

1 AN ACT relating to area development districts and declaring an emergency.

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

3 ➔SECTION 1. A NEW SECTION OF KRS CHAPTER 147A IS CREATED TO  
4 READ AS FOLLOWS:

5 *(1) The Department for Local Government shall allocate area development district*  
6 *funding appropriated to the Joint Funding Administration Program to the area*  
7 *development districts.*

8 *(2) Prior to considering the matching of any federal dollars, the Department for*  
9 *Local Government shall use the following formula for allocating general fund*  
10 *dollars appropriated through the Joint Funding Administration Program in a*  
11 *fiscal year:*

12 *(a) Seventy percent (70%) of the total amount shall be allocated equally among*  
13 *the area development districts;*

14 *(b) Twenty percent (20%) of the total amount shall be allocated based on each*  
15 *area development district's pro rata share of population among the districts;*  
16 *and*

17 *(c) The remaining ten percent (10%) of the total amount shall be allocated*  
18 *based on jurisdictions served. If there is a consensus agreement among all*  
19 *area development districts, a portion of this remaining ten percent (10%)*  
20 *funding may be distributed to districts in need of matching funds to leverage*  
21 *federal funds included in the Joint Funding Administration agreement.*

22 *(3) (a) Notwithstanding KRS 147A.050, area development districts are encouraged*  
23 *to voluntarily consolidate, thereby reducing the total number of area*  
24 *development districts.*

25 *(b) On or after the effective date of this Act, if any portion of one (1) area*  
26 *development district consolidates with any portion of another area*  
27 *development district, the formula under subsection (2) of this section shall*

1 be maintained as though a total of fifteen (15) area development districts  
 2 remain in existence, with each consolidated area development district  
 3 receiving its pro rata share of the Joint Funding Administration Program  
 4 moneys, as if the consolidation did not occur.

5 (c) Paragraph (b) of this subsection shall apply for ten (10) years following the  
 6 consolidation of an area development district.

7 ➔Section 2. KRS 147A.115 is amended to read as follows:

8 (1) (a) 1. ~~{By December 31 of each year beginning in 2017,}~~ The Cabinet for  
 9 Health and Family Services;

10 2. The Transportation Cabinet; and

11 3. The Education and Workforce Development Cabinet;

12 shall each~~{, following any year in which the cabinet awarded federal or state~~  
 13 ~~funds to an area development district,}~~ prepare and submit a detailed report to  
 14 the Legislative Research Commission and area development district board  
 15 members.

16 (b) Each~~{The}~~ report shall:

17 1. Be submitted by December 31 following any fiscal year in which the  
 18 cabinet awarded federal or state funds to an area development district;

19 and

20 2. Include information related to the operations of the area development  
 21 district, including:

22 a. The program related to the funds awarded;

23 b. Whether the funding source was state or federal funds; and

24 c. The total amount of state funds distributed and federal funds  
 25 distributed to each area development district during~~{, broken down~~  
 26 ~~by funding source and program from}~~ the preceding fiscal year.

27 (2) By December 31 of each year beginning in 2020~~{2017,}~~

1        **(a)** Each area development district shall, following any year in which the area  
 2        development district receives state or federal funds, prepare and submit a  
 3        detailed report to the Legislative Research Commission and area development  
 4        board members. The report shall include the following financial information  
 5        from the preceding fiscal year:

6        **1. A cover sheet totaling similar allocations, distributions, awards, or**  
 7        **grants of state or federal funds by category, including totals for the**  
 8        **administrative costs, direct expenditures, and indirect expenditures for**  
 9        **each category;**

10       ~~2. (a)~~ For each allocation, distribution, award, or grant of state or federal  
 11       funds, the total amount, the percentage of the total amount, and a  
 12       description of the specific types of expenditures made for or allocated  
 13       to:

14       ~~a. (1.)~~ Administrative costs;

15       ~~b. (2.)~~ Direct expenditures; and

16       ~~c. (3.)~~ Indirect expenditures;

17       ~~3. (b)~~ Allocation, distribution, award, or grant funds not expended, and  
 18       an explanation of why the funds were not expended;

19       ~~4. (e)~~ The total amount of reserves carried forward by the area  
 20       development district, identification of the source of those funds, and an  
 21       explanation of why the funds are being carried forward; ~~and~~

22       ~~5. (d)~~ For each program:

23       ~~a. (1.)~~ A list of direct services provided by the district;

24       ~~b. (2.)~~ A list of service providers contracted by the district and the  
 25       services provided by those providers;

26       ~~c. (3.)~~ The number of eligible persons for the program, number of  
 27       persons served by the program, and, if applicable, number of

1 people on waiting lists for the program; and  
 2 d.[4.]*How the area development district performed when compared to*  
 3 the performance measures required by the contract used to evaluate  
 4 the area development district's actions; and  
 5 6. *The complete supplemental schedule from the area development*  
 6 *district's audited financial statements.*

7 (b) *The report required by paragraph (a) of this subsection shall be submitted*  
 8 *in a common electronic format that allows the data to:*  
 9 1. *Include a key for any abbreviations or acronyms used in the report;*  
 10 2. *Include mathematical formulas for computational purposes;*  
 11 3. *Be sorted, compiled, or analyzed by maintaining consistent columns or*  
 12 *rows for reporting data from programs that are the same across*  
 13 *multiple area development districts;*  
 14 4. *Be electronically divided into subsets of data for analysis of one (1) or*  
 15 *more specific programs; and*  
 16 5. *Be printed on standard-size paper in a format that is easily readable.*

17 (3) The Legislative Research Commission shall distribute the report to the appropriate  
 18 interim joint committees and to the budget review subcommittee that has  
 19 jurisdiction over the Cabinet for Health Family Services, *the Transportation*  
 20 *Cabinet*, or the Education and Workforce Development Cabinet.

21 ➔Section 3. KRS 147A.116 is amended to read as follows:

22 (1) By January 1, 2018, each area development district and any board, committee, or  
 23 other organization created by an area development district shall:  
 24 (a) Comply with the provisions of KRS 61.870 to 61.884;  
 25 (b) Comply with the provisions of KRS 61.800 to 61.850;  
 26 (c) Comply with state and federal procurement statutes and administrative  
 27 regulations, as applicable;

- 1 (d) Comply with and be subject to the provisions of KRS 65A.070 by either  
 2 adopting a code of ethics or abiding by the applicable code of ethics pursuant  
 3 to KRS 65A.070;
- 4 (e) Adopt policies to address conflicts of interest for employees and board  
 5 members of the area development districts, which shall include a prohibition  
 6 on employees and board members having any interest, either direct or indirect,  
 7 in any contract entered into by the area development district or any agency  
 8 created by the area development district;
- 9 (f) Be subject to the provisions of KRS 61.101 to 61.103;
- 10 (g) Subject to the provisions of KRS 147A.070(4), adopt, implement, and  
 11 maintain a detailed and equitable compensation policy for its employees; and
- 12 (h) Establish and maintain an independent process to receive, analyze, investigate  
 13 and resolve concerns relating to the area development district, including  
 14 alleged violations of the code of ethics or any of the provisions of this section.  
 15 The process shall include a monthly reporting requirement to the board  
 16 members of the area development district of any reported concerns or alleged  
 17 violations. If the process finds a reasonable likelihood that a violation exists,  
 18 then that alleged violation shall be reported to the Department for Local  
 19 Government, the Auditor of Public Accounts, and the Attorney General.
- 20 (2) By July 1, 2020, each area development district and any board, committee, or other  
 21 organization created by an area development district shall provide public access to  
 22 financial information **via the state transparency portal. This information shall be**  
 23 **updated quarterly and include revenue and expense data, in a format approved by**  
 24 **the State Treasurer's office, for each area development district**~~[in compliance with~~  
 25 ~~the provisions of KRS 65.312(4)].~~

26 ➔Section 4. Whereas it is important that the state transparency portal is utilized  
 27 for the first reporting period required by Section 3 of this Act, an emergency is declared

- 1 to exist, and this Act takes effect upon its passage and approval by the Governor or upon
- 2 its otherwise becoming a law.