

## CHAPTER 153

## ( HB 555 )

AN ACT relating to local government financial practices.

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

➔ Section 1. KRS 91A.040 is amended to read as follows:

- (1) Except as provided in subsections (2) **and (3)**~~to (4)~~ of this section, each city shall, after the close of each fiscal year, cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audit shall be completed by March 1 immediately following the fiscal year being audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal year being audited.
- (2) In lieu of the annual audit requirements in subsection (1) of this section, a city with a population equal to or less than **three**~~one~~ thousand **(3,000)**~~(1,000)~~ based upon the most recent federal decennial census may elect to have an audit performed every other fiscal year in the following manner:
  - (a) After the close of each odd-numbered fiscal year, the city shall for that odd-numbered year cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audits shall be completed by March 1 immediately following the fiscal year to be audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal year being audited; and
  - (b) After the close of each even-numbered fiscal year, the city shall not be required to complete an annual audit but shall forward an electronic copy of its financial statement prepared in accordance with KRS 424.220 to the Department for Local Government by no later than October 1 immediately following the close of the even-numbered fiscal year.
- ~~{(3) In lieu of the annual audit requirements in subsection (1) of this section, a city with a population of more than one thousand (1,000) but less than two thousand (2,000) based upon the most recent federal decennial census may elect to have an audit performed every other fiscal year to cover the two (2) fiscal years occurring since the prior audit in the following manner:~~
  - ~~(a) After the close of each odd-numbered fiscal year, the city shall cause each fund of the city to be audited by the Auditor of Public Accounts or a certified public accountant. The audit shall include both fiscal years since the prior audit and shall be completed by March 1 immediately following the fiscal years to be audited. The city shall forward an electronic copy of the audit report to the Department for Local Government for information purposes by no later than April 1 immediately following the fiscal years being audited; and~~
  - ~~(b) After the close of each even-numbered fiscal year, the city shall not be required to complete an annual audit but shall forward an electronic copy of its financial statement prepared in accordance with KRS 424.220 to the Department for Local Government by no later than October 1 immediately following the close of the even-numbered fiscal year.]~~
- (3)**~~{(4)}~~ Any city, which for any fiscal year receives and expends, from all sources and for all purposes, less than **five**~~one~~ hundred ~~{fifty}~~ thousand dollars **(\$500,000)**~~(\$150,000)~~, and which has no long-term debt, whether general obligation or revenue debt, shall not be required to audit each fund of the city for that particular fiscal year. In addition, each city exempted in accordance with this subsection shall:
  - (a) Annually prepare a financial statement in accordance with KRS 424.220 and shall, not later than October 1 following the conclusion of the fiscal year, forward one (1) electronic copy to the Department for Local Government for information purposes; and
  - (b) If exempted under this subsection for more than four (4) consecutive fiscal years after July 1, 2022, have prepared an attestation engagement covering the fourth fiscal year in which the city qualified for an exemption under this subsection. An attestation engagement completed pursuant to this subsection shall be:
    1. Prepared by an independent certified public accountant or by the Auditor of Public Accounts pursuant to a contract with the city using generally accepted attestation standards as promulgated

by the American Institute of Certified Public Accountants and any additional procedures established by the Department for Local Government through administrative regulation;

2. Completed by no later than March 1 immediately following the conclusion of the fiscal year in which in the attestation engagement is required;
3. Submitted to the Department for Local Government as one (1) electronic copy no later than April 1 after its completion;
4. Advertised to the public within thirty (30) days of its completion by causing the publication of a legal display advertisement of not less than six (6) column inches in a newspaper qualified under KRS 424.120 stating that the attestation has been prepared and copies have been provided to each local newspaper of general circulation, each news service, and each local radio and television station which has on file with the city a written request to receive copies of financial statements under KRS 424.220. Any city advertising under this subparagraph shall be exempt from publishing its financial statement under KRS 424.220(6)(b) for any year in which it is required to have an attestation engagement completed; and
5. Provided to the Auditor of Public Accounts upon request for review of the final report and all related work papers and documents regarding the attestation engagement.

~~(4)(5)~~ If a city is required by another provision of law to audit its funds more frequently or more stringently than is required by this section, the city shall also comply with the provisions of that law.

~~(5)(6)~~ The Department for Local Government shall, upon request, make available electronic copies of the audit reports and financial statements received by it under subsections (1) to ~~(3)(4)~~ of this section to the Legislative Research Commission to be used for the purposes of KRS 6.955 to 6.975 or to the Auditor of Public Accounts.

~~(6)(7)~~ Each city required by this section to conduct an annual or biennial audit shall enter into a written contract with **an auditor, who shall be a certified public accountant or the Auditor of Public Accounts**~~the selected auditor~~. The contract shall set forth all terms and conditions of the agreement which shall include but not be limited to requirements that:

- (a) The auditor be employed to examine the basic financial statements, which shall include the government-wide and fund financial statements;
- (b) The auditor shall include in the annual or biennial city audit report an examination of local government economic assistance funds granted to the city under KRS 42.450 to 42.495. The auditor shall include a certification with the annual or biennial audit report that the funds were expended for the purpose intended;
- (c) All audit information be prepared in accordance with generally accepted governmental auditing standards which include tests of the accounting records and auditing procedures considered necessary in the circumstances. Where the audit is to cover the use of state or federal funds, appropriate state or federal guidelines shall be utilized;
- (d) The auditor shall prepare a typewritten or printed report embodying:
  1. The basic financial statements and accompanying supplemental and required supplemental information;
  2. The auditor's opinion on the basic financial statements or reasons why an opinion cannot be expressed; and
  3. Findings required to be reported as a result of the audit;
- (e) The completed audit and all accompanying documentation shall be presented to the city legislative body at a regular or special meeting; and
- (f) Any contract with a certified public accountant for an audit shall require the accountant to forward a copy of the audit report and management letters to the Auditor of Public Accounts upon request of the city or the Auditor of Public Accounts, and the Auditor of Public Accounts shall have the right to review the certified public accountant's work papers upon request.

~~(7)(8)~~ A copy of an audit report which meets the requirements of this section shall be considered satisfactory and final in meeting any official request to a city for financial data, except for statutory or judicial

requirements, or requirements of the Legislative Research Commission necessary to carry out the purposes of KRS 6.955 to 6.975.

- ~~(8)(9)~~ Each city shall, within thirty (30) days after the presentation of an audit to the city legislative body, publish an advertisement in accordance with KRS Chapter 424 containing:
- (a) The auditor's opinion letter;
  - (b) The "Budgetary Comparison Schedules-Major Funds," which shall include the general fund and all major funds;
  - (c) A statement that a copy of the complete audit report, including financial statements and supplemental information, is on file at city hall and is available for public inspection during normal business hours;
  - (d) A statement that any citizen may obtain from city hall a copy of the complete audit report, including financial statements and supplemental information, for his or her personal use;
  - (e) A statement which notifies citizens requesting a personal copy of the city audit report that they will be charged for duplication costs at a rate that shall not exceed twenty-five cents (\$0.25) per page; and
  - (f) A statement that copies of the financial statement prepared in accordance with KRS 424.220, when a financial statement is required by KRS 424.220, are available to the public at no cost at the business address of the officer responsible for preparation of the statement.
- ~~(9)(10)~~ Any resident of the city or owner of real property within the city may bring an action in the Circuit Court to enforce the provisions of this section. Any person who violates any provision of this section shall be fined not less than fifty dollars (\$50) nor more than five hundred dollars (\$500). In addition, any officer who fails to comply with any of the provisions of this section shall, for each failure, be subject to a forfeiture of not less than fifty dollars (\$50) nor more than five hundred dollars (\$500), in the discretion of the court, which may be recovered only once in a civil action brought by any resident of the city or owner of real property within the city. The costs of all proceedings, including a reasonable fee for the attorney of the resident or property owner bringing the action, shall be assessed against the unsuccessful party.
- ~~(10)(11)~~ In the event of extenuating circumstances that prevent a city from completing and submitting a required audit or financial statement in compliance with the applicable deadlines in subsections (1) to ~~(3)(4)~~ of this section, the city may submit a written request for an extension of time to the Department for Local Government on a form prescribed by the Department for Local Government. The Department for Local Government shall approve the request if ~~it is submitted on or before the applicable deadline and~~, in the judgment of the Department for Local Government, the request is warranted by extenuating circumstances beyond the control of the city ***or other factors that justify the city's noncompliance with the required deadlines. The Department for Local Government may consider any evidence it deems appropriate, including but not limited to proof of the city's progress towards compliance.*** Extensions granted under this subsection shall not exceed ***eighteen (18)*** ~~nine (9)~~ months from the original due date of the audit or financial statement. If the Department for Local Government approves an extension for a city and the city fails to complete and submit the required audit or financial statement in compliance with that extended deadline, then the provisions of subsection ~~(11)(12)~~ of this section shall apply.
- ~~(11)(12)~~ If a city fails to complete an audit or financial statement and submit it to the Department for Local Government as required in subsections (1) to ~~(3)(4)~~ and ~~(10)(11)~~ of this section, the Department for Local Government shall notify the Finance and Administration Cabinet that the city has failed to comply with the audit requirements of this section, and that any funds in the possession of any agency, entity, or branch of state government shall be withheld from the city until further notice. The Department for Local Government shall immediately notify the Finance and Administration Cabinet when the city complies with the requirements of subsections (1) to ~~(3)(4)~~ and ~~(10)(11)~~ of this section for all prior fiscal years it has failed to comply with the audit requirements of this section, and the Finance and Administration Cabinet shall direct the reinstatement of payments to the city, including any funds that were withheld due to the noncompliance. ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments to a city that are due the city for the provision of services by the city to the state or any of its agencies, including for the use of city utilities.***
- ~~(12)(13)~~ Within a reasonable time after the completion of a special audit or examination conducted pursuant to KRS 43.050, the Auditor shall bill the city for the actual expense of the audit or examination conducted. The actual expense shall include the hours of work performed on the audit or examination as well as reasonable

associated costs, including but not limited to travel costs. The bill submitted to the city shall include a statement of the hourly rate, total hours, and total costs for the entire audit or examination.

➔ Section 2. KRS 65.003 is amended to read as follows:

- (1) (a) The governing body of each city, county, urban-county, consolidated local government, and charter county, shall adopt, by ordinance, a code of ethics which shall apply to all elected officials of the city, county, urban-county, consolidated local government, or charter county, and to appointed officials and employees of the city, county, urban-county, consolidated local government, or charter county government, or agencies created jointly, as specified in the code of ethics. The elected officials of a city, county, or consolidated local government to which a code of ethics shall apply include the mayor, county judge/executive, members of the governing body, county clerk, county attorney, sheriff, jailer, coroner, surveyor, and constable but do not include members of any school board. Agencies created jointly may include planning or administrative commissions or boards. Candidates for the local government elective offices specified in this subsection shall comply with the annual financial disclosure statement filing requirements contained in the code of ethics.
- (b) The boards, officers, and employees of special purpose governmental entities shall be subject to a code of ethics as provided in KRS 65A.070. As used in this section, special purpose governmental entity has the same meaning as in KRS 65A.010.
- (2) Any city, county, or consolidated local government may enter into a memorandum of agreement or an interlocal agreement with one (1) or more other cities, counties, or consolidated local governments for joint adoption of a code of ethics which shall apply to all elected officials of the cities, counties, or consolidated local governments, and to appointed officials and employees as specified by each of the cities, counties, or consolidated local governments which enters into the agreement. Interlocal agreements shall be executed pursuant to the Interlocal Cooperation Act in KRS 65.210 to 65.300. The interlocal agreement or memorandum of agreement may provide for but shall not be limited to:
  - (a) The provision of administrative services relating to the implementation of a code of ethics;
  - (b) The creation of a regional ethics board which serves independently to provide advice to member governments and their officials and provides for the enforcement of locally adopted codes of ethics; and
  - (c) Contracting by a memorandum of agreement with an area development district for the provision of administrative services relating to the implementation of a code of ethics.

Candidates for the city, county, or consolidated local government elective offices specified in this subsection shall comply with the annual financial disclosure statement filing requirements contained in the code of ethics.
- (3) Each code of ethics adopted as provided by subsection (1) or (2) of this section, or amended as provided by subsection (4) of this section, shall include but not be limited to provisions which set forth:
  - (a) Standards of conduct for elected and appointed officials and employees;
  - (b) Requirements for creation of financial disclosure statements, which shall be filed annually by all candidates for the city, county, or consolidated local government elective offices specified in subsection (1) of this section, elected officials of each city, county, or consolidated local government, and other officials or employees of the city, county, or consolidated local government, as specified in the code of ethics, and which shall be filed with the person or group responsible for enforcement of the code of ethics;
  - (c) A policy on the employment of members of the families of officials or employees of the city, county, or consolidated local government, as specified in the code of ethics; and
  - (d) The designation of a person or group who shall be responsible for enforcement of the code of ethics, including maintenance of financial disclosure statements, all of which shall be available for public inspection, receipt of complaints alleging possible violations of the code of ethics, issuance of opinions in response to inquiries relating to the code of ethics, investigation of possible violations of the code of ethics, and imposition of penalties provided in the code of ethics.
- (4) The code of ethics ordinance adopted by a city, county, or consolidated local government may be amended but shall not be repealed.
- (5) (a) Within twenty-one (21) days of the adoption of the code of ethics required by this section, each city, county, or consolidated local government shall deliver a copy of the ordinance by which the code was

adopted and proof of publication in accordance with KRS Chapter 424 to the Department for Local Government. The Department for Local Government shall maintain the ordinances as public records and shall maintain a list of city, county, or consolidated local governments which have adopted a code of ethics and a list of those which have not adopted a code of ethics.

- (b) Within twenty-one (21) days of the amendment of a code of ethics required by this section, each city, county, or consolidated local government shall:
  - 1. Deliver a copy of the ordinance by which the code was amended and proof of publication in accordance with KRS Chapter 424 to the Department for Local Government, which shall maintain the amendment with the ordinance by which the code was adopted; and
  - 2. Deliver a copy of the ordinance by which the code was amended to the governing body of each special purpose governmental entity that follows that establishing entity's code of ethics pursuant to KRS 65A.070.
- (c) For ordinances adopting or amending a code of ethics under this section, cities of the first class and consolidated local governments shall comply with the publication requirements of KRS 83A.060(9), notwithstanding the exception contained in that statute.
- (6) If a city, county, or consolidated local government fails to comply with the requirements of this section, the Department for Local Government shall notify all state agencies, including area development districts, which deliver services or payments of money from the Commonwealth to the city, county, or consolidated local government. Those agencies shall suspend delivery of all services or payments to the city, county, or consolidated local government which fails to comply with the requirements of this section. The Department for Local Government shall immediately notify those same agencies when the city, county, or consolidated local government is in compliance with the requirements of this section, and those agencies shall reinstate the delivery of services or payments to the city, county, or consolidated local government. ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments that are due to the city, county, or consolidated local government for the provision of services by the city, county, or consolidated local government to the state or any of its agencies, including for the use of utility services.***
- (7) Notwithstanding KRS 67C.103(14)(e), a simple majority of the legislative council of a consolidated local government may delegate its authority to issue administrative subpoenas for the attendance and testimony of witnesses and the production of documents relevant to possible violations of the code of ethics to the person or a majority of the group responsible for enforcement of a code of ethics. Subpoenas shall be served in the same manner as subpoenas for witnesses in civil cases. Compliance with the subpoenas shall be enforceable by the Circuit Court. Any failure to obey an order of the court may be punished by the court as contempt thereof.

➔Section 3. 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 65.925 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 65.925 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 65.925 or KRS 92.280(1). ***This subsection shall not be interpreted or construed to permit the state to withhold any nondiscretionary payments to a city that are due the city for the provision of services by the city to the state or any of its agencies, including for the use of city utilities.***

➔Section 4. KRS 154.40-060 is amended to read as follows:

- (1) All revenues derived by the corporation from the use of Eastern Kentucky Exposition Center, all contributions to the center from other sources, and any revenues derived by the corporation from any other source shall be used solely for the expenses of the center, including payment on debt; the cost of management and operation

of its facilities; the creation of an adequate reserve for repair, replacement, debt service, and capital improvements; the procurement of insurance; and promotional activities.

- (2) ***Unless an election is made pursuant to the provisions of subsection (3) of this section,*** the Auditor of Public Accounts shall conduct an annual audit of all funds of the corporation and its affiliated entities, if any, and report annually to the Governor and the Legislative Research Commission.
- (3) (a) ***In lieu of having the Auditor of Public Accounts perform the annual audit under subsection (2) of this section:***
  1. ***A city government that appoints members to the board of the corporation may make an irrevocable election upon written notice to the Auditor of Public Accounts that it shall include the corporation within the city's annual audit conducted under the provisions of Section 1 of this Act. A city making an election pursuant to this subparagraph shall be reimbursed by the corporation for the direct costs it incurs as a result of the inclusion of the corporation within its annual audit; or***
  2. ***Upon written notification to the Auditor of Public Accounts, a city government meeting the requirements of subparagraph 1. of this paragraph and the board may jointly elect to have its annual audit performed by an independent auditor. Any audit performed by an independent auditor for the corporation shall be generally conducted and conform the requirements of subsection (6) of Section 1 of this Act.***
- (b) ***If an audit is performed under this subsection, the audit shall be forwarded to the Auditor of Public Accounts.***

➔Section 5. KRS 42.460 is amended to read as follows:

Except as provided in KRS 91A.040~~(6)~~~~(7)~~(b), any assistance granted under KRS 42.450 to 42.495 shall include an agreement that an independent annual audit shall be conducted and that the audit report shall include a certification that the funds were expended for the purpose intended. A copy of the audit and certification of compliance shall be forwarded to the Department for Local Government, in the case of assistance granted from the local government economic assistance fund or the local government economic development fund as allocated in KRS 42.4592(1)(a) and (b), or to the Cabinet for Economic Development and the Kentucky Economic Development Finance Authority, in the case of assistance granted from the local government economic development fund, within eighteen (18) months after the end of the fiscal year.

➔Section 6. KRS 424.220 is amended to read as follows:

- (1) Excepting officers who are exempted under subsection (8) of this section, every public officer of any city, county, or district less than a county, or of any board, commission, or other authority of a city, county, or district whose duty it is to collect, receive, have the custody, control, or disbursement of any funds collected from the public in any form shall, at the expiration of each fiscal year, prepare an itemized, sworn statement of the funds collected, received, held, or disbursed by him or her during the fiscal year just closed, unless he or she has complied with KRS 424.230.
- (2) The statement shall show:
  - (a) The total amount of funds collected and received during the fiscal year from each individual source; and
  - (b) The total amount of funds disbursed during the fiscal year to each individual payee. The list shall include only aggregate amounts to vendors exceeding one thousand dollars (\$1,000).
- (3) Only the totals of amounts paid to each individual as salary or commission and public utility bills shall be shown. The amount of salaries paid to all nonelected county employees shall be shown as lump-sum expenditures by category, including but not limited to road department, jails, solid waste, public safety, and administrative personnel.
- (4) The financial reporting and publishing requirements for a school district are provided in KRS 160.463.
- (5) The officer shall procure and include in or attach to the financial statement, as a part thereof, a certificate from the cashier or other proper officer of the banks in which the funds are or have been deposited during the past year, showing the balance, if any, of funds to the credit of the officer making the statement.
- (6) To provide notice to the public that the city's financial statement has been completed as required by this section:

- (a) The appropriate officer of a city that has performed an audit under KRS 91A.040 for the fiscal year or years, including the appropriate officer of any municipally owned electric, gas, or water system, shall publish the audit report in accordance with KRS 91A.040~~(8)~~~~(9)~~; and
  - (b) The appropriate officer of a city that has not conducted an annual audit for the fiscal year under one (1) of the exceptions provided in KRS 91A.040(2) ~~or~~ (3) ~~or~~ (4) shall publish a legal display advertisement of not less than six (6) column inches in a newspaper qualified under KRS 424.120 that the statement required by subsection (1) of this section has been prepared and that copies have been provided to each local newspaper of general circulation, each news service, and each local radio and television station which has on file with the city a written request to be provided a statement. The advertisement shall be published within ninety (90) days after the close of the fiscal year.
- (7) To provide notice to the public that the county's financial statement has been completed as required by this section, the appropriate officer of a county shall publish the county's audit, prepared in accordance with KRS 43.070 or 64.810, in the same manner that city audits are published in accordance with KRS 91A.040~~(8)~~~~(9)~~.
- (8) The provisions of this section shall not apply to officers of:
- (a) A city of the first class;
  - (b) A county containing a city of the first class;
  - (c) A consolidated local government;
  - (d) An urban-county government;
  - (e) A city with a population equal to or greater than twenty thousand (20,000) based upon the most recent federal decennial census;
  - (f) A public agency or joint public agency of a:
    - 1. City of the first class;
    - 2. Consolidated local government; or
    - 3. County containing a city of the first class; or
  - (g) A school district of a:
    - 1. City of the first class;
    - 2. Consolidated local government; or
    - 3. County containing a city of the first class.

➔ Section 7. KRS 68.020 is amended to read as follows:

- (1) The county treasurer shall receive and receipt for all money due the county from its collecting officers or from any other person whose duty it is to pay money into the county treasury, and shall disburse such money in such manner and for such purpose as may be authorized by appropriate authority of the fiscal court. **The county treasurer**~~He~~ shall not disburse any money received~~by him~~ for any purpose other than that for which it was collected and paid over~~to him~~, and when~~he pays out~~ money **is paid out, the county treasurer**~~he~~ shall take a receipt therefor. All warrants for the payment of funds from the county treasury shall be co-signed by the county treasurer and the county judge/executive, **unless subject to a standing order as set out in subsection (3) of Section 8 of this Act.**
- (2) **The county treasurer**~~He~~ may, and when directed by the fiscal court shall, invest the funds of the county pursuant to KRS 66.480.
- (3) **The county treasurer**~~He~~ may, and when directed by the fiscal court shall, institute actions in the name of the county against all delinquent sheriffs or collectors of the county, and against anyone having money belonging to the county who fails or refuses to pay it over on demand when due. **The county treasurer**~~He~~ shall keep a record of all actions he **or she** is directed to institute on behalf of the county, showing their condition and the money collected thereunder.
- (4) **The county treasurer**~~He~~ shall keep an accurate detailed account of all money received and disbursed by him **or her** for the county, and shall keep books of accounts of the financial transactions of the county in the manner required by the uniform system of accounting prescribed by the state local finance officer.

- (5) The county treasurer shall, when required by the fiscal court, settle his **or her** accounts as county treasurer, and within thirty (30) days after the close of each fiscal year, he **or she** shall, unless his immediate predecessor has done so, make a full and complete settlement for the preceding fiscal year with the fiscal court or with a person or persons whom the fiscal court, by order of record, appoints to make settlement with **the county treasurer**~~him~~. In case of a vacancy, the county judge/executive shall call a special meeting which shall proceed in the manner it deems proper to settle the accounts of the county treasurer.
- (6) ***Payment of approved expenses may be made by means of electronic funds transfers from an authorized account of the county. The signature requirement in subsection (1) of this section may be met via electronic signature.***

➔ Section 8. KRS 68.275 is amended to read as follows:

- (1) Claims against the county that are within the amount of line items of the county budget and arise pursuant to contracts duly authorized by the fiscal court shall be paid by the county judge/executive by a warrant drawn on the county and co-signed by the county treasurer.
- (2) The county judge/executive shall present all claims to the fiscal court for review prior to payment and the court, for good cause shown, may order that a claim not be paid.
- (3) The fiscal court may adopt an order, called a standing order, to preapprove the payment of recurrent monthly payroll and utility expenses ***and payments to vendors that regularly provide services to the county***. No other expenses shall be preapproved pursuant to this subsection without the written consent of the state local finance officer. Notwithstanding KRS 68.020(1), payment of preapproved expenses may be made by means of electronic funds transfers from an authorized account of the county without the cosignatures of the county judge/executive and the county treasurer if approved by the fiscal court in a standing order, and if the fiscal court has received the payee's prior written consent for the payment of funds by electronic funds transfer due the payee. All standing orders adopted by the fiscal court shall be renewed annually and submitted to the state local finance officer by July 1 of each fiscal year with the submission of the county budget if the fiscal court wishes to continue the standing order. Otherwise, after July 1, the standing order shall expire, and no more payments designated in the standing order shall be preapproved unless a new order is adopted by the fiscal court according to the provisions of this subsection.

**Signed by Governor April 1, 2025.**