

CHAPTER 20**(SB 60)**

AN ACT relating to uniform financial information reports for local governments.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

Section 1. KRS 65.900 is amended to read as follows:

As used in KRS 65.905 to 65.920, unless the context requires otherwise:

- (1) "City" means every city organized and governed under the mayor-alderman form of government pursuant to KRS Chapter 83, every city organized and governed under the mayor-council form of government pursuant to KRS Chapter 83A, every city organized and governed under the commission form of government pursuant to KRS Chapter 83A, every city organized and governed under the city manager form of government pursuant to KRS Chapter 83A, ***every consolidated local government organized and governed under the consolidated local government form of government pursuant to KRS Chapter 67C***, and every urban-county government organized and governed under the urban-county form of government pursuant to KRS Chapter 67A.
- (2) "County" means any of Kentucky's one hundred and twenty (120) counties.
- (3) "Special district" means any district with ad valorem taxing powers including, but not limited to, those specified in the following KRS statutes: KRS 75.010 to 75.260, KRS 76.274 to 76.279, KRS 104.450 to 104.680, KRS 107.310 to 107.500, KRS 108.080 to 108.180, KRS 109.115 to 109.190, KRS 147.610 to 147.710, KRS 164.605 to 164.675, KRS 173.450 to 173.650, KRS 173.710 to 173.800, KRS 179.700 to 179.990, KRS 210.370 to 210.480, KRS 212.720 to 212.760, KRS 216.310 to 216.360, KRS 220.010 to 220.613, KRS 262.010 to 262.660, KRS 262.700 to 262.990, KRS 266.010 to 266.990, KRS 268.010 to 268.990, and KRS 269.100 to 269.270.
- (4) "Local government" includes the terms city, county, ***consolidated local government, urban-county government***, and special district as defined in this section.
- (5) "Lease-purchase agreement" means an agreement to lease or to lease and purchase major items of property, equipment, or services estimated to cost fifty thousand dollars (\$50,000) or more, and two hundred thousand dollars (\$200,000) or more for the construction or installation of a building or a utility.

Section 2. KRS 65.905 is amended to read as follows:

- (1) Except as otherwise provided in subsection (2) of this section, each local government as defined in KRS 65.900 shall annually, after the close of the fiscal year, complete a uniform financial information report. The report shall be submitted to the Department for Local Government by May 1 immediately following the close of the fiscal year. The Department for Local Government shall immediately send one (1) copy of the uniform financial information report to the Legislative Research Commission to be used for the purposes of KRS 6.955 to 6.975.
- (2) The final quarterly report filed by a county within fifteen (15) days after the end of the last quarter of the fiscal year, in accordance with KRS 68.360(2), shall be deemed the uniform financial information report for that county for purposes of compliance with KRS 65.900 to 65.925~~[- if that quarterly report contains, at a minimum, all information required by KRS 65.910].~~
- (3) Each city may have the uniform financial information report completed by its selected auditor as part of the terms and conditions of the written agreement between the city and the auditor in accordance with KRS 91A.040. Each county may have the uniform financial information report completed by its auditor selected in accordance with KRS 43.070 or 64.810. Each special district may have the uniform financial information report completed by its auditor selected in accordance with KRS 65.065. If a city does not use the auditor to complete the uniform financial information report, it shall by order designate an elected or nonelected official to be responsible for annually completing the report and submitting it to the Department for Local Government. If a local government has any agency, board, or commission that receives any funding from the local government, but conducts its operations on an autonomous or semi-autonomous basis, the local government shall note on the uniform financial information report the name of the agency, board, or commission; the mailing address of the agency, board, or commission; and the dollar amount annually appropriated by the local government to the agency, board, or commission.

- (4) The Department for Local Government shall by administrative regulation prescribe the format of the uniform financial information report. The department shall attempt to coordinate and combine efforts with the United States Bureau of the Census in the development of the format of the uniform financial information report so that a single report will meet the needs of both agencies and fulfill the requirements of KRS 65.900 to 65.925. Regardless of any agreement between the Department for Local Government and the United States Bureau of the Census, the department shall maintain responsibility for assuring that a uniform financial information report is distributed to each local government as soon as practicable after the close of each fiscal year, but in no event later than one hundred twenty (120) days prior to the required submission date of May 1.
- (5) The Department for Local Government shall use the uniform financial information report to replace as many financial information forms as possible that local governments are currently required to complete and submit to the department for use by either the state or federal governments, by consolidating the required information into the uniform report.

Section 3. KRS 65.910 is amended to read as follows:

- (1) The uniform financial information report shall include, but not be limited to, information relating to demographics, ~~bonded indebtedness,~~ debt service ~~requirements,~~ lease-purchase agreements, tax rates and revenues, licenses, permits, fees, utilities, intergovernmental revenues, miscellaneous revenues *and expenses*, charges for services, and all expenditures ~~as set forth in this section.~~
- (2) ~~Demographic information shall include:~~
- ~~(a) The name of the unit of local government;~~
 - ~~(b) The county in which the city or special district is located;~~
 - ~~(c) The classification of the city;~~
 - ~~(d) The population of the unit of local government;~~
 - ~~(e) The form of government of the city; and~~
 - ~~(f) The area development district in which the unit of local government is located.~~
- (3) ~~Bonded indebtedness and debt service information shall include:~~
- ~~(a) The name of each project listed individually;~~
 - ~~(b) The type of bond issue used for each project;~~
 - ~~(c) The bonded indebtedness of each project;~~
 - ~~(d) The debt service requirements of each project; and~~
 - ~~(e) The specific source of debt service funds, whether local government appropriations or use of nongovernment funds.~~
- (4) ~~Lease purchase agreement information shall include:~~
- ~~(a) Purpose of the agreement;~~
 - ~~(b) Identity of the lessor;~~
 - ~~(c) Principal amount of the agreement;~~
 - ~~(d) Interest rate or rates for the agreement;~~
 - ~~(e) Date the local government entered into agreement;~~
 - ~~(f) Length of term of agreement;~~
 - ~~(g) Current annual debt service requirements for agreement; and~~
 - ~~(h) A list of and the purpose of any short term renewal bank notes.~~
- (5) ~~Tax rate and revenue information shall include:~~
- ~~(a) The compensating tax rate and the maximum tax rate for the current fiscal year and the preceding fiscal year;~~

- (b) ~~The current fiscal year ad valorem tax rate levied by the local government, the preceding fiscal year revenues collected by the local government, and the assessed property valuation for real property, personal property, and motor vehicles and watercraft; and~~
- (c) ~~The current fiscal year tax rate levied by the local government and the preceding fiscal year revenues collected by the local government for the following types of taxes:~~
- ~~1. Occupational license tax on persons;~~
 - ~~2. Occupational license tax on business net profits, gross receipts, or a flat rate;~~
 - ~~3. Insurance premium tax on fire and allied perils, casualty liability only, vehicle, inland marine, health, life, all other risks taxed, minimum tax and company taxable reserves;~~
 - ~~4. Transient room tax;~~
 - ~~5. Restaurant tax;~~
 - ~~6. Bank franchise tax;~~
 - ~~7. Delinquent collections; and~~
 - ~~8. Special purpose and other taxes.~~
- (6) ~~Information on licenses, permits, and fees shall include the amount charged and the preceding fiscal year revenues collected by the local government for the following types of licenses, permits, and fees:~~
- ~~(a) Alcoholic beverage licenses for the manufacture and sale, distilled spirits and wine, malt beverages, Sunday sales, and regulatory license fee on gross receipts;~~
 - ~~(b) Required sticker fees on automobiles and trucks;~~
 - ~~(c) Motor vehicles fees on taxicabs, truck tractors, semitrailers and trailers;~~
 - ~~(d) Coin operated machines;~~
 - ~~(e) Cable television;~~
 - ~~(f) Building, electrical, and plumbing permits;~~
 - ~~(g) Zoning permits and development impact fees;~~
 - ~~(h) Building, elevator, electrical, plumbing, food, rehabilitation, and any other inspection fees;~~
 - ~~(i) Licensing of electricians and electrical contractors;~~
 - ~~(j) Unloading fees;~~
 - ~~(k) Public service fees for fire protection, police protection;~~
 - ~~(l) Ambulance service franchise fees and ambulance run fees;~~
 - ~~(m) Animal license fees; and~~
 - ~~(n) Any other source of license, permit, or fee.~~
- ~~If varying rates or fees are charged based upon classification, volume, value, or other criteria, the local government shall submit a fee chart with the report form.~~
- (7) ~~Information on utilities shall include the franchise tax or fee, charge for service, user fee or "tap on" fee, and preceding fiscal year revenues collected by the local government on the following utilities:~~
- ~~(a) Waterworks;~~
 - ~~(b) Sewage treatment;~~
 - ~~(c) Electric light, heat, and power;~~
 - ~~(d) Gas;~~
 - ~~(e) Garbage collection for residential, commercial, and industrial customers, and landfill fees;~~
 - ~~(f) Transit authority; and~~

~~(g) — Any other type of utility.~~

~~— If varying rates or fees are charged based upon classification, volume, value, or other criteria, the local government shall submit a fee chart with the report form.~~

~~(8) — Information on intergovernmental revenues shall include the types of intergovernmental revenues received by the local government, preceding fiscal year revenues collected by the local government, and rate and interest requirements for loan repayments that shall include:~~

~~(a) — Kentucky Law Enforcement Foundation Program fund;~~

~~(b) — Professional Firefighters Foundation Program fund;~~

~~(c) — Community development block grant funds;~~

~~(d) — County or municipal road aid;~~

~~(e) — Local government economic assistance funds;~~

~~(f) — Net court revenues;~~

~~(g) — Kentucky Infrastructure Authority funds;~~

~~(h) — Economic development bonds;~~

~~(i) — Kentucky Economic Development Finance Authority funds;~~

~~(j) — Environmental Protection Agency funds;~~

~~(k) — County or city transfers; and~~

~~(l) — Any other source of state or federal funds.~~

~~(9) — Information on miscellaneous revenues and charges for services shall include the source of revenue, charge, or fee levied by the local government and preceding fiscal year revenues collected for the following:~~

~~(a) — Parking meter receipts;~~

~~(b) — Parking facility receipts;~~

~~(c) — Parking violation fines;~~

~~(d) — Charges for impounded vehicles;~~

~~(e) — Sale of abandoned vehicles;~~

~~(f) — Delinquent tax bills;~~

~~(g) — Fines and forfeitures;~~

~~(h) — Penalties and interest;~~

~~(i) — Franchise payments for governmental services bid out to the private sector;~~

~~(j) — Golf course receipts;~~

~~(k) — Parks and recreation;~~

~~(l) — Proceeds from sale of seized and forfeited property;~~

~~(m) — Rent;~~

~~(n) — Interest from investments and dividends; and~~

~~(o) — Any other source of revenue or charge for service.~~

~~(10)~~ Information on expenditures shall be listed by total only and indicate the fund from which an appropriation was made. The Department for Local Government shall consult with the Kentucky League of Cities, the Kentucky Association of Counties, the Kentucky Municipal Finance Officers' Association, the Kentucky Society of Certified Public Accountants, and other affected interest groups, as well as local officials in the development of information to be included in the expenditure section of the uniform financial information report.

Section 4. KRS 65.920 is amended to read as follows:

- (1) Any local government that fails to submit annually a uniform financial information report to the Department for Local Government shall be ineligible to receive county or municipal road aid moneys in accordance with KRS 177.360 or 177.366. Any local government receiving road aid moneys in accordance with KRS 177.365 to 177.369 or KRS 177.320 and 177.360 that fails to comply with the provisions of KRS 65.900 to ~~65.920~~~~{65.915}~~ shall immediately have all road aid payments suspended until the local government submits the uniform financial information report to the Department for Local Government.
- (2) If a local government receives payments of money from the Commonwealth and fails to comply with the provisions of KRS 65.900 to ~~65.920~~~~{65.925}~~ or KRS 92.280(1), the state local finance officer may notify those agencies making payments to the local government of noncompliance, and those agencies shall immediately suspend delivery of all payments to the local government except those payments made pursuant to KRS Chapter 154 or KRS 42.4588, until the state local finance officer determines that the local government has complied with the requirements of KRS 65.900 to ~~65.920~~~~{65.925}~~ or KRS 92.280(1).

Section 5. KRS 177.360 is amended to read as follows:

- (1) Except as provided in subsection (5) of this section, the Department of Intergovernmental Programs shall allocate the funds set apart under KRS 177.320(1) for construction, reconstruction, and maintenance of state-maintained secondary and rural highways as follows:
 - (a) One-fifth (1/5) shall be apportioned equally among the one hundred twenty (120) counties.
 - (b) One-fifth (1/5) shall be apportioned among the one hundred twenty (120) counties on the basis of the ratio which the rural population of each county bears to the total rural population of the state. "Rural population" as used here means the population in a county outside cities, towns, and urban areas having a population of twenty-five hundred (2,500) or more as shown by the most recent decennial census of the United States Bureau of the Census, and county population shall be determined by the most recent decennial census of the United States Bureau of the Census.
 - (c) One-fifth (1/5) shall be apportioned among the one hundred twenty (120) counties on the basis of the ratio that the public road mileage outside of cities, towns, and urban areas having a population of twenty-five hundred (2,500) or more bears to the total mileage of such roads for the entire state.
 - (d) Two-fifths (2/5) shall be apportioned among the one hundred twenty (120) counties on the basis of the ratio which the square-mile rural area of the county bears to the total square-mile rural area of the state. "Rural area" as used here means that area of the county outside of cities, towns, and urban areas having a population of twenty-five hundred (2,500) or more and shown by the most recent decennial census of the United States Bureau of the Census.
- (2) A sum not exceeding six percent (6%) of the allocation provided by KRS 177.320(1) to each county shall be deducted at the beginning of each fiscal year and adjusted quarterly to cover the maintenance, administrative, engineering, and other costs of the program.
- (3) Of the total amount apportioned by the provisions of this section, a sum not exceeding six percent (6%) may be deducted and placed by the Department of Intergovernmental Programs in a special emergency account to be expended at the direction of the commissioner to meet unforeseen emergencies on rural and secondary roads and bridges.
- (4) Apportionments as required by the provisions of this section shall be made on the basis of revenue estimates supplied by the Finance and Administration Cabinet and adjusted quarterly in accordance with the most recent revision of the estimates by the Finance and Administration Cabinet.
- (5) Any county eligible to receive county road aid moneys in accordance with KRS 177.320 and this section shall be required to submit a uniform financial information report to the Department for Local Government in accordance with KRS 65.905 before any payment of county road aid funds shall be made. The Department for Local Government shall notify the Department of Intergovernmental Programs no later than March 1 annually of any county that has not submitted a uniform financial information report. The Department of Intergovernmental Programs shall upon notification by the department immediately suspend all county road aid moneys to the county until the county complies with the provisions of KRS 65.900 to ~~65.920~~~~{65.915}~~ and submits the uniform financial information report to the Department for Local Government. The department shall immediately notify the Department of Intergovernmental Programs to reinstate county road aid moneys to any county affected by this subsection as soon as the county submits the uniform financial information report.

Section 6. KRS 177.366 is amended to read as follows:

- (1) Except as provided in subsection (8) of this section, on and after July 1, 1980, the Finance and Administration Cabinet shall allocate to each incorporated city and "unincorporated urban place" its pro rata share of the funds set apart for construction, reconstruction, and maintenance of urban roads and streets on the basis of the ratio which the population in the incorporated cities and in "unincorporated urban places" bears to the total population in incorporated cities and in "unincorporated urban places" of the state. "Unincorporated urban places" as used here, means an area as defined in KRS 81.015, and any area outside of incorporated cities, which area has a population of 2,500 or more as shown by the most recent decennial census of the United States Bureau of the Census, and all populations shall be determined by the most recent decennial census of the United States.
- (2) Any area which becomes incorporated after December 31, 1970, shall not be eligible to participate in the Municipal Aid Program until the beginning of the second fiscal year following its incorporation and population certification. It shall be the responsibility of the newly incorporated area to provide the Finance and Administration Cabinet with documentation from the United States Bureau of the Census showing the population of the newly incorporated area as it existed at the time of the last decennial census.
- (3) In the event the newly incorporated area cannot obtain a population count from the Bureau of the Census, it shall not be eligible to participate in the Municipal Aid Program until the next decennial census.
- (4) If an incorporated city, whose incorporation took place prior to December 31, 1970, annexes additional area, the population of the annexed area will not be counted in the allocation of municipal aid funds until the beginning of the second fiscal year following annexation and population certification.
- (5) It shall be the responsibility of the incorporated city to provide the Finance and Administration Cabinet with documentation from the United States Bureau of the Census showing the population for the annexed area as it existed at the time of the last decennial census.
- (6) If the incorporated area cannot obtain a population count from the Bureau of the Census, the annexed area's population shall not be eligible to be counted in the distribution of the municipal aid fund. However, the streets included in the annexed areas shall be eligible to receive work through this program.
- (7) Apportionments as required by the provisions of this section shall be made on the basis of revenue estimates supplied by the Office of State Budget Director and shall be adjusted quarterly in accordance with the most recent revision of the estimates by the Office of State Budget Director.
- (8) Any local government eligible to receive municipal road aid moneys pursuant to KRS 177.365 to 177.369 shall be required to submit a uniform financial information report to the Department for Local Government pursuant to KRS 65.905 before any payment of municipal road aid funds shall be made. The Department for Local Government shall notify the Finance and Administration Cabinet no later than March 1 annually of any local government that has not submitted a uniform financial information report. The Finance and Administration Cabinet shall upon notification by the department, immediately suspend all municipal road aid moneys to the local government until the local government complies with the provisions of KRS 65.900 to ~~65.915~~ **65.920** and submits the uniform financial information report to the Department for Local Government. The department shall immediately notify the Finance and Administration Cabinet to reinstate municipal road aid moneys to any local government affected by this subsection as soon as the local government submits the uniform financial information report.

Section 7. The following KRS section is repealed:

65.915 Date of filing first report.

Approved March 19, 2007.