify the promulgating agency and any other affected state units, parts, or divisions:

Kentucky Fire Commission

(a) Estimate the following for the first year:

Expenditures:None.

Revenues:None.

Cost Savings:None.

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

This amendment should not affect the Commission's expenditures, revenues, or costs.

(3) Identify affected local entities (for example: cities, counties, fire departments, school districts):

All fire departments.

(a) Estimate the following for the first year:

Expenditures:There will be no costs to affected entities, other than the administrative costs of compliance with the auditing and reporting requirements of this amendment and KRS 75.430 and KRS 95A.055.

Revenues:None

Cost Savings:None

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

There will be no costs to affected entities, other than the costs of compliance with the auditing and reporting requirements of this amendment and KRS 75.430 and KRS 95A.055.

(4) Identify additional regulated entities not listed in questions (2) or (3):

None.

(a) Estimate the following for the first year:

Expenditures:N/A

Revenues:N/A

Cost Savings:N/A

(b) How will expenditures, revenues, or cost savings differ in subsequent years?

N/A

(5) Provide a narrative to explain the:

(a) Fiscal impact of this administrative regulation:

No fiscal impact is anticipated as a result of this administrative regulation.

(b) Methodology and resources used to determine the fiscal impact:

No fiscal impact is anticipated as a result of this administrative regulation.

(6) Explain:

(a) Whether this administrative regulation will have an overall negative or adverse major economic impact to the entities identified in questions (2) - (4). (\$500,000 or more, in aggregate)

This administrative regulation will not have an overall negative or adverse major economic impact to the affected entities.

(b) The methodology and resources used to reach this conclusion:

No fiscal impact is anticipated as a result of this administrative regulation, other than the costs of compliance with the auditing and reporting requirements of this amendment and KRS 75.430 and KRS 95A.055.