

1 AN ACT relating to local entities and declaring an emergency.

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

3 ➔Section 1. KRS 91A.020 is amended to read as follows:

- 4 (1) Each city shall keep its accounting records and render financial reports in such a
5 way as to:
- 6 (a) Determine compliance with statutory provisions;~~and~~
 - 7 (b) Determine fairly and with full disclosure the financial operations of
8 constituent funds and account groups of the city; ***and***
 - 9 ***(c) Conform***~~[in conformity]~~ with generally accepted governmental accounting
10 principles, ***except cities receiving and expending, from all sources and for***
11 ***all purposes, less than fifteen million dollars (\$15,000,000) may choose to***
12 ***conform with the cash or the modified cash basis of accounting.***

13 (2) Municipal accounting systems shall be organized and operated on a fund basis.

14 ➔Section 2. KRS 91A.040 is amended to read as follows:

- 15 (1) Except as provided in subsections (2) and (3) of this section ***and Section 4 of this***
16 ***Act***, each city shall, after the close of each fiscal year, cause each fund of the city to
17 be audited by the Auditor of Public Accounts or a certified public accountant. The
18 audit shall be completed by March 1 immediately following the fiscal year being
19 audited. The city shall forward an electronic copy of the audit report to the
20 Department for Local Government for information purposes by no later than April 1
21 immediately following the fiscal year being audited.
- 22 (2) In lieu of the annual audit requirements in subsection (1) of this section, a city with
23 a population equal to or less than three thousand (3,000) based upon the most recent
24 federal decennial census may elect to have an audit performed every other fiscal
25 year in the following manner:
- 26 (a) ***For a city that is not performing an agreed-upon engagement procedure***
27 ***under Section 4 of this Act***, after the close of each odd-numbered fiscal year,

- 1 the city shall for that odd-numbered year cause each fund of the city to be
2 audited by the Auditor of Public Accounts or a certified public accountant.
3 The audits shall be completed by March 1 immediately following the fiscal
4 year to be audited. The city shall forward an electronic copy of the audit
5 report to the Department for Local Government for information purposes by
6 no later than April 1 immediately following the fiscal year being audited; and
- 7 (b) After the close of each even-numbered fiscal year, the city shall not be
8 required to complete an annual audit but shall forward an electronic copy of
9 its financial statement prepared in accordance with KRS 424.220 to the
10 Department for Local Government by no later than October 1 immediately
11 following the close of the even-numbered fiscal year.
- 12 (3) Any city, which for any fiscal year receives and expends, from all sources and for
13 all purposes, less than five hundred thousand dollars (\$500,000), and which has no
14 long-term debt, whether general obligation or revenue debt, shall not be required to
15 audit each fund of the city for that particular fiscal year. In addition, each city
16 exempted in accordance with this subsection shall:
- 17 (a) Annually prepare a financial statement in accordance with KRS 424.220 and
18 shall, not later than October 1 following the conclusion of the fiscal year,
19 forward one (1) electronic copy to the Department for Local Government for
20 information purposes; and
- 21 (b) If exempted under this subsection for more than four (4) consecutive fiscal
22 years after July 1, 2022, have **performed an agreed-upon**
23 **procedures**~~[prepared an attestation]~~ engagement covering the **fifth**~~[fourth]~~
24 fiscal year in which the city qualified for an exemption under this subsection.
25 An **agreed-upon procedures**~~[attestation]~~ engagement **required under this**
26 **paragraph shall be completed in accordance with subsections (3) to (9) of**
27 **Section 4 of this Act and any other requirements established by the Auditor**

1 *of Public Accounts through the promulgation of administrative regulations*
2 *in accordance with KRS Chapter 13A*~~[completed pursuant to this subsection~~

3 shall be:

- 4 1. ~~Prepared by an independent certified public accountant or by the~~
5 ~~Auditor of Public Accounts pursuant to a contract with the city using~~
6 ~~generally accepted attestation standards as promulgated by the American~~
7 ~~Institute of Certified Public Accountants and any additional procedures~~
8 ~~established by the Department for Local Government through~~
9 ~~administrative regulation;~~
- 10 2. ~~Completed by no later than March 1 immediately following the~~
11 ~~conclusion of the fiscal year in which in the attestation engagement is~~
12 ~~required;~~
- 13 3. ~~Submitted to the Department for Local Government as one (1) electronic~~
14 ~~copy no later than April 1 after its completion;~~
- 15 4. ~~Advertised to the public within thirty (30) days of its completion by~~
16 ~~causing the publication of a legal display advertisement of not less than~~
17 ~~six (6) column inches in a newspaper qualified under KRS 424.120~~
18 ~~stating that the attestation has been prepared and copies have been~~
19 ~~provided to each local newspaper of general circulation, each news~~
20 ~~service, and each local radio and television station which has on file~~
21 ~~with the city a written request to receive copies of financial statements~~
22 ~~under KRS 424.220. Any city advertising under this subparagraph shall~~
23 ~~be exempt from publishing its financial statement under KRS~~
24 ~~424.220(6)(b) for any year in which it is required to have an attestation~~
25 ~~engagement completed; and~~
- 26 5. ~~Provided to the Auditor of Public Accounts upon request for review of~~
27 ~~the final report and all related work papers and documents regarding the~~

1 ~~attestation engagement~~].

2 (4) If a city is required by another provision of law to audit its funds more frequently or
3 more stringently than is required by this section, the city shall also comply with the
4 provisions of that law.

5 (5) The Department for Local Government shall, upon request, make available
6 electronic copies of the audit reports and financial statements received by it under
7 subsections (1) to (3) of this section to the Legislative Research Commission to be
8 used for the purposes of KRS 6.955 to 6.975 or to the Auditor of Public Accounts.

9 (6) Each city required ~~[by this section]~~ to conduct an ~~[annual or biennial]~~ audit **under**
10 **subsection (1) or (2) of this section** shall enter into a written contract with an
11 auditor, who shall be a certified public accountant or the Auditor of Public
12 Accounts. The contract shall set forth all terms and conditions of the agreement
13 which shall include but not be limited to requirements that:

14 (a) The auditor be employed to examine the basic financial statements, which
15 shall include the **financial statements prepared in accordance with the basis**
16 **of accounting used by the city**~~[government wide and fund financial~~
17 ~~statements]~~;

18 (b) The auditor shall include in the ~~[annual or biennial]~~ city audit report an
19 examination of local government economic assistance funds granted to the
20 city under KRS 42.450 to 42.495. The auditor shall include a certification
21 with the ~~[annual or biennial]~~ audit report that the funds were expended for the
22 purpose intended;

23 (c) All audit information be prepared in accordance with generally accepted
24 governmental auditing standards which include tests of the accounting records
25 and auditing procedures considered necessary in the circumstances. Where the
26 audit is to cover the use of state or federal funds, appropriate state or federal
27 guidelines shall be utilized;

- 1 (d) The auditor shall prepare a ~~type-written or~~ printed report embodying:
- 2 1. The basic financial statements and accompanying supplemental and
- 3 required supplemental information;
- 4 2. The auditor's opinion on the basic financial statements or reasons why
- 5 an opinion cannot be expressed; and
- 6 3. Findings required to be reported as a result of the audit;
- 7 (e) The completed audit and all accompanying documentation shall be presented
- 8 to the city legislative body at a regular or special meeting; and
- 9 (f) Any contract with a certified public accountant for an audit shall ***provide that***
- 10 ~~require the accountant to forward a copy of the audit report and management~~
- 11 ~~letters to the Auditor of Public Accounts upon request of the city or the~~
- 12 ~~Auditor of Public Accounts, and~~ the Auditor of Public Accounts shall have
- 13 the right to review the certified public accountant's work papers upon request.
- 14 (7) A copy of an audit report which meets the requirements of this section shall be
- 15 considered satisfactory and final in meeting any official request to a city for
- 16 financial data, except for statutory or judicial requirements, or requirements of the
- 17 Legislative Research Commission necessary to carry out the purposes of KRS 6.955
- 18 to 6.975.
- 19 (8) Each city shall, within thirty (30) days after the presentation of an audit to the city
- 20 legislative body, publish an advertisement in accordance with KRS Chapter 424
- 21 containing:
- 22 (a) The auditor's opinion letter;
- 23 (b) ***A budget-to-actual comparison schedule for the general fund*** ~~The~~
- 24 ~~"Budgetary Comparison Schedules Major Funds," which shall include the~~
- 25 ~~general fund and all major funds~~];
- 26 (c) A statement that a copy of the complete audit report, including financial
- 27 statements and supplemental information, is on file at city hall and is available

- 1 for public inspection during normal business hours;
- 2 (d) A statement that any citizen may obtain from city hall a copy of the complete
3 audit report, including financial statements and supplemental information, for
4 his or her personal use; and
- 5 (e) A statement which notifies citizens requesting a personal copy of the city
6 audit report that they will be charged for duplication costs at a rate that shall
7 not exceed twenty-five cents (\$0.25) per page; ~~and~~
- 8 ~~(f) A statement that copies of the financial statement prepared in accordance with~~
9 ~~KRS 424.220, when a financial statement is required by KRS 424.220, are~~
10 ~~available to the public at no cost at the business address of the officer~~
11 ~~responsible for preparation of the statement].~~
- 12 (9) Any resident of the city or owner of real property within the city may bring an
13 action in the Circuit Court to enforce the provisions of this section. Any person who
14 violates any provision of this section shall be fined not less than fifty dollars (\$50)
15 nor more than five hundred dollars (\$500). In addition, any officer who fails to
16 comply with any of the provisions of this section shall, for each failure, be subject
17 to a forfeiture of not less than fifty dollars (\$50) nor more than five hundred dollars
18 (\$500), in the discretion of the court, which may be recovered only once in a civil
19 action brought by any resident of the city or owner of real property within the city.
20 The costs of all proceedings, including a reasonable fee for the attorney of the
21 resident or property owner bringing the action, shall be assessed against the
22 unsuccessful party.
- 23 (10) In the event of extenuating circumstances that prevent a city from completing and
24 submitting a required audit or financial statement in compliance with the applicable
25 deadlines in subsections (1) to (3) of this section, the city may submit a written
26 request for an extension of time to the Department for Local Government on a form
27 prescribed by the Department for Local Government. The Department for Local

1 Government shall approve the request if, in the judgment of the Department for
2 Local Government, the request is warranted by extenuating circumstances beyond
3 the control of the city or other factors that justify the city's noncompliance with the
4 required deadlines. The Department for Local Government may consider any
5 evidence it deems appropriate, including but not limited to proof of the city's
6 progress towards compliance. Extensions granted under this subsection shall not
7 exceed eighteen (18) months from the original due date of the audit or financial
8 statement. If the Department for Local Government approves an extension for a city
9 and the city fails to complete and submit the required audit or financial statement in
10 compliance with that extended deadline, then the provisions of subsection (11) of
11 this section shall apply.

12 (11) If a city fails to complete an audit or financial statement and submit it to the
13 Department for Local Government as required in subsections (1) to (3) and (10) of
14 this section, the Department for Local Government shall notify the Finance and
15 Administration Cabinet that the city has failed to comply with the audit
16 requirements of this section~~[,]~~ and that any funds in the possession of any agency,
17 entity, or branch of state government shall be withheld from the city until further
18 notice. The Department for Local Government shall immediately notify the Finance
19 and Administration Cabinet when the city complies with the requirements of
20 subsections (1) to (3) and (10) of this section for all prior fiscal years it has failed to
21 comply with the audit requirements of this section, and the Finance and
22 Administration Cabinet shall direct the reinstatement of payments to the city,
23 including any funds that were withheld due to the noncompliance. This subsection
24 shall not be interpreted or construed to permit the state to withhold any
25 nondiscretionary payments to a city that are due the city for the provision of
26 services by the city to the state or any of its agencies, including for the use of city
27 utilities.

1 (12) Within a reasonable time after the completion of a special audit or examination
2 conducted pursuant to KRS 43.050, the Auditor shall bill the city for the actual
3 expense of the audit or examination conducted. The actual expense shall include the
4 hours of work performed on the audit or examination as well as reasonable
5 associated costs, including but not limited to travel costs. The bill submitted to the
6 city shall include a statement of the hourly rate, total hours, and total costs for the
7 entire audit or examination.

8 **(13) A city shall provide a copy of any audit report completed pursuant to this section**
9 **to the Auditor of Public Accounts upon request.**

10 ➔Section 3. KRS 424.220 is amended to read as follows:

11 (1) Excepting officers who are exempted under subsection (8) of this section, every
12 public officer of any city, county, or district less than a county, or of any board,
13 commission, or other authority of a city, county, or district whose duty it is to
14 collect, receive, have the custody, control, or disbursement of any funds collected
15 from the public in any form shall, at the expiration of each fiscal year, prepare an
16 itemized, sworn statement of the funds collected, received, held, or disbursed by
17 him or her during the fiscal year just closed, unless he or she has complied with
18 KRS 424.230.

19 (2) The statement shall show:

20 (a) The total amount of funds collected and received during the fiscal year from
21 each individual source; and

22 (b) The total amount of funds disbursed during the fiscal year to each individual
23 payee. The list shall include only aggregate amounts to vendors exceeding one
24 thousand dollars (\$1,000).

25 (3) Only the totals of amounts paid to each individual as salary or commission and
26 public utility bills shall be shown. The amount of salaries paid to all nonelected
27 county employees shall be shown as lump-sum expenditures by category, including

1 but not limited to road department, jails, solid waste, public safety, and
2 administrative personnel.

3 (4) The financial reporting and publishing requirements for a school district are
4 provided in KRS 160.463.

5 (5) The officer shall procure and include in or attach to the financial statement, as a part
6 thereof, a certificate from the cashier or other proper officer of the banks in which
7 the funds are or have been deposited during the past year, showing the balance, if
8 any, of funds to the credit of the officer making the statement.

9 (6) To provide notice to the public that the city's financial statement has been
10 completed as required by this section, ~~the~~

11 ~~(a) The appropriate officer of a city that has performed an audit under KRS 91A.040~~
12 ~~for the fiscal year or years, including the appropriate officer of any municipally~~
13 ~~owned electric, gas, or water system, shall publish the audit report in accordance~~
14 ~~with KRS 91A.040(8); and~~

15 ~~(b)~~ the appropriate officer of a city that has not conducted an annual audit for the fiscal
16 year under one (1) of the exceptions provided in KRS 91A.040(2) or (3) shall
17 publish a legal display advertisement of not less than six (6) column inches in a
18 newspaper qualified under KRS 424.120 that the statement required by subsection
19 (1) of this section has been prepared and that copies have been provided to each
20 local newspaper of general circulation, each news service, and each local radio and
21 television station which has on file with the city a written request to be provided a
22 statement. The advertisement shall be published within ***thirty (30)***~~ninety (90)~~ days
23 after the ***submission of the financial statement to the Department for Local***
24 ***Government under subsection (2)(b) or (3)(a) of Section 2 of this Act***~~close of the~~
25 ~~fiscal year~~.

26 (7) To provide notice to the public that the county's financial statement has been
27 completed as required by this section, the appropriate officer of a county shall

1 publish the county's audit, prepared in accordance with KRS 43.070 or 64.810, in
 2 the same manner that city audits are published in accordance with KRS 91A.040(8).

3 (8) The provisions of this section shall not apply to officers of:

- 4 (a) A city of the first class;
- 5 (b) A county containing a city of the first class;
- 6 (c) A consolidated local government;
- 7 (d) An urban-county government;
- 8 (e) A city with a population equal to or greater than twenty thousand (20,000)
 9 based upon the most recent federal decennial census;
- 10 (f) A city that has completed an audit pursuant to the provisions of subsection
 11 (1) or (2)(a) of Section 2 of this Act;
- 12 (g) A city that has completed an agreed-upon procedures engagement in
 13 accordance with Section 4 of this Act;
- 14 (h) A public agency or joint public agency of a:
- 15 1. City of the first class;
- 16 2. Consolidated local government; or
- 17 3. County containing a city of the first class; or
- 18 ~~(i)(g)~~ A school district of a:
- 19 1. City of the first class;
- 20 2. Consolidated local government; or
- 21 3. County containing a city of the first class.

22 ➔SECTION 4. A NEW SECTION OF KRS CHAPTER 91A IS CREATED TO
 23 READ AS FOLLOWS:

24 (1) Beginning with fiscal years on and after July 1, 2027, a city required to complete
 25 an audit pursuant to the provisions of Section 2 of this Act may elect to instead
 26 have an agreed-upon procedures engagement with either the Auditor of Public
 27 Accounts or a certified public accountant under the provisions of this section.

1 (2) A city shall meet the following conditions in order to proceed with an agreed-
2 upon procedures engagement under this section for a particular fiscal year:

3 (a) Unless proceeding under subsection (9) of this section, the city shall have
4 complied with any of the applicable requirements under Section 2 of this
5 Act or this section in the immediately preceding fiscal year;

6 (b) The city has not been subject to a special examination from the Auditor of
7 Public Accounts during the immediately preceding fiscal year or during the
8 fiscal year to be audited;

9 (c) For the fiscal year subject to be audited, the city received and expended
10 from all sources and for all purposes less than fifteen million dollars
11 (\$15,000,000);

12 (d) The city is not required by any other provision of state or federal law to
13 perform an audit or examination more stringent than is required by this
14 section; and

15 (e) The city shall meet any other standards and requirements not in conflict
16 with this subsection that may be established by the Auditor of Public
17 Accounts through the promulgation of administrative regulations in
18 accordance with KRS Chapter 13A.

19 (3) An agreed-upon procedures engagement entered into by a city under this section
20 shall be conducted and governed under the American Institute of Certified Public
21 Accountants (AICPA) professional standards and any additional standards and
22 requirements established by administrative regulation promulgated in accordance
23 with KRS Chapter 13A by the Auditor of Public Accounts. Any agreed-upon
24 procedures engagement conducted for a city shall, at a minimum, examine and
25 report on:

26 (a) Reconciliation of cash, including the recalculation of year-end bank
27 reconciliations, confirmation of beginning and ending balances, and

- 1 verification that reconciled bank balances agree to fund cash balances in
2 the accounting system and financial statement;
- 3 (b) Confirmation of cash balances directly with any external financial
4 institutions;
- 5 (c) Fund balances and transfers;
- 6 (d) Inspection of investment holdings for compliance with applicable state law
7 and any policies adopted by the city;
- 8 (e) A statement of receipts and disbursements, including payroll disbursements;
- 9 (f) Identification of outstanding debt, including confirmation of beginning and
10 ending balances, any new debt issuance or payments, amortization
11 schedules, and compliance with debt terms;
- 12 (g) Verification that total expenditures do not exceed appropriations; and
- 13 (h) If applicable, an examination of local government economic assistance
14 funds granted to the city under KRS 42.450 to 42.495 to ensure the funds
15 were expended for the purposes intended.
- 16 (4) An agreed-upon procedures engagement performed under this section shall be
17 completed by March 1 immediately following the fiscal year being examined. A
18 copy of the agreed-upon procedures report shall be forwarded to the Department
19 for Local Government for informational purposes no later than April 1
20 immediately following the fiscal year being examined. The Department for Local
21 Government shall, upon request, make available electronic copies of reports
22 submitted to it under this section to the Legislative Research Commission to be
23 used for the purposes of KRS 6.955 to 6.975 and to the Auditor of Public
24 Accounts if the Auditor is not a party to the agreed-upon procedures engagement.
- 25 (5) Any city proceeding under this section to perform an agreed-upon procedures
26 engagement in lieu of an audit shall enter into a contract with the Auditor of
27 Public Accounts or a certified public accountant for the performance of that

- 1 agreed-upon procedures engagement. The contract's terms and conditions shall
2 include but not be limited to:
- 3 (a) The Auditor of Public Accounts or the certified public accountant complete
4 an agreed-upon procedures report in compliance with subsection (3) of this
5 section;
- 6 (b) The completed agreed-upon procedures report shall be presented to the city
7 legislative body at a regular or special meeting; and
- 8 (c) If the agreed-upon procedures engagement is completed by a certified
9 public accountant, that the Auditor of Public Accounts shall be allowed to
10 review the certified public accountant's work papers upon request.
- 11 (6) A copy of an agreed-upon procedures engagement report which meets the
12 requirements of this section shall be considered satisfactory and final in meeting
13 any official request to a city for financial data, except as may be required by the
14 Kentucky Revised Statutes, including those under KRS 6.955 to 6.975, and any
15 judicial requirements.
- 16 (7) An agreed-upon procedures engagement report completed under this section
17 shall be deemed sufficient to meet any state law or administrative regulation that
18 requires the submission or completion of an audit.
- 19 (8) Not later than thirty (30) days after the date on which the presentation of the
20 agreed-upon procedures engagement report has been made to the city, the city
21 shall publish an advertisement in accordance with KRS Chapter 424 that the
22 agreed-upon procedures engagement report has been completed for the city and
23 that:
- 24 (a) The complete report, along with supplemental information, is available for
25 inspection at city hall during normal business hours; and
- 26 (b) Any citizen may obtain from city hall a copy of the completed agreed-upon
27 procedures engagement report for personal use at a duplication cost not

1 exceeding twenty-five cents (\$0.25) per page.

2 (9) A city that is two (2) or more fiscal years behind in completing or reporting under
 3 Section 2 or 3 of this Act may make an application to the Department for Local
 4 Government to proceed under this section with a single agreed-upon procedures
 5 engagement to bring the city into compliance for those fiscal years. The
 6 Department for Local Government shall prescribe any requirements, conditions,
 7 and other terms for using the process authorized under this subsection by
 8 administrative regulation promulgated in accordance with KRS Chapter 13A.
 9 Once completed, the Department for Local Government shall treat the city as
 10 compliant with the requirements it had previously failed to meet under Section 2
 11 or 3 of this Act.

12 (10) A city shall forward a copy of any agreed-upon procedures engagement report
 13 completed pursuant to this section to the Auditor of Public Accounts upon
 14 request.

15 ➔Section 5. KRS 75.031 is amended to read as follows:

16 (1) (a) 1. Upon creation of a fire protection district or a volunteer fire department
 17 district as provided in KRS 75.010, the affairs of the district shall be
 18 conducted by the board of trustees consisting of seven (7) members,
 19 four (4) to be elected by the members of the district as hereinafter set out
 20 and three (3) to be appointed by the county judge/executive or the
 21 mayor in a consolidated local government pursuant to the provisions of
 22 KRS 67C.139.

23 2. Two (2) members of the board of trustees shall be elected by the
 24 members of the firefighters of the district and shall be full-time paid
 25 employees of the district or members of the district who personally
 26 reside in the district.

27 3. Two (2) members of the board of trustees shall be property owners who

1 own real or personal property which is subject to the fire protection tax
2 pursuant to KRS 75.040, who personally reside in the district, and who
3 are not active firefighters and shall be elected by the property owners of
4 the district. Property owners voting to select representatives to the board
5 of trustees shall have attained the age of eighteen (18).

6 4. The county judge/executive of the county in which the greater part of
7 the district is located shall, with the approval of the fiscal court, appoint
8 three (3) members of the board of trustees *who personally reside in the*
9 *district*. In counties containing a city of the first class, trustees appointed
10 by the county judge/executive to serve in volunteer fire prevention
11 districts shall reside within the boundaries of that county. In counties
12 governed by a consolidated local government, trustees appointed by the
13 mayor to serve in volunteer fire prevention districts shall reside within
14 the boundaries of the consolidated local government.

15 5. At the first election held after the district is formed, one (1) firefighter
16 shall be elected to serve on the board of trustees for a period of one (1)
17 year and one (1) for a period of three (3) years, and one (1)
18 nonfirefighter property owner shall be elected to serve on the board of
19 trustees for a period of two (2) years and one (1) for a period of four (4)
20 years. On the expiration of the respective terms, the successor to each
21 shall have the same qualifications as his or her predecessor and shall be
22 elected for a term of four (4) years. The original appointed members of
23 the board of trustees shall be appointed for terms of one (1), two (2), and
24 three (3) years respectively. On the expiration of the respective terms,
25 the successors to each shall be appointed for a term of three (3) years.

26 6. Upon the establishment of a consolidated local government, incumbent
27 members shall continue to serve until the expiration of their current term

1 of office.

2 7. In the event of a vacancy in the term of an appointed or elected trustee,
3 the county judge/executive shall appoint with the approval of the fiscal
4 court a trustee for the remainder of the term, except in a county
5 containing a consolidated local government. In a county containing a
6 consolidated local government, the mayor pursuant to the provisions of
7 KRS 67C.139 shall appoint a trustee for the remainder of the term.

8 (b) An appointed trustee may be removed from office as provided by KRS
9 65.007.

10 (c) 1. No person shall be an elected trustee who *is not a resident of the*
11 *district, except as provided in subsection (1)(a)2. of this section, and*
12 *who*, at the time of his or her election, is not a citizen of Kentucky and
13 has not attained the age of twenty-one (21).

14 2. *Except for trustees elected under subsection (1)(a)2. of this section, a*
15 *vacancy shall be declared to exist if an elected trustee no longer*
16 *resides within the boundaries of the district at any time during his or*
17 *her term of office.*

18 (d) Unless otherwise provided by law, an elected firefighter trustee may be
19 removed from office by the mayor of a consolidated local government, or in a
20 county not containing a consolidated local government, by the county
21 judge/executive of the county in which the greater part of the district is
22 located. An elected firefighter trustee may be removed after a hearing with
23 notice as required by KRS Chapter 424, for inefficiency, neglect of duty,
24 malfeasance, or conflict of interest. The hearing shall be initiated and chaired
25 by the county judge/executive of a county or the mayor of a consolidated local
26 government, who shall prepare a written statement setting forth the reasons
27 for removal. The trustee to be removed shall be notified of his or her proposed

1 removal and the reasons for the proposed removal by registered mail sent to
2 his or her last known address at least ten (10) days prior to the hearing. The
3 person proposed to be removed may employ counsel to represent him or her.
4 A record of the hearing shall be made by the county judge/executive or mayor
5 respectively.

6 (e) The removal of an elected firefighter trustee of a fire protection district shall
7 be subject to the approval of the fiscal court of the county in which the greater
8 part of the district is located in those counties not containing a consolidated
9 local government or the legislative council in a county containing a
10 consolidated local government.

11 (f) An elected firefighter trustee removed pursuant to paragraphs (d) and (e) of
12 this subsection may appeal, within ten (10) days of the rendering of the
13 decision of the fiscal court or legislative council, respectively, to the Circuit
14 Court of the county in which the greater part of the district is located. The
15 scope of the appeal shall be limited to whether the county judge/executive,
16 mayor, legislative council, or the fiscal court respectively, abused their
17 discretion in removing the trustee.

18 (2) The elective offices of members of the board of trustees shall be filled by an
19 election to be held once each year on the fourth Saturday of June between the hours
20 of 11:00 a.m. and 2:00 p.m. The polls shall be located at the principal fire house in
21 the district. The date, time, and place of the election shall be advertised in
22 accordance with KRS 424.120. This notice shall be advertised at least thirty (30)
23 days prior to the election date and shall include the names and addresses of the
24 candidates to be voted on for each position of trustee. In lieu of the published notice
25 for the election of the firefighter trustees, written notice containing the information
26 required to be advertised may be sent by first-class mail to each member of the
27 firefighters of the fire protection district or volunteer fire department district,

1 addressed to the firefighter at his or her residence, at least thirty (30) days prior to
2 the election date. The nominations for candidates for trustees both representing the
3 firefighters and the property owners residing in the district shall be made in
4 accordance with the bylaws of the department. The terms of the three (3) trustees
5 appointed by the county judge/executive or mayor shall start at the same time as the
6 terms of the elected trustees. On or before the beginning of the second fiscal or
7 calendar year, depending on which basis the fire protection or volunteer fire
8 department district is being operated, after June 16, 1966, all departments organized
9 prior to June 16, 1966, shall increase their boards of trustees from three (3) to seven
10 (7) members and elect the elective members in the manner set forth herein.

11 (3) The trustees shall elect from their number a chairman, a secretary, and a treasurer,
12 the latter of whom shall give bond in an amount as shall be determined by the
13 county judge/executive of the county in which the greater part of the fire protection
14 district is located or the mayor in a consolidated local government, conditioned
15 upon the faithful discharge of the duties of his or her office, and the faithful
16 accounting for all funds which may come into his or her possession as treasurer.
17 The premiums on the bonds shall be paid out of the funds of the district.

18 ➔Section 6. KRS 273.207 is amended to read as follows:

19 (1) The affairs of a corporation shall be managed by a board of directors. ***Except as***
20 ***provided in subsection (2) of this section,*** directors need not be residents of this
21 state or members of the corporation unless the articles of incorporation or the
22 bylaws so require. The articles of incorporation or the bylaws may prescribe other
23 qualifications for directors.

24 (2) ***The members of the board of directors of a fire department organized under this***
25 ***chapter shall be residents of the geographic area served by the corporation. A***
26 ***vacancy shall be declared to exist if a member no longer resides within the***
27 ***geographic area served by the corporation at any time during his or her term of***

1 office.

2 ➔Section 7. On the effective date of this section of this Act:

3 (1) A vacancy shall be declared to exist in the office of any board of trustees
4 member serving under Section 5 of this Act who does not qualify under subsection
5 (1)(a)2. of Section 5 of this Act, and the vacancy shall be filled in accordance with
6 Section 5 of this Act; and

7 (2) A vacancy shall be declared to exist in the office of any board of director
8 member serving under Section 6 of this Act who does not personally reside in the
9 geographic area served by the corporation, and the vacancy shall be filled in accordance
10 with KRS 273.213.

11 ➔Section 8. Whereas it is critical to ensure the representation of residents served
12 by fire protection entities, an emergency is declared to exist, and Sections 5, 6, and 7 of
13 this Act take effect upon its passage and approval by the Governor or upon its otherwise
14 becoming a law.