



Transparency And Accountability Of Quasi-Governmental Entities

Research Report No. 403

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Transparency And Accountability Of Quasi-Governmental Entities

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Abstract

Statute does not define a quasi-governmental entity. This report considers quasi-governmental entities as those created by governments to serve public interests but which have a legally separate status. Board members often are appointed by government officials, and government officials may serve on a governing board. Typically, quasi-governmental entities are created or authorized to be created in statute. The number and types of quasi-governmental entities in Kentucky are unknown, as there is no central information repository for reporting them. Most quasi-governmental entities publish audited financial statements and are subject to open meetings and open records requirements. Responsibilities of governments for debts of quasi-governmental entities vary. Employees of many quasi-governmental entities participate in state-administered benefit plans. The report assesses transparency of quasi-governmental entities in terms of whether information on the entity's use of public funds is available to the General Assembly and the public. The report assesses accountability in terms of whether the entity publishes audited financial statements and other reports required by the General Assembly. The report makes three recommendations for increased transparency and accountability.

Foreword

At its December 10, 2009, meeting, the Program Review and Investigations Committee voted to initiate a study regarding the transparency of quasi-governmental entities in Kentucky. The objective of the study was to identify the types and number of quasi-governmental entities, their organizational and fiscal characteristics, the services they provide, their employee benefit plans, their accountability mechanisms, and the transparency of their operations. Staff received valuable input and assistance from a number of individuals and entities across the state.

Staff express appreciation to the individuals from state agencies who provided assistance during this study: the Office of the Attorney General; the Office of the Auditor of Public Accounts; the Office of the Controller; the Office of State Budget Director; the Kentucky Retirement Systems; the Personnel Cabinet; the Tourism, Arts and Heritage Cabinet; the Cabinet for Economic Development; and the Department for Local Government.

Within the Legislative Research Commission, Program Review staff would like to thank staff of the following committees: Appropriations and Revenue, Capital Projects and Bond Oversight, Economic Development and Tourism, Local Government, and State Government. Staff also appreciate the help of staff of the Office of Budget Analysis, the Office of Legislative Economic Analysis, and the LRC Library.

Staff greatly appreciate the assistance of local officials including Mayor Ed Burtner of Winchester; Judge/Executive John Wilson, Garrard County; and Judge/Executive Dean Watts, Nelson County. Staff also appreciate the assistance of economic development professionals representing the Capital Community Economic/Industrial Development Authority, the Lancaster-Garrard County Industrial Development Authority, the Jessamine County Joint Economic Development Authority, the South Central Kentucky Alliance, the Nelson County Economic Development Agency, the Northern Kentucky Tri-County Economic Development Corporation, the Kentucky Association for Economic Development, and the Mountain Association for Community Economic Development.

Program Review staff thank associations and individuals across the state for their assistance in this study including staff of the Kentucky Association of Counties; the Kentucky League of Cities; the University of Kentucky's Nonprofit Leadership Initiative; area development district executive directors; staff of the Kentucky Council of Area Development Districts; staff of the Kentucky Association of Regional Mental Health-Mental Retardation Programs; Bill Lear, former member of the General Assembly; and Kenneth Troske, PhD, director of the University of Kentucky Center for Business and Economic Research.

Robert Sherman
Director

Legislative Research Commission
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Summary

Statute does not define *quasi-governmental entity*. In this report, quasi-governmental entities are those that governments create to serve public interests but that maintain a legally separate status. Their board members often are appointed by government officials, and government officials may serve on a governing board. The board usually hires an executive officer. The number and types of quasi-governmental entities in Kentucky are not known, as there is no central information repository for reporting them.

This report does not focus on the state, counties, cities, or school boards. The leadership of these entities is popularly elected. The report also does not focus on state and local boards and commissions or state universities.

In this report, *transparency* means that information on an entity's use of public funds is available to the General Assembly and the public. Examples of transparency are requirements for open records and meetings. *Accountability* means an entity can justify its use of public funds in accordance with laws and regulations. Examples of accountability are preparation of audited financial statements and other reports required by the General Assembly.

Quasi-governmental entities are generally created or authorized to be created in statute. Many local entities discussed in this report are special districts, which the US Census Bureau considers special-purpose governments. They are treated as quasi-governmental entities in this report because of the typical composition of their boards.

Employees of many quasi-governmental entities participate in state-administered benefit plans. Eligibility for participation in the state and county retirement systems is defined broadly in statutes. Participation in the health plan also is defined in statute and generally is available to anyone participating in one of the retirement systems, including eligible dependents and beneficiaries.

All public corporations of the state, which are quasi-governmental entities, are subject to open meetings and open records requirements. All but two are required by statute to prepare annual financial statements and have them audited.

Recommendation 2.1

The General Assembly may wish to consider amending KRS Chapter 247 and KRS Chapter 251 to require the Kentucky Agricultural Finance Corporation and the Kentucky Grain Insurance Corporation to publish annual audited financial statements.

Quasi-governmental entities of the state have a variety of purposes, which are characterized in this report as state infrastructure, local infrastructure, economic development, education and training, agriculture, housing, arts, health care, general state financing, and fiduciary functions. All entities were identified from the state's comprehensive annual financial report. Depending on their purposes, some receive general fund appropriations, some are required to be

self-supporting, and others have both characteristics. Some are attached administratively to executive branch agencies and have no separate staff or administrative cost.

Some quasi-governmental entities of the state are permitted by statute to issue debt in the form of bonds and notes to carry out their activities. For example, the Kentucky Housing Corporation issues bonds and uses the proceeds to make low-interest mortgage loans. Some quasi-governmental entities issue debt on behalf of other entities. For example, the State Property and Buildings Commission issues debt to finance capital construction and other projects approved by the General Assembly. Some state entities that are authorized to issue debt did not have outstanding balances at the end of fiscal year (FY) 2009. The state has not issued general obligation bonds that pledge the full faith, credit, and taxing power of the state since 1965. Total outstanding debt of the state's quasi-governmental entities at the end of FY 2009 was just more than \$10.5 billion.

The Cabinet for Economic Development administers the state's economic incentive programs. They are summarized in this report as workforce training, energy and environmental programs, incentive programs for manufacturing and similar activities, business loans, and programs for personal and corporate investors. The Office of State Budget Director estimated that FY 2010 state tax revenue was reduced by more than \$100 million due to the tax incentives.

Economic development programs usually contain specific performance goals a company must satisfy, such as creating a certain number of jobs, in order to earn specific incentives, such as tax refunds and credits. Due to confidentiality, it is impossible to independently verify the linkage between the cost of incentives and a company's performance.

Quasi-governmental entities at the local level of government vary considerably in nature and governing board structure. Some are created by interlocal cooperation agreements between jurisdictions. The Department for Local Government approves agreements between cities and counties, and the Office of Attorney General approves all others. The Department for Local Government maintains a list of interlocal cooperation agreements it approves. The list contains only a subject line that categorizes each agreement, so it is unclear how many separate entities are created. Department officials stated that most agreements are entered into for sharing revenues and providing services rather than creating a new entity. The Office of Attorney General files agreements it approves but does not enter them onto a list.

Recommendation 3.1

The Department for Local Government should consider creating a uniform record-keeping system for interlocal cooperation agreements. In addition to information it currently tracks, the department should consider detailing in its records the nature of each agreement and whether a separate entity is created. The department may wish to communicate and share its record-keeping system with the Office of the Attorney General so that similar information may be compiled by and obtainable from each.

The state constitution places limits on local government indebtedness and taxation. As a result, some special districts may be established to overcome the limits to meet a public need. Local governments and their quasi-governmental entities are required to notify the Department for

Local Government in writing before entering into certain financing obligations. The department publishes an annual local debt report. Total outstanding debt of the local quasi-governmental entities at the end of FY 2008 was \$6.5 billion. Of that amount, \$642 million was general obligation debt.

Local governments often rely on nonprofit entities, including special districts, to provide public services. The Department for Local Government reports that there are 1,149 special districts in the state. They are characterized in this report by broad purposes: public health and safety, land use and planning, transportation, economic development, infrastructure, and community and social services. Statutes that authorize the creation of special districts generally are clear. However, a few statute sections leave doubt about a district's taxing authority, its requirement to have an audit, and its bonding requirements for officers, officials, and employees.

Recommendation 3.2

The General Assembly may wish to consider whether KRS 65.060 should be applicable to all districts.

The Kentucky Association of Counties and the Kentucky League of Cities provide association, insurance, and financial services to counties and cities. Recent legislation defines them as public entities. In 2009, both were subject to examination by the Auditor of Public Accounts in response to reports and concerns regarding certain financial transactions. The results of the examinations highlight the importance of board member integrity in the use of public funds.

Economic development at the local level can be complex, involving myriad types of local and regional entities. The three major approaches to economic development are public authorities, private foundations, and public/private partnerships. A public authority generally has more oversight by the local government, has fewer confidentiality restrictions, and can receive more public funding. A private foundation has less government oversight and more confidentiality restrictions but may receive more private funding. A public/private partnership includes both public and private characteristics in a single entity or a collection of entities; levels of government oversight, confidentiality, and funding sources vary. The degree of involvement by the public and private sectors can determine whether an entity is subject to open records and open meetings laws and other public sector controls.

Measuring the effectiveness of local economic development entities is difficult because of the variety of ways the entities are created and implemented. Some have been in existence for decades, even though they have been superseded by new entities. In addition, they have varying degrees of interaction with local governments, the Cabinet for Economic Development, and private investors.

Private investment in local economic development efforts can be complicated. Among the strategies a government can implement are providing financial incentives to personal and corporate investors, helping connect investors to entrepreneurs, and helping connect entrepreneurs to existing resources.

Chapter 1

Characteristics Of Quasi-Governmental Entities

This report focuses on the transparency and accountability of quasi-governmental entities. Some such entities are specifically established in statute; others are authorized in statute to be created by governments. Some are funded by appropriations, some by project revenue they earn, some by a combination of appropriations and project revenue, and some by private donations.

The report does not focus on state, county, and city governments or school districts, each of whose leadership is popularly elected. The report does not include state and local boards and commissions or state universities.

Major Conclusions

This report has eight major conclusions.

This report has eight major conclusions.

- A quasi-governmental entity is not defined in statute. The lack of a definition does not prevent finding information on many entities, even though there is no central repository for reporting them. This report employs a broad definition to include entities that generally have separate legal standing and board membership that includes public officials and others appointed by public officials.
- Transparency and accountability are demonstrated in a variety of ways. An entity defined in KRS 61.870 as a public agency is subject to requirements related to open meetings and records. This definition encompasses most of the entities discussed in this report.
- Quasi-governmental entities of the state are specifically created in statute. The related statutes and administrative regulations are available on the website of the Legislative Research Commission. Many quasi-governmental entities of the state are required to present audited financial statements and other reports to the Commission.
- Other state websites provide information on financial operations, programs, services, and contact persons. For example, the state's audited comprehensive annual financial

report is available on the website of the Finance and Administration Cabinet, as are the reports of quasi-governmental entities that are attached administratively to the cabinet. The state budget is available on the website of the Office of State Budget Director.

- Information at the local level is less easily obtained. Kentucky counties and cities are authorized in statute to create a multitude of quasi-governmental entities. Audited financial statements of counties are presented on the website of the Kentucky auditor of public accounts. Some cities present the reports on their websites; others provide the reports on request.
- Some entities, such as special districts, are not financially accountable to a local government. The Department for Local Government compiles information on local governments and special districts. It also oversees the issuance of debt by local entities.
- Economic development entities at the local level vary in composition and focus, reflecting the different needs in various areas of the state. Some localities depend more heavily on the Cabinet for Economic Development for assistance than others.
- Economic development projects at the state and local levels involve tax incentives and other programs. Economic development programs usually contain specific performance goals a company must satisfy in order to earn specific incentives. Due to confidentiality, it is impossible to independently verify the linkage between the cost of incentives and a company's performance.

Number And Types Of Quasi-Governmental Entities

The number and types of quasi-governmental entities in the state are unknown.

The number and types of quasi-governmental entities in Kentucky are unknown, as there is no central information repository for reporting them. New entities often are created, but existing entities with similar purposes are not dissolved. Some creations are not true entities because they consist of groups of people who make decisions about public finance but have no separate staff, office, or other costs.

This report defines a quasi-governmental entity as a legally separate entity created by a government to serve public interests. Board members often are appointed by government officials, and government officials may serve on the board.

There is no universal definition of quasi-governmental entities and no universally accepted set of characteristics that is common to them. This report uses the description of a quasi-governmental entity from a 2008 Congressional Research Service report.

Generally, quasi-governmental entities are created by governments to serve public interests but maintain a legally separate status. Board members often are appointed by government officials, and government officials may serve on a governing board. The board usually hires an executive officer who serves at the pleasure of the board (US. Congressional 2).

Special districts, which satisfy the description of a quasi-governmental entity, are considered special-purpose governments by the US Census Bureau (US. Census). In this report, they are treated as quasi-governmental entities because of the typical characteristics of their boards.

This report addresses quasi-governmental entities at the state, regional, and local levels of government in Kentucky. Many of the entities are involved in economic development.

Transparency And Accountability

Definitions of the terms *financial statements*, *audit*, *audited financial statements*, and *comprehensive annual financial report* are important to understanding the transparency and accountability issues discussed in this report.

- Financial statements present the results of an entity's financial operations for a fiscal year and the entity's financial position as of fiscal year-end. An entity's statements are required to be presented in accordance with a specific financial reporting framework, including required narrative information that helps readers understand the statements.
- An audit, as used in this report, is an independent assessment of whether an entity's financial statements are fairly presented in accordance with the applicable financial reporting framework.
- Audited financial statements are financial statements that have been audited. The published statements include the auditor's opinion, the financial statements, and the note disclosures.
- A comprehensive annual financial report (CAFR) presents financial statements, note disclosures, and other supplementary information to enhance understanding. Once audited, it is considered an audited financial statement. The state's CAFR summarizes the effects of the state's financial transactions and

balances, including those of its quasi-governmental entities. Audited financial statements of each of the state's quasi-governmental entities provide more details.

Financial statement audits are not designed to detect mismanagement, waste, or fraudulent use of public funds. Proper oversight by board members provides some assurance that public funds are used for their intended purposes.

Financial statement audits are not designed to detect mismanagement, waste, or fraudulent use of public funds. The cost of additional audits to detect misuse of public funds generally would exceed the benefits, particularly in small entities. The governing boards of entities are responsible for overseeing operations. Proper oversight provides a level of assurance that public funds are used for their intended purposes. Regular reviews of financial transactions, a policy on conflicts of interest, and whistleblower protection are helpful in protecting public funds.

Transparency means that information on an entity's use of public funds is publicly available. *Accountability* means that an entity can justify its use of public funds in accordance with laws, regulations, and other requirements.

As used in this report, the term *transparency* generally means that information on an entity's use of public funds is available to the General Assembly and the public. Examples of this type of transparency are requirements for open records and meetings requirements. As used in this report, the term *accountability* generally means that an entity can justify its use of public funds in accordance with laws, regulations, and other requirements. An example of this type of accountability is preparation of audited financial statements and other reports required by the General Assembly. The *Report of the Audit of the Kentucky River Authority* for FY 2009 and the *Kentucky Enterprise Initiative Act Annual Report* for FY 2009 are two examples of this accountability. These reports are submitted to LRC and presented during its meetings, at which time staff suggest committees to receive them for review. Accountability can lead to increased transparency, such as when an entity publishes audited financial statements on its website or provides them on request. Examples are county audit reports posted to the website of the auditor of public accounts.

Financial statement audits help assure that public funds are used only for authorized purposes.

Some entities receive funding from federal, state, and local sources. As the money moves from one level of government or entity to another and is commingled with money from other sources, requirements for its public use may not be recognized by local government and quasi-governmental officials. Financial statement audits help assure that public funds are used only for authorized purposes.

Another type of transparency is public dissemination of research reports on issues of local interest. As an example, the September 2010 report *Our Region By The Numbers* presents data for the northern Kentucky and Cincinnati region. The report was published in collaboration by Agenda 360 and Vision 2015,

partners with the Northern Kentucky Tri-County Economic Development Corporation, in promoting economic development in the region. Policy and economic expertise were contributed by the University of Cincinnati and Northern Kentucky University. The report compares the region to 11 peer metropolitan statistical areas. The results of the report are as follows:

- Too many people in the region live in poverty; there is a great disparity between high- and low-income earners.
- The region is an affordable place to live.
- Housing costs are affordable compared to other regions.
- The region trails others in college graduation levels.
- More people are leaving the region than are moving in.
- The region lags behind the majority of its peers in skilled labor force.
- The region's aging population affects future economic prosperity because this population requires more services and support.
- The region's need for job growth has reached a crucial point, losing more than 48,000 jobs between 2008 and 2009.
- The region is last among its peers in the percentage of managerial and professional jobs. "Knowledge jobs" typically come with above-average wages and also are a key indicator for projecting future economic growth.
- The region ranks eighth in the level of "creative jobs," which bring new ideas and technologies to their local economies.
- The region also ranks eighth in average annual wages and needs to attract more high-paying jobs.
- The region's per capita income has declined for the first time in 40 years.
- The region scores in the middle among peers on Metropolitan Gross Domestic Product, which measures local economic output and is a key indicator of local economic growth and well-being.
- Unemployment is higher in the region than in many peer regions.
- The region needs more focused commitment and funding for local start-up companies (Agenda 3-6).

Why Quasi-Governmental Entities Are Created

Reasons quasi-governmental entities are created include that demand for services exceeds a government's ability to provide them; greater citizen input is wanted; the governing board and management of a separate entity can focus on one specific function; and a separate entity can be used to overcome constitutional or statutory limitations on debt.

Some governments create separate organizations because the demand for services exceeds the ability to provide them within the traditional framework of government (Governmental 134). For example, a county may create a water district that is governed by a separate board of directors rather than being operated by the county government itself.

Governments sometimes create separate entities in order to allow greater citizen input. Many entities created in statute, including a number of the state's boards and commissions, demonstrate this characteristic. In a review of statutes, Program Review staff identified more than 100 entities created or authorized to be created in statute that appeared to require or allow for participation by citizens. Examples include the Kentucky Recreational Trails Authority and the Mining Board.

Some entities are created because it is believed that debt backed by the revenue-generating capacity of a specific facility, such as an airport or sports arena, may be more accepted in the capital markets or because of the perceived greater efficiency of a separate corporate-style structure. In a separate entity, efforts of the governing board and management can be focused on a specific function instead of the myriad services often overseen by the management of a state, county, or city (Governmental 134).

Some entities have been created to overcome constitutional or statutory limitations on the issuance of debt. For example, many counties have created a public properties corporation to issue debt for construction of new court facilities. Payment of the debt is the responsibility of the corporation, normally through a lease arrangement with the Administrative Office of the Courts.

Many public authorities and special districts have a legal, financial, or administrative autonomy that departments and agencies may not have within a government's organizational framework. Legal autonomy derives from the organization's corporate powers, including the ability to buy, sell, lease, and mortgage property in its own name, and the power to sue and be sued without recourse to the government itself. Financial autonomy is manifested in an entity's capacity to support itself from revenues generated from separate taxes, fees, and charges to consumers of goods or services. Administrative autonomy means freedom from some of the administrative controls over government programs and organizations, such as merit system or civil service regulations and

pay scales; central budgetary controls; regulations on contracting, purchasing, and rate setting; and the controls imposed by pre-audits often required of government agencies and departments (Governmental 134).

Financial Relation Of Quasi-Governmental Entities To Governments That Create Them

When a government appoints a voting majority of an entity's governing body, that entity is required to be described in the government's financial statements.

Some quasi-governmental entities are reported in a government's financial statements as component units. A legally separate entity is reported as a component unit if the government is financially accountable for it or derives a financial benefit from it. One aspect of financial accountability is whether a government can appoint the voting majority of an entity's governing body (Governmental 138-139). The Kentucky Lottery Corporation is an example of a state component unit. Its governing board consists of one state official and seven members appointed by the governor and confirmed by the Senate. The state derives a financial benefit from the lottery game proceeds.

Component units and other legally separate entities are required to be described in a government's financial statements. Financial statements and independent audit reports provide a level of financial transparency and accountability.

Legal Basis For Quasi-Governmental Entities

Quasi-governmental entities, including many types of special districts, are generally created or authorized to be created in statute.

Quasi-governmental entities generally are created or authorized to be created in statute. Program Review staff identified nearly 400 entities so created, including many state boards and commissions. For example, KRS Chapter 154A establishes the Kentucky Lottery Corporation, KRS Chapter 74 authorizes the creation of local water districts, KRS Chapter 147A creates the area development districts, and KRS Chapter 210 authorizes the creation of regional community mental health and mental retardation boards.

Many local entities discussed in this report are special districts. The Kentucky Department for Local Government provided Program Review staff a list of 1,149 individual special districts. Some, such as ambulance and fire protection districts, have statutory power to levy taxes. Special districts that do not have the authority to tax include community action agencies and water districts. Other types of quasi-governmental entities discussed in

this report are nonprofit corporations, boards, and commissions created to perform public functions.

Quasi-Governmental Entities And Public Debt

Some entities are authorized by statute to issue debt. In some cases, the debt is an obligation of the entity that issues it. In other cases, the debt is an obligation of the government itself.

Some quasi-governmental entities are permitted by statute to issue debt obligations in the form of bonds and notes to carry out their activities. For example, the Kentucky Housing Corporation issues bonds and uses the proceeds to make low-interest mortgage loans to qualified residents and housing developers. The corporation is responsible for paying off the bonds from the proceeds of the mortgage payments it receives. This type of debt is an obligation of the corporation, not the state.

Some quasi-governmental entities issue debt on behalf of other entities. For example, the State Property and Buildings Commission issues debt to finance capital construction and financing projects approved by the General Assembly. This debt can be used for many purposes, which include financing debt for new projects and refinancing existing debt to take advantage of lower interest rates. For example, the commission can issue debt to refinance long-term obligations of the Kentucky River Authority. The authority would enter into a lease arrangement with the commission to repay the debt from water use fees it collects.

Long-Term Debt Obligations Of State Entities

Some quasi-governmental entities of the state that are authorized to issue debt did not have outstanding balances at the end of FY 2009.

Program Review staff reviewed the debt capacity and balances of quasi-governmental entities and who is responsible for paying the debt. Although many state entities are authorized to issue debt, not all of them had outstanding balances as of June 30, 2009.

A long-term debt obligation can be described in terms of whether it is a general obligation of the state itself or a debt of a specific state entity. An obligation also can be described in terms of whether it is paid from appropriations or from revenue generated by a specific project or activity. These debt categories are not mutually exclusive, since some project revenue obligations may be supported by state appropriations to the entity on whose behalf the debt was issued.

Table 1.1 shows the debt-issuing entities of the state, the bonded debt they issued during FY 2009, the principal on outstanding debt as of June 30, 2009, and whether the debt is supported by state appropriations.

Table 1.1
Bonded Debt Of State Quasi-Governmental Entities

Entity	Debt Issued in FY 2009	Debt Outstanding As Of 6/30/2009	Appropriation- Supported Debt
State Property and Buildings Commission	\$814,900,000	\$3,171,040,000	Yes
Kentucky Higher Education Student Loan Corporation	50,000,000	2,205,100,000	No
Kentucky Housing Corporation	160,000,000	2,172,125,000	No
Kentucky Asset/Liability Commission	0	1,059,520,000	Yes
The Turnpike Authority of Kentucky	347,970,000	1,001,000,000	Yes
Kentucky School Facilities Construction Commission	109,178,516	822,488,470	Yes
Kentucky Infrastructure Authority	0	95,675,000 30,260,000	Yes No
Kentucky Local Correctional Facilities Construction Authority	0	13,850,000	No
Total	\$1,482,048,516	\$10,571,058,470	

Note: Entities are listed in order of decreasing outstanding debt.

Source: Prepared by Program Review staff from information in Commonwealth. Office of the State Controller. *Comprehensive and Supplementary*.

No state entity had outstanding general obligation bonds at the end of FY 2009. This type of bond pledges the full faith, credit, and taxing power of the state.

General Obligation Bonds. No new general obligation bonds have been issued by the state since 1965, and none were outstanding or authorized but unissued as of June 30, 2009. These bonds are issued through the State Property and Buildings Commission, subject to general referendum approval required by the state constitution. General obligation bonds pledge the full faith, credit, and taxing power of the state and denote application of specific or general tax revenues to provide payment of principal and interest on the debt (Commonwealth. Office of the State Controller. *Comprehensive 97*).

State debt is issued in the form of revenue bonds and notes by entities with statutory authority. Revenue debt may be used for state purposes or to assist local governments.

Revenue Bonds. KRS Chapter 58 provides general authorization for the use of revenue bonds. Specific authority is provided in related KRS chapters creating and empowering the various debt-issuing entities. KRS 56.870 requires prior approval of debt financing projects by the General Assembly. Succeeding statutes establish the methods for this approval and the exemptions from it. The majority of new debt issues are approved through the appropriation act. Revenue bonds that comply with statutory requirements but are not funded by appropriations (such as those of the Kentucky Housing Corporation) are required by KRS 56.873 to receive an “A” rating by Moody’s Investors Service or the equivalent rating by another qualified rating agency before their

sale (Commonwealth. Office of the State Controller. *Comprehensive 97*).

Some revenue debt finances facilities used directly by state government in activities such as roads, parks, office buildings, and educational facilities (Commonwealth. Office of the State Controller. *Comprehensive 98*).

Revenue debt may also be used as a financing mechanism for activities and facilities not used directly for state purposes. This type of debt is issued by the Kentucky Housing Corporation, Kentucky Infrastructure Authority, Kentucky Higher Education Student Loan Corporation, Kentucky Economic Development Finance Authority, Kentucky Local Correctional Facilities Construction Authority, Kentucky Agricultural Finance Corporation, and Kentucky School Facilities Construction Commission. The tax-exempt status of the debt, whether issued by the state or by local governments, is used to provide financing for entities unable to bear the costs of private financing when the General Assembly deems the entities worthy of public assistance. With two exceptions, this type of debt requires no state funds of any type to provide debt service, principal, and interest payments. The Kentucky School Facilities Construction Commission supplements funds provided by local governments and school boards in varying percentages for debt service. The Kentucky Infrastructure Authority may accept appropriations made by the General Assembly and state and federal grants (Commonwealth. Office of the State Controller. *Comprehensive 97-98*).

Some debt of state entities is required to be funded in whole or in part by state appropriation. Other debt is payable solely from the sources pledged for payment.

Appropriations For Debt Support. The Supplementary Information to the Comprehensive Annual Financial Report describes the state's debt in terms of whether it is supported by appropriations.

Appropriation-supported debt carries the name of the commonwealth and is either a general obligation of the state or a lease revenue obligation of one of its debt-issuing agencies, subject to state appropriation for all or a portion of the debt service on the bonds.

Project revenue notes and bonds are issued by various debt-issuing authorities of the state. The revenues produced by the projects are pledged as security for payment of the debt. Project revenue debt is not a direct obligation of the state. However, project revenues are, in some cases, derived partially or solely from biennial appropriations to the entities carrying out the projects. In other

cases, the direct revenues generated from the project funded constitute the entire source of payment (Commonwealth. Office of the State Controller. *Supplementary 406*).

Non-appropriation-supported debt, also known as “moral obligation” debt, carries the name of the commonwealth for the benefit and convenience of other entities in the state. This type of indebtedness is a special obligation of the issuer, secured and payable solely from the sources pledged for payment, and is not an obligation of the state. The General Assembly does not intend to appropriate any funds for this debt. Some issues covenant that, in the event of a shortfall, the issuer will request from the governor and the General Assembly sufficient amounts to pay debt service. Certain indebtedness of the Kentucky Higher Education Student Loan Corporation, the Kentucky Housing Corporation, and the Kentucky Infrastructure Authority is not moral obligation debt (Commonwealth. Office of the State Controller. *Supplementary 406*).

Long-Term Debt Obligations Of Local Entities

Local governments may establish special districts to overcome state constitutional limits on indebtedness and taxation.

The state constitution places limits on local government indebtedness and taxation. As a result, some special districts may be established to overcome the limits to meet a public need. KRS 65.117 requires a city, county, urban-county, consolidated local government, charter county, special district, or taxing district to notify the state local debt officer—in the Department for Local Government—in writing before entering into a financing obligation. The obligations include notes, lease agreements that exceed \$200,000, bond issuances, and other long-term debt.

KRS 147A.020(2)(d) requires the state local debt officer to compile and publish annually a report that includes information on local government long-term debt issued and retired during the previous year and outstanding at fiscal year-end. This report, known as the Kentucky Local Debt Report, is published on the website of the Department for Local Government. The most recent report is for FY 2008.

Based on that report, Table 1.2 shows the outstanding debt of local quasi-governmental entities per type of entity. The entities include special districts and other entities created by local governments. The debt information is reported by local governments to the department (Dale).

Table 1.2
Outstanding Debt Of Local Quasi-Governmental Entities As Of June 30, 2008

Type Of Entity	Debt	% Of Total	Cumulative %
Metropolitan sewer	\$2,308,400,000	35.2%	35.2%
Airport	1,894,121,124	28.9	64.1
Water	1,036,679,122	15.8	79.9
Sanitation	285,003,342	4.3	84.3
Industrial development	262,432,011	4.0	88.3
Public properties corporation	177,533,163	2.7	91.0
Fire	127,829,264	1.9	92.9
Hospital	93,418,793	1.4	94.4
Library	77,636,342	1.2	95.6
Parking authority	52,245,000	0.8	96.3
Tourism	42,747,014	0.7	97.0
Plant board	41,795,058	0.6	97.6
Riverport authority	34,000,572	0.5	98.2
Public health	31,705,005	0.5	98.6
Jail authority	25,830,000	0.4	99.0
Cooperative extension	16,250,417	0.2	99.3
Ambulance	13,989,703	0.2	99.5
Water/sewer combined	7,842,205	0.1	99.6
Environmental Commission	6,716,000	0.1	99.7
Mental health-mental retardation	3,956,040	0.1	99.8
Utility commission	3,051,300	0.0	99.8
Area development district	3,028,843	0.0	99.9
Building commission	2,223,000	0.0	99.9
Area planning	2,090,000	0.0	99.9
Capital projects	2,024,500	0.0	100.0
Emergency medical services	2,013,866	0.0	100.0
Parks and recreation	1,830,000	0.0	100.0
Housing	1,455,000	0.0	100.0
Soil and water conservation	1,120,196	0.0	100.0
Natural gas authority	995,000	0.0	100.0
Nursing home	962,000	0.0	100.0
Transit	615,079	0.0	100.0
Solid waste	307,000	0.0	100.0
Community action	300,000	0.0	100.0
Watershed conservancy	128,700	0.0	100.0
Recycling	55,000	0.0	100.0
	\$6,562,329,659	100.0%	

Note: Types are listed in order of decreasing debt. Percentages shown are not exact due to rounding.
Source: Prepared by Program Review staff from information in Commonwealth. Department. 2008.

To assess the purposes of incurring debt, Program Review staff grouped the entities into the broad categories of public health and safety, land use/planning, transportation, economic development, infrastructure, and community and social services. Table 1.3 shows the total amount of debt for each category.

Table 1.3
Debt Per Category Of Local Quasi-Governmental Entities As Of June 30, 2008

Category	Debt	% Of Total	Cumulative %
Infrastructure	\$3,683,766,027	56.1%	56.1%
Transportation	1,980,981,775	30.2	86.3
Economic development	305,179,025	4.7	91.0
Public health and safety	279,990,671	4.3	95.2
Land use/planning	188,148,402	2.9	98.1
Community and social services	124,263,759	1.9	100.0
Total	\$6,562,329,659	100.0%	

Source: Prepared by Program Review staff from information in Commonwealth. Department. 2008.

More than one-half of debt of local quasi-governmental entities is for infrastructure projects. Thirty percent of their debt is for transportation projects, primarily for airports.

Infrastructure is the primary category in which local entities incur debt, as demonstrated both by the number of individual entities and by the fact that it accounts for more than one-half of the total debt reported. More than 100 water districts reported debt, but Louisville-Jefferson County's metropolitan sewer district alone reported more than \$2 billion in debt. Transportation projects accounted for more than 30 percent of debt, primarily due to the debt of airport entities. The Kenton County Airport Board reported more than \$1 billion in debt.

A local government may perceive a moral obligation for the debt of its entities even if it is not legally responsible.

The amount of debt owed by these entities may be of concern to local governments, depending on whether they are responsible for it. Even if local governments are not legally responsible for the debt, local officials may perceive a moral obligation for it. Local governments create these entities to provide public services, which could be at risk if the entities cannot meet their debt service obligations. Of the total quasi-governmental entity debt of more than \$6.5 billion, the amount of general obligation debt was just over \$642 million, as indicated by the following rounded amounts: \$446 million for infrastructure, \$92 million for public health and safety, \$72 million for community and social services, \$7 million for economic development, \$3 million for land use/planning, and \$2 million for transportation.

Participation Of Quasi-Governmental Entities In State-Administered Benefit Plans

Employees of some entities participate in the state-administered retirement systems and health insurance plan.

Employees of some quasi-governmental entities participate in the state-administered retirement systems and health insurance plan. The state administers the retirement systems for both state and county employees. It also administers a health insurance plan that covers both groups when they elect to participate.

Kentucky Employees Retirement System

Participation in the retirement system for state employees is established in statute. Participating entities are defined in KRS 61.510 as any department, board, or agency participating in the system in accordance with executive order; the members, officers, and employees of the General Assembly; and any other body, entity, or instrumentality designated by executive order, regardless of whether it is an integral part of state government. Once an entity participates, it continues to participate as long as it remains qualified (KRS 61.520).

Access to the retirement system depends on whether an individual's employer participates in the system. A board member of a quasi-governmental entity who also is a state official participates in the retirement system by virtue of the state position. Private-sector board members do not participate. Determining who is an "employee" can be difficult. Some quasi-governmental entities do not have their own employees; they use staff from state government agencies. For example, the Turnpike Authority of Kentucky is attached administratively to the Finance and Administration Cabinet and receives staff services from the cabinet. The cabinet's employees participate in the retirement system.

If a state entity is determined by the Kentucky Employees Retirement System to be sufficiently governmental, the governor issues an executive order for its participation.

The procedure the retirement systems' governing board uses to determine an entity's eligibility is to review its articles of incorporation—for statutory authority, its bylaws, and its budget—to determine the source of its funding. The review is intended to determine if an entity is sufficiently governmental to participate in the system. If so, the request is forwarded to the governor for the executive order required by KRS 61.520. The Kentucky High School Athletic Association is an example of an entity that satisfied the governing board criteria and received the required executive order (Burnside. Personal).

County Employees Retirement System

Local government entities can participate in the County Employees Retirement System by order of a county or school board. No executive order is required.

Participation in the retirement system for county employees is also established in statute. Entities that can participate are defined in KRS 78.510 as any county or nonprofit organization created and governed by a county, counties, or elected county officers; sheriff and employees; county clerk and employees; circuit clerk and deputies; former circuit clerks or deputies; or political subdivision or instrumentality, including school boards, charter county governments, and urban-county governments by virtue of their governmental structure. The county or school board must issue an order authorizing the entity's participation. An executive order from the governor is not needed for participation in the county system.

Some entities may enter separately from a city or county government; others may enter as part of the city or county government (Burnside. Personal). For this reason, it may be difficult to ascertain whether a specific local entity is participating since it may have entered the system as part of the local government rather than as a separate entity.

A board member of a quasi-governmental entity who also is a local government official participates if his or her employer has joined the system. Private-sector board members do not participate. Employees of participating entities also enter the system.

After April 9, 2002, the retirement system is required to deny the request for participation of an entity that does not have an irrevocable contract with the state Personnel Cabinet for health insurance coverage under KRS 18A.225 for its active employees.

Some entities are not initially accepted. In this situation, the entity must request a letter from the Internal Revenue Service stating that it meets the requirements of a governmental body. The Kentucky League of Cities was admitted to the system on this basis (Burnside. Personal).

Kentucky Employees' Health Plan

Anyone participating in one of the state-administered retirement systems is eligible to participate in the Kentucky Employees' Health Plan.

Participation in the state-administered health plan is established in KRS 18A.225. In general, it states that anyone participating in one of the state-administered retirement systems—including eligible dependents and beneficiaries—is eligible to participate in the health plan.

In addition to current employees, local or district retirees who are members of the County Employees Retirement System can join the health plan when retiring before age 65, even though they had private insurance before retirement. Thus, if an entity's private health insurance premiums increase, it can choose the state health plan instead (Cowles).

Associations Of Government Officials

Also covered in this study are the Kentucky Association of Counties (KACo) and the Kentucky League of Cities (KLC). Unlike other similar organizations that provide primarily training and professional development opportunities, KACo and KLC also offer financial and insurance services.

The Kentucky Association of Counties (KACo) and the Kentucky League of Cities (KLC) are funded by taxpayers of member counties and cities. The Auditor of Public Accounts has examined their financial transactions, policies, and procedures.

This report includes information on the extent to which KACo and KLC have implemented recommendations of the Auditor of Public Accounts on its examinations of financial transactions, policies, and procedures. The examinations were performed in response to reports and concerns regarding certain financial transactions of the two entities. Much of the information in this section is based on the Auditor's reports.

The Auditor determined that KACo and KLC were subject to examination because they are funded through membership dues, administrative fees and commissions from their insurance and financing programs, interest on loans, and other payments, which ultimately are provided by the taxpayers of member counties and cities. In addition, KACo and KLC participate in the County Employees Retirement System. The boards of directors and affiliated boards primarily consist of elected or appointed officials of counties and cities. As public officials and board members, their responsibilities also are to act in the best interests of their local jurisdictions and the citizens they serve. The decisions and actions of board members and the standards to which they are held should be consistent with those to which they are held as public officials (Commonwealth. Auditor. *Examination ... Kentucky League 1*).

Senate Bill 88, enacted in 2010, defines KACo and KLC as public entities.

Senate Bill 88 of the 2010 regular session of the General Assembly revised KRS Chapter 65 to define such organizations as public entities. Among other conditions, the legislation specifies that they are subject to requirements for open records and meetings

KACo is a 501(c)(3) nonprofit corporation. Initially created to improve county governments and special districts through

education and advocacy, it has since undertaken other efforts, which include financial and insurance services. These services are mostly provided through separate entities that are administratively attached to KACo (Commonwealth Auditor. *Examination ... Kentucky Association*).

KLC is established as a nonprofit corporation under Internal Revenue Code section 115, which classifies it as an affiliate of a government. The more than 300 cities that are members receive financial and insurance services through KLC's affiliate organizations (Commonwealth Auditor. *Examination ... Kentucky League*).

Financial And Insurance Services

KACo and KLC's financial services are designed to provide assistance to local governments at competitive rates. The KACo Leasing Trust is an example. To obtain funds to loan to counties and other entities, the leasing trust borrows money from investors in the municipal bond market using a county government as a conduit bond issuer. The bonds are not considered a debt obligation of the issuing county but are backed solely by revenues from the leases originated by the trust. The borrower makes lease payments to the leasing trust until the bonds are fully paid (Culpepper).

The KACo Leasing Trust and KACo Advanced Revenue Program offer both short- and long-term borrowing opportunities. The leasing trust has been used to finance capital projects, such as constructing public facilities and purchasing equipment. The advanced revenue program is inactive due to the current financial market. KACo also offers a number of insurance products, including liability and unemployment insurance.

KLC's financial services allow cities to obtain financing for public projects. The KLC Funding Trust and KLC Municipal Finance Corporation are bond pools used to finance projects for member cities. Types of insurance coverage include unemployment, liability, property, workers' compensation, health, and life.

Auditor's Findings In The Examination Of KACo

The examination revealed a number of questionable practices. For example, staff salaries and fringe benefits were more than 72 percent of total expenditures in FY 2008 and had grown steadily from FY 2004 to FY 2008. The Auditor of Public Accounts

reported 40 findings that covered specific instances but generally identified excessive and inappropriate expenditures; poor oversight; insufficient policies, including the lack of a whistle-blower policy; deficient training and orientation; and conflicts of interest (Commonwealth Auditor. *Examination ... Kentucky Association*).

The Auditor recommended that KACo create a new culture and establish more stringent oversight of expenditures. According to KACo officials, the Auditor's concerns have been addressed.

Perhaps the most encompassing recommendation was for KACo to create a new culture. The Auditor also recommended that the entity revise many of its policies to create more stringent approaches for oversight, including establishment of a whistle-blower policy and policies related to employee compensation and benefits. KACo was advised to rein in certain expenditures and eliminate some practices while strengthening its overall standards of conduct. Other specific recommendations related to amending bylaws to allow for better separation of duties and enacting a regular, formal orientation program for board members (Commonwealth Auditor. *Examination ... Kentucky Association*).

According to a June 2010 newspaper editorial by KACo's executive director, the organization has been working steadily on addressing concerns. Some work began before the Auditor's report was initiated. Issues KACo has addressed include the creation of a new audit and finance committee and passage of a code of ethics. The executive director stated that the organization would continue to comply with open records and meetings laws. Training for board members regarding legal and financial responsibilities was also initiated. KACo stated that it will continue to work to address the recommendations (Nunnelley. "KACo"). In a follow-up interview in October 2010, the executive director stated that KACo had addressed all the Auditor's concerns (Nunnelley. Telephone).

Auditor's Findings In The Examination Of KLC

The Auditor's report on KLC had 30 findings, some of which were very specific. For example, auditors discovered that 19 positions at KLC received salaries of \$100,000 or more. The report also noted questionable practices relating to retirement; ineffective policies and practices, including conflicts of interest, the absence of a whistle-blower policy, and lack of training for board members; poor oversight of spending; and weaknesses in accounting controls (Commonwealth Auditor. *Examination ... Kentucky League*).

The Auditor recommended that KLC reshape its mission to more accurately reflect its responsibility to member cities and that it review and formalize employee compensation policies. KLC officials state that they have addressed the Auditor's concerns.

One basic recommendation was for KLC to reshape its mission to more accurately reflect its responsibility to member entities. The Auditor also recommended reviewing and formalizing employee compensation and evaluation policies and procedures. A number of recommendations referred to increased oversight and review by KLC staff of contracts and other transactions. These weaknesses translated into a number of specific policy recommendations, including those related to credit cards, travel, and alcohol purchases. The report advised the organization to conduct an annual training and orientation for board members and trustees, including those of affiliate boards. It recommended amendments to KLC's bylaws and abandoning some practices, such as purchasing tickets to events that are solely for the benefit and entertainment of board members, staff, and guests. Recommendations also addressed the need for better accounting controls through a formal accounting procedures manual (Commonwealth Auditor. *Examination...Kentucky League*).

In a March 2010 interview with Program Review staff, KLC officials stated that there were fewer than 10 outstanding items from the Auditor's report that needed action (Hackworth, Juett, and Chaney). In an October 2010 follow-up interview, an official stated that KLC had addressed all the Auditor's concerns (Hackworth).

Best Practices For Public And Nonprofit Boards

As a result of the examinations of KACo, KLC, and others, the Auditor developed a number of best practices. "Recommendations for Public and Nonprofit Boards" offers more than 30 suggestions for boards to follow, primarily aimed at assisting boards in identifying areas in which enhanced internal controls and oversight are needed and then in developing policies that will address those needs. Recommendations are directed to boards and employees. For boards, orientation and training, an enhanced code of ethics and standard of conduct, and policies are recommended. The suggested policies deal with a variety of issues, particularly those pertaining to better financial controls and oversight. Recommendations directed primarily to staff relate to compensation, benefits, evaluations, and handling of leave time (Commonwealth Auditor. "Recommendations").

Chapter 2

State Entities

Quasi-governmental entities are discussed in this chapter in relation to their purposes: state infrastructure, local infrastructure, economic development, education and training, agriculture, housing, arts, health care, general state financing, and fiduciary.

As categorized by Program Review staff, quasi-governmental entities are discussed in this chapter in relation to their purposes: state infrastructure, local infrastructure, economic development, education and training, agriculture, housing, arts, health care, general state financing, and fiduciary functions. Staff chose a primary purpose for each entity that could be placed in more than one category.

This chapter provides an overview of each entity's purpose, its governing board structure and compensation, its use of General Fund appropriations, the executive branch agency to which the entity may be attached for administrative purposes, and participation of entity employees in state-administered retirement and health insurance plans. Appendix B has further information on each entity's governing board membership. This chapter also discusses the state's economic development programs and, if information was available, the cost to the state of providing incentives for economic development.

Transparency and accountability are addressed in terms of whether the General Assembly and the public have access to information on the financial stability of the state's quasi-governmental entities. All but two of these entities publish audited financial statements.

Transparency and accountability are addressed in terms of whether the General Assembly and the public have access to sufficient information on the financial stability of the state's quasi-governmental entities in the form of audited financial statements and other reports. The Kentucky Horse Park Foundation differs from other entities covered in this chapter; it is a nonprofit corporation created to accept and distribute contributions to the Kentucky Horse Park. It has a policy to prepare audited financial statements. The other entities covered in this chapter are public corporations. All but the Kentucky Agricultural Finance Authority and the Kentucky Grain Insurance Corporation are required by statute to prepare annual financial statements and to have them audited.

Recommendation 2.1

Recommendation 2.1

The General Assembly may wish to consider amending KRS Chapter 247 and KRS Chapter 251 to require the Kentucky Agricultural Finance Corporation and the Kentucky Grain Insurance Corporation to publish annual audited financial statements.

Purposes Of State Quasi-Governmental Entities

The state’s comprehensive annual financial report describes “administrative entities” as consisting of elected and appointed officials from various state agencies. These entities oversee and coordinate specified activities of other state entities. They have no cost associated with them because they have no offices, separate staff, or financial transactions. The state’s administrative entities are the State Property and Buildings Commission, Kentucky Tobacco Settlement Trust Corporation, Kentucky Gas Pipeline Authority, and the Board of Agriculture (Commonwealth. Office of the State Controller. *Comprehensive* 52). They are included in this report because of their involvement in activities and financial transactions of other entities. Each is covered in one of the categories below based on purpose.

State Infrastructure

Three quasi-governmental entities finance state infrastructure projects directly or indirectly.

Three quasi-governmental entities finance state infrastructure projects directly or indirectly. Table 2.1 provides an overview of the composition and compensation of their governing boards, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.1
Administrative Characteristics Of State Infrastructure Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
State Property and Buildings Commission	7 state officials	Expense reimbursement	No financial transactions and statements	Yes
Ky. River Authority	12 (2 state officials, 10 appointed by governor)	\$100 per meeting plus expense reimbursement	State Auditor’s website	Yes
Turnpike Authority of Ky.	7 state officials	Expense reimbursement	Entity’s website	Yes

Note: Compensation for attending meetings is for members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees’ Health Plan.

State Property And Buildings Commission. The commission is a public corporation whose purpose is to provide financing for capital construction projects and programs approved by the General Assembly. The commission cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly (KRS 56.450). The issuance of any revenue bonds for the state or any of its agencies by or on behalf of the Kentucky Economic Development Finance Authority and the issuance of any revenue bonds for economic development projects authorized by Acts 1980, Chapter 109, require the prior approval of the commission. The Cabinet for Economic Development is authorized to initiate industrial development projects. When revenue bonds are issued for such a project, the cabinet may enter into financing or lease agreements with the commission to finance the bond payments from appropriations made to that cabinet. The Department of Highways, Turnpike Authority of Kentucky, and school districts require approval of the commission to issue bonds (KRS 56.550).

Agency Fund project debt is issued on behalf of various agencies. The agencies for which the bonds were issued are responsible for the debt service, and the debt is reflected as a liability on the financial statements of the respective agencies.

The commission is attached administratively to the Finance and Administration Cabinet. It received no General Fund appropriation in FY 2009.

Kentucky River Authority. The authority is established in KRS 151.705 as a public corporation charged with developing comprehensive plans for the management of the Kentucky River Basin. It is authorized to issue revenue bonds to pay for projects; the principal of and interest on the bonds are payable solely from water use fees.

The authority is attached administratively to the Finance and Administration Cabinet. It used \$276,488 in FY 2009 General Fund appropriation.

The Turnpike Authority of Kentucky. The Turnpike Authority of Kentucky is a public corporation established in KRS 175.430. It constructs, maintains, repairs, and operates turnpike projects, resource recovery roads, and economic development roads. The authority cannot incur debt without prior approval of projects and appropriation of debt service by the General Assembly.

The authority is attached administratively to the Finance and Administration Cabinet. It received no General Fund appropriation in FY 2009.

Local Infrastructure

Three quasi-governmental entities finance local infrastructure projects directly or indirectly.

Three quasi-governmental entities finance local infrastructure projects directly or indirectly. Table 2.2 provides an overview of the composition and compensation of each local infrastructure entity's governing board, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.2
Administrative Characteristics Of Local Infrastructure Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Ky. Infrastructure Authority	11 (5 state officials, 6 appointed by governor)	Expense reimbursement	Entity's website	Yes
Ky. School Facilities Construction Commission	9 (1 state official, 8 appointed by governor)	Not addressed in statute or regulation	On request from entity	Yes
Ky. Local Correctional Facilities Construction Authority	10 (2 state and 4 local officials, 4 appointed by governor)	Expense reimbursement	Finance and Administration Cabinet website	No

Note: Compensation for attending meetings is for members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Infrastructure Authority. The authority is created in KRS 224A.030 as a public corporation to serve local public agencies in the construction and acquisition of infrastructure projects. It coordinates regional infrastructure planning to promote higher levels of technical, managerial, and financial capacity of water-based utilities. It also is charged with promoting economies of scale among and between utilities to benefit consumers. The authority is an independent taxing district that encompasses the entire geographical area of the state. It may levy and collect a tax on water and service to pay principal and interest on its revenue bonds (KRS 224A.060). It may issue notes and bonds to provide infrastructure financing for governmental agencies and

investor-owned private utilities. The authority also provides grants and subsidized loan incentives.

For administrative purposes, the authority is attached to the Department for Local Government. It used \$876,300 in FY 2009 General Fund appropriation.

Kentucky School Facilities Construction Commission. The commission is established in KRS 157.617 as a public corporation to assist local school districts in meeting school construction needs in a manner that will ensure an equitable distribution of funds based on unmet needs.

The commission is responsible for distributing state funds through offers of assistance for approved building or renovation projects. It is empowered to act on behalf of local school districts to issue bonds in the name of the commission and to enter into lease arrangements with local boards of education to finance construction of new facilities or major renovation of existing school facilities. The commission also is charged with distributing state funds allocated to the Kentucky Education Technology System's trust fund to assist local school districts in addressing their unmet education technology needs.

The commission is not attached administratively to any state agency. Statute requires the Finance and Administration Cabinet to assist the commission in issuing bonds. The commission used \$105,314,700 in FY 2009 General Fund appropriation.

Kentucky Local Correctional Facilities Construction Authority. The authority is established in KRS 441.615 as a public corporation to provide an additional and alternative method of constructing, reconstructing, improving or repairing, and financing jails and appurtenant facilities for local governments. The authority may issue revenue bonds, which are not a debt of the state (KRS 441.645). It is limited to the level of debt service supported by court fees pledged to pay the bonds.

The Finance and Administration Cabinet provides the funds, staff assistance, facilities, and materials required by the authority. It received no General Fund appropriation and issued no debt in FY 2009.

Economic Development

The purpose of the Kentucky Economic Development Finance Authority is to enhance state and local economic development.

The state has one quasi-governmental entity whose purpose is to enhance state and local economic development. Table 2.3 summarizes its board composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.3
Administrative Characteristics Of The Kentucky
Economic Development Finance Authority

Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
Membership	Compensation		
7 (1 state official and 6 members appointed by the Economic Development Partnership Board)	\$100 per meeting plus expense reimbursement	On request from entity	Yes

Note: Compensation for attending meetings is for members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan

Kentucky Economic Development Finance Authority. The authority is established in KRS 154.20-010 as a public corporation to assist business enterprises in obtaining financial resources to promote the commonwealth's long-term economic growth. The authority may, upon approval of the board, borrow money and issue bonds or notes, which are not considered a debt of the state. The authority acts as a conduit for issuing various private-activity hospital and industrial revenue bonds. Principal and interest payments are the responsibility of the borrowing parties. The state has no liability for payment of the principal or the interest on these types of bonds. The authority also oversees grant, loan, and tax incentive programs.

The authority is created and budgeted within the Cabinet for Economic Development and has no staff. Staff services are provided by cabinet employees who participate in the state benefit plans. It received no FY 2009 General Fund appropriation.

Education And Training

Five quasi-governmental entities are involved in education and training.

Five quasi-governmental entities are involved in education and training. Table 2.4 provides an overview of the entities' governing board composition and compensation, availability of audited

financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.4
Administrative Characteristics Of Education And Training Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Bluegrass State Skills Corporation	18 (6 state officials, 12 members appointed by governor)	\$100 per meeting plus expense reimbursement	On request from entity	Yes
Ky. Higher Education Student Loan Corporation	15 (7 members of Ky. Higher Education Assistance Authority, 8 members appointed by governor)	\$100 per meeting plus expense reimbursement	Entity's website*	Yes
Ky. Higher Education Assistance Authority	15 (8 members of Ky. Higher Education Student Loan Corporation, 7 members appointed by governor)	\$100 per meeting plus expense reimbursement	Entity's website*	Yes
Ky. Authority for Educational Television	9 (4 state officials, 5 members appointed by governor)	\$50 per meeting plus expense reimbursement	On request from entity	Yes
Ky. Council on Postsecondary Education	16 (1 state official, 1 faculty member, 1 student, 13 members appointed by governor)	\$100 per meeting plus expense reimbursement	On request from entity	Yes**

* There is a combined website for the Kentucky Higher Education Assistance Authority and the Kentucky Higher Education Student Loan Corporation.

** For retirement, "yes" is for those who choose to participate; others participate in the Teachers' Insurance and Annuity Association-College Retirement Equities Fund.

Note: Compensation for attending meetings applies to members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Bluegrass State Skills Corporation. The corporation is created in KRS 154.12-205 as a public corporation to stimulate economic development by funding the cost of training employees and upgrading their skills. The secretary of the Cabinet for Economic Development hires and establishes the salary of the executive director.

Individual firms and business consortia that want to upgrade the training of their workers can apply for cost reimbursement. The corporation's training programs are discussed in more detail later

in this chapter in relation to their intended impact on economic development.

KRS 154.12-208 requires the corporation to submit an annual report to the Legislative Research Commission and the governor describing all programs funded, evaluating the performance of each program, and describing the participants.

The corporation is attached administratively to the Cabinet for Economic Development. General Fund appropriations for the corporation's grants continue forward from each fiscal year to the next to the extent that any balance is unexpended. It used \$8,448,334 in FY 2009 General Fund appropriation.

Kentucky Higher Education Student Loan Corporation. This public corporation is established in KRS 164A.050 as a financing agency to ensure that a secondary market for insured student loans is retained. The executive director of the Kentucky Higher Education Assistance Authority serves as executive director of the corporation. The corporation makes guaranteed student loans to residents of the state to attend postsecondary institutions. It is limited to \$5 billion of debt outstanding. Obligations of the corporation are not an obligation of the state.

The corporation is not attached administratively to another state entity. It received no FY 2009 General Fund appropriation.

Kentucky Higher Education Assistance Authority. The authority is established in KRS 164.742 as a public corporation to improve higher education opportunities of persons who are attending or plan to attend eligible institutions by insuring eligible student loans. It also oversees the Kentucky Educational Savings Plan Trust and the Commonwealth Postsecondary Education Prepaid Trust Fund, also known as Kentucky's Affordable Prepaid Tuition plan. The authority provides student financial aid and administers state grants, work study, scholarships, and college savings programs for postsecondary students. The authority is the designated guarantor of insured student loans and disseminates postsecondary school and financial aid information.

No administrative attachment is specified in statute. The authority used \$180,447,254 in FY 2009 General Fund appropriation.

Kentucky Authority For Educational Television. The authority is established in KRS 168.030 as a public corporation to prescribe and enforce regulations governing the use of educational television and television facilities and related functions. It also produces and transmits educational television programs. The authority may employ an executive director.

No administrative attachment is specified in statute. The authority used \$2,177,500 in FY 2009 General Fund appropriation.

Kentucky Council On Postsecondary Education. The council is established in KRS 164.011 as a public corporation to improve Kentucky's postsecondary education system and increase literacy, improve work-related skills, and increase the number of students attending college and completing college degrees. The council determines tuition and approves minimum qualifications for student admission to the state postsecondary educational system. It evaluates the performance and effectiveness of the state's postsecondary system. It also reviews, revises, and approves the missions of postsecondary institutions. The council is required to file an annual status report on postsecondary education in the state with LRC, among others.

The council is not attached administratively to another state entity. It used \$50,479,990 in FY 2009 General Fund appropriation.

Agriculture

The state has four entities whose purpose involves promoting agriculture and agribusiness.

The state has four entities whose purpose involves promoting agriculture and agribusiness. Table 2.5 provides an overview of the agricultural entities' governing board composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.5
Administrative Characteristics Of Agricultural Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Ky. State Fair Board	15 (3 state officials, 1 member appointed by Senate, 1 member appointed by House of Representatives, 10 members appointed by governor)	\$100 per meeting (not to exceed 96 meetings per year) plus expense reimbursement	Website of Finance and Administration Cabinet	Yes
Ky. Agricultural Finance Corporation	12 (2 state officials, 10 members appointed by governor)	Expense reimbursement	No	No
Ky. Grain Insurance Corporation	10 (4 state officials, 6 members appointed by commissioner of agriculture)	Not addressed in statute or regulation	No	No
State Board of Agriculture	14 (2 state officials; state presidents of Future Farmers of America, Young Farmers of America, and 4-H Club; 9 members appointed by governor)	\$50 per meeting (not to exceed 36 meetings per year) plus expense reimbursement	No financial transactions and no financial statements	No

Note: Compensation for attending meetings applies to members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky State Fair Board. The board is established as a public corporation in KRS 247.090 to promote the progress of the state and stimulate public interest in the advantages and development of the state. It provides the facilities of the state fairgrounds for agricultural and industrial exhibitions, public gatherings, cultural activities, and other functions designed to advance the educational, physical, and cultural interests of the public. It also provides the facilities of the exhibition center for conventions, trade shows, public gatherings, and other functions calculated to advance and enhance the visitor industry, economy, entertainment, cultural, and educational interests of the public. KRS 247.130 allows the board to employ or contract with a chief executive officer.

KRS 247.180 authorizes the board to issue revenue bonds, which are not a debt of the commonwealth. The board is not attached administratively to another state entity. It received no FY 2009 General Fund operating funds appropriation.

Kentucky Agricultural Finance Corporation. This public corporation is established in KRS 247.944 to stimulate existing agricultural enterprises and promote new agricultural ventures in the state. The corporation may issue bonds and notes to provide funds to achieve its purposes. These obligations are not a debt of the state.

Staff services for the board are provided by the Office of the Governor. The corporation received no FY 2009 General Fund appropriation. It is not required by statute to prepare annual financial statements. The corporation does not have an audit (Hamilton).

Kentucky Grain Insurance Corporation. This public corporation is established in KRS 251.620 to improve the economic stability of agriculture and protect grain producers in the event of a financial failure of a grain dealer or warehouseman. If the grain insurance fund has insufficient funds to pay claims, KRS 251.660 requires that the claims be paid from the State Treasury and then be reimbursed by the grain insurance fund, plus interest, from future assessments.

The corporation is not attached administratively to another state entity. It received no FY 2009 General Fund appropriation; it is funded by grain producers. The corporation is not required by statute to prepare annual financial statements. It does not have an audit (Hamilton).

State Board Of Agriculture. The board is established in KRS 246.120 as a public corporation to advise the commissioner of agriculture. No administrative attachment to another state entity is specified in statute. It received no General Fund appropriation in FY 2009.

Housing

The Kentucky Housing Corporation helps finance affordable housing for families and individuals.

The Kentucky Housing Corporation helps finance affordable housing for families and individuals. Table 2.6 provides an overview of the composition and compensation of its board, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.6
Administrative Characteristics Of The Kentucky Housing Corporation

Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
Membership	Compensation		
15 (5 state officials, 10 members appointed by governor)	\$100 a meeting; expense reimbursement not addressed in statute or regulation	Entity's website	Yes

Note: Compensation for attending meetings applies to members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Housing Corporation. This public corporation is established in KRS 198A.030 to improve and promote the health and welfare of Kentucky's citizens by the production of residential housing in Kentucky. The board appoints an executive director.

The corporation acts as a conduit for the issuance of private-activity multifamily mortgage bonds to make low-interest mortgage loans and construction loans to increase the supply of housing for low- to moderate-income residents of the state. Principal and interest payments are the responsibility of the borrowers, who are developers of the projects. It also administers home mortgage, rental assistance, and other programs. Some local areas administer certain of their own programs.

The corporation is limited to \$5 billion of outstanding debt. It is required to report annually on its housing and bonding programs to the Interim Joint Committee on Appropriations and Revenue.

The corporation is not attached administratively to another state entity. It received no FY 2009 General Fund appropriation.

Arts

Two entities are involved in promoting the arts.

Two entities are involved in promoting the arts. Table 2.7 provides an overview of the entities' board composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.7
Administrative Characteristics Of Arts Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Ky. Center for the Arts Corporation	15 members appointed by governor	Not addressed in statute or regulation	On request from entity	No
Appalachian/Ky. Artisans Gateway Center Authority	13 (4 state officials, 6 members appointed by mayor of Berea, 3 members appointed by governor)	Expense reimbursement	Website of auditor of public accounts	Yes

Note: Compensation for attending meetings applies to members who are not government officials.
 Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Center For The Arts Corporation. This public corporation is established in KRS 153.410 to promote the growth and development of the arts, convention trade, and tourism and hotel industries in Jefferson County and the commonwealth. It may issue revenue bonds payable solely from the charges, revenues, rentals, and other funds pledged for their payment.

The corporation is attached to the Tourism, Arts and Heritage Cabinet for administrative purposes. The corporation used \$506,493 in FY 2009 General Fund appropriation.

Appalachian/Kentucky Artisans Gateway Center Authority. The authority is created in KRS 148.561 as a public corporation. It operates and manages the Kentucky Artisan Center at Berea, which promotes Kentucky arts and crafts products. KRS 148.563 requires an executive director to be appointed.

The authority is attached to the Tourism, Arts and Heritage Cabinet for administrative purposes. The staff of the authority, including its executive director, are required by statute to be employees of the cabinet. The authority used \$328,400 in FY 2009 General Fund appropriation.

Health Care

The Kentucky Health Care Improvement Authority administers Kentucky Access, a program to ensure that health coverage is available to qualifying Kentuckians.

The Kentucky Health Care Improvement Authority helps provide health care for Kentuckians. Table 2.8 provides an overview of its board composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.8
Administrative Characteristics Of The Kentucky Health Care Improvement Authority

Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
Membership	Compensation		
15 (3 state officials, 2 members of Senate, 2 members of House of Representatives, dean of University of Louisville School of Medicine, dean of University of Kentucky College of Medicine, 6 members appointed by governor)	Not addressed in statute or regulation	Website of auditor of public accounts	No

Note: Compensation for attending meetings applies to members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Health Care Improvement Authority. The authority is established in KRS 304.17B-003 as a public corporation to administer the Kentucky Access health insurance program. Kentucky Access was established in KRS 304.17B-005 to ensure that health coverage is made available to each Kentucky resident applying and qualifying for coverage. It is funded by assessments on insurers, enrollment fees, and Tobacco Settlement Trust funds (Commonwealth. Office of the State Controller. *Comprehensive* 54).

The authority is attached to the Office of Insurance for administrative purposes. It received no FY 2009 General Fund appropriation.

General State Financing

Four quasi-governmental entities perform financing functions for the state.

Four quasi-governmental entities perform financing functions for the state. Table 2.9 provides an overview of their board composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.9
Administrative Characteristics Of General State Financing Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Ky. Lottery Corporation	8 (1 state official, 7 members appointed by governor and confirmed by Senate)	\$5,000 per year for members, \$7,500 per year for chair, expense reimbursement	Entity's website	No
Ky. Asset/Liability Commission	5 state officials	Expense reimbursement	No financial transactions and no financial statements	Yes
Ky. Tobacco Settlement Trust Corporation	14 (3 state officials, 1 member of Senate, 1 member of House of Representatives, 9 members appointed by governor)	Expense reimbursement	No financial transactions and no financial statements	No
Ky. Gas Pipeline Authority	9 (3 state officials, 3 members designated by professional associations, 2 legislative members, 1 member appointed by governor)	Expense reimbursement	No financial transactions and no financial statements	No

Note: Compensation for attending meetings applies to members who are not government officials.
 Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Lottery Corporation. This public corporation is established in KRS 154A.020 to administer the state lottery games. Its goal is to conduct games that will maximize revenues to the state while providing entertainment to the citizens. The president of the corporation is appointed by the governor and confirmed by the board of directors.

The corporation is not attached administratively to another state entity. It received no General Fund appropriation in FY 2009. The corporation is required by KRS 154A.140 to be self-sustaining and self-funded. General Fund dollars cannot be used or obligated to pay the expenses of the corporation or prizes of the lottery.

Kentucky Asset/Liability Commission. The commission is established in KRS 56.841 as a public corporation that takes a comprehensive view of state finances and develops policies and

strategies that seek to minimize the impact of fluctuating revenue receipts on the state's budget and of fluctuating interest rates on the state's interest-sensitive assets and liabilities. The commission provides financing of capital projects and cash flow borrowings to meet working capital needs of the state.

Except for cash borrowings within a fiscal year, the commission cannot incur debt without prior approval by General Assembly of projects and appropriation of debt service. The commission must report semiannually to the Capital Projects and Bond Oversight Committee and the Interim Joint Committee on Appropriations and Revenue concerning, among other issues, the state's investment and debt structure.

The Office of the State Controller serves as staff to the commission. The commission received no General Fund appropriation in FY 2009.

Kentucky Tobacco Settlement Trust Corporation. This public corporation is created in KRS 248.480 to assist in the implementation of the national tobacco grower settlement trust agreement. It is attached administratively to the Finance and Administration Cabinet. It received no General Fund appropriation in FY 2009.

Kentucky Gas Pipeline Authority. The authority was created in KRS 353.752 as a public corporation within the Finance and Administration Cabinet to provide a financing mechanism for projects that will increase severance tax revenue for Kentucky, create jobs for Kentuckians, and create a competitive advantage in environmentally responsible development. The authority may provide for the issuance of revenue bonds to pay any part of the cost of projects. Bonds issued by the authority are not a debt of the state.

The Finance and Administration Cabinet provides the funds, staff, facilities, and materials required by the authority. The authority received no General Fund appropriation in FY 2009.

Fiduciary

Five fiduciary entities hold assets in trust for the benefit of individuals or other entities.

Five fiduciary entities hold assets in trust for the benefit of individuals or other entities. Table 2.10 provides an overview of these entities' composition and compensation, availability of audited financial statements, and participation in state-administered retirement and health insurance programs.

Table 2.10
Administrative Characteristics Of Fiduciary Entities

Entity	Governing Board		Audited Financial Statements	Participation In Retirement System And Health Insurance
	Membership	Compensation		
Ky. Retirement Systems	9 (1 state official, 5 trustees elected by retirement system members, 3 appointed by governor)	\$80 per meeting plus expense reimbursement	Entity's website	Yes
Ky. Teachers' Retirement System	9 (2 state officials, 7 trustees elected by retirement system members)	\$90 per meeting plus expense reimbursement	Entity's website	Yes
Judicial Form Retirement System	8 (3 members appointed by Supreme Court, 3 appointed by president of Senate and speaker of the House, 2 appointed by governor)	Same as per diem paid to General Assembly members while in session plus expense reimbursement	Available for examination by any member or beneficiary	Yes
Ky. Public Employees' Deferred Compensation Authority	7 (3 state officials, 4 members appointed by governor)	\$100 per meeting plus expense reimbursement	On request from entity	No
Ky. Horse Park Foundation, Inc.	Not addressed in statute	Not addressed in statute	On request from entity	No

Note: Compensation for attending meetings applies to members who are not government officials.

Source: Prepared by Program Review staff from information contained in statutes, audited financial statements, and websites of the Kentucky Retirement Systems and the Kentucky Employees' Health Plan.

Kentucky Retirement Systems. The board of trustees of the Kentucky Retirement Systems is a public corporation established in KRS 61.645 to administer the Kentucky Employees Retirement System, the County Employees Retirement System, and the State Police Retirement System. The board appoints or contracts for the services of an executive director.

The assets of the system are considered trust funds. All expenses are paid from the trust. Restricted Funds providing for the operations of the retirement systems are transferred from trust funds held by the system for the benefit of members and beneficiaries. The trust funds include investment earnings, employee contributions, and employer contributions from agencies supported by the General Fund, the Road Fund, Federal Funds, and Restricted Funds.

The retirement systems are not attached administratively to another state entity. They received no line-item General Fund operating appropriation in FY 2009.

On September 9, 2010, the US Securities and Exchange Commission notified the systems that it was opening an informal inquiry into the retirement systems' payment of fees to placement agents. The commission requested a copy of an internal audit report concerning placement agent payments, agreements or contracts relating to placement agent payments, and minutes of the board of trustees in which placement agent payments or disclosure of placement agents was discussed. The internal audit report stated that no evidence was discovered that would indicate impropriety (Burnside. Email).

On October 5, 2010, the systems were notified that the Office of the State Auditor would evaluate the systems' board and committee structure; policies governing the internal audit process and reporting to the board by staff; business conduct, conflict of interest, and ethics policies; procurement policies; and the adequacy of current audits and financial reports. The review will pay particular attention to the use of placement agents (Burnside. Email).

Judicial Form Retirement System. The system is established in KRS Chapter 21. Statute does not designate it as a public corporation. The system coordinates and administers the Legislators' Retirement Plan and the Judicial Retirement Plan.

The system is not attached administratively to another state entity. In FY 2009, it used \$5,764,800 in General Fund appropriation.

Kentucky Teachers' Retirement System. This public corporation is established in KRS 161.230. The board employs an executive secretary who is the chief administrative officer of the board (KRS 161.340).

Members of the system are all persons occupying positions in the public elementary and secondary schools for which certification is required. In addition, members include staff members of Western Kentucky University, Eastern Kentucky University, Morehead State University, and Kentucky State University; professional staff of the Department of Education and the Cabinet for Workforce Development; faculty members of the School for the Deaf and the School for the Blind; and faculty of the state and area vocational schools. Membership is mandatory for all persons teaching in the

public schools and other institutions covered by the statutes governing teachers' retirement.

Benefits are financed through member contributions, corresponding contributions by the state, and income accruing from the invested reserves of the system. The employer match for Department of Education, the Cabinet for Workforce Development, and university employees is budgeted within the department, the cabinet, and the affected universities, respectively, and is then transferred to the system. Funding for the employer match on behalf of local school district members is provided as an adjunct to the Support Education Excellence in Kentucky program within the Department of Education (Commonwealth. Office of State Budget. *2008-2010 59*).

The system is not administratively attached to another state entity. It used \$177,360,200 in state General Fund appropriation in FY 2009.

Kentucky Public Employees' Deferred Compensation Authority. The authority is a public corporation established in KRS 18A.235. The board appoints an executive director. The authority administers deferred compensation plans as tax-sheltered, supplemental retirement savings programs that are an optional benefit for Kentucky's public employees.

The authority is attached to the Personnel Cabinet for administrative purposes. It did not receive a General Fund appropriation in FY 2009.

Kentucky Horse Park Foundation Inc. The foundation is a legally separate tax-exempt Kentucky corporation that receives, holds, and administers gifts and grants in the name of the Kentucky Horse Park. The park does not control the timing or amount of receipts from the foundation, but the majority of resources or income thereon that the foundation holds and invests is restricted by the donors to the activities of the park (Commonwealth. Office of the State Controller. *Comprehensive 54*).

The foundation is a 501(c)(3) corporation (Kentucky 1). It received no FY 2009 General Fund appropriation.

Related Organizations

Some organizations are related to the state, but the state has no economic interest in or financial responsibility for them.

Several other organizations are related to the commonwealth, but their financial activities are not included in the state's financial statements. The state has no economic interest in or financial responsibility for these organizations (Commonwealth. Office of the State Controller. *Comprehensive* 97). They are

- the East Kentucky Corporation (KRS 154.33-515),
- the Eastern Kentucky Exposition Center Corporation (KRS 154.40-020),
- the West Kentucky Corporation (repealed 2007),
- the West Kentucky Economic Development Fund (repealed 2007),
- the Northern Kentucky Convention Center Corporation (KRS 154.90-010),
- the Kentucky Employer's Mutual Insurance Authority (KRS 342.803),
- the Kentucky Wood Products Competitiveness Corporation (KRS 154.47-015),
- Commonwealth Seed Capital LLC (KRS 154.10),
- the World Games 2010 Foundation Inc. (not in statute, 501(c)(3) nonprofit corporation established to oversee the production of the 2010 Fédération Equestre Internationale games in Kentucky), and
- the Interstate Air Pollution Control Commission (KRS 224.18-200).

Tax Increment Financing

Tax increment financing can be used to support local infrastructure projects. The programs are known as local redevelopment, local vacant land, and loan support.

Tax increment financing can be used to support local infrastructure projects, some of which may be carried out by quasi-governmental entities. At the state level, it is administered by the Kentucky Economic Development Finance Authority (KEDFA).

Local Redevelopment

This program is established in KRS 65.7049. It is available to redevelop blighted areas into mixed-use development by using the incremental additional local taxes, such as property or occupational taxes, realized as a result of the development. A city or county may establish a development area. The city or county must find that the area cannot reasonably be expected to be developed without public assistance and that the development's public benefit justifies the public costs. Also, the city or county must find either that the area immediately surrounding the tract has not been subject to growth

or redevelopment through private enterprise or that there are special circumstances preventing development.

Local Vacant Land

This program is established in KRS 65.7047 to develop vacant land by using the additional incremental taxes realized as a result of the new development, such as construction at a local industrial park. State tax increment is not available for this type of development area.

Loan Support

This program is established in KRS 154.30-052. It facilitates a supplemental reserve fund to cover debt service related to the bond financing of a tax increment financing project.

The supplemental reserve fund is established with funding from the local agency equal to at least 75 percent of the annual average increment or 200 percent of the average annual debt service including deposits to debt service reserves, whichever is greater. KEDFA maintains the reserve for the term of the agreement. If the supplemental reserve is used to cover debt service and the agency is unable to replace those funds at the end of any fiscal year, the cabinet either provides available funds to replenish the reserve fund or seeks funding from the General Assembly for that purpose. The funds used to replenish the supplemental reserve are a loan from the cabinet.

The loan must be repaid by the agency according to the loan support agreement. The developers of the project must be a party to the agreement and be willing to provide security sufficient to indemnify the Cabinet for Economic Development in case the agency is unable to repay the loan as agreed.

Industrial Revenue Bonds

Governments can issue industrial revenue bonds to support local infrastructure projects. The state or local government issuer generally is not obligated for debt repayment. Debt service is covered by revenue arising from the project.

Industrial revenue bonds can be used to support local infrastructure projects, some of which may be carried out by quasi-governmental entities. The bonds may be issued by state and local governments to help finance industrial buildings as defined in KRS 103.200. Bond funds may be used to finance the total project costs, including engineering, site preparation, land, buildings, machinery and equipment, and bond issuance costs.

The state or local government issuer generally serves as a conduit to provide a lower interest rate to the borrower. The issuer is not obligated for debt repayment; the revenue arising from the project covers debt service.

The issuer may hold title to the improvements financed with bond proceeds. The property owned by the issuer may be exempt from local property taxes during the duration of the bond issue. The property also may be eligible to be taxed at a reduced state rate of leasehold value if approved by KEDFA. However, any portions of the projects financed by private capital are subject to the full state and local property taxes applicable to private ownership.

Communities may negotiate for payments by industrial tenants to replace portions of local property taxes lost through public title to the property. These agreements are commonly referred to as payment-in-lieu-of-tax agreements.

The total amount of tax-exempt debt that may be issued within a state is governed by the US Internal Revenue Code. The Kentucky Private Activity Bond Allocation Committee approves the issuance of industrial revenue bonds within the ceiling authorized by the code. For calendar year 2009, the ceiling was just more than \$384 million. The committee meets quarterly to allocate the cap into state and local issuer pools.

Tax Expenditures Associated With Economic Development Incentives

A tax expenditure involves a reduction in tax revenue because a statute reduces or eliminates some corporation income, tangible property, and sales taxes. The Office of State Budget Director estimates that economic development incentives resulted in potential tax expenditures of more than \$100 million in fiscal year 2010.

The Office of State Budget Director issues a biennial report in odd-numbered years on the tax expenditure items granted in statute. The report defines a tax expenditure as “an exemption, exclusion, or deduction from the base of a tax, a credit against the tax, a deferral of a tax, or a preferential tax rate.” An item is determined to be a tax expenditure if the tax revenue associated with that item is reduced because of a specific statute (Commonwealth. Office of State Budget. *Tax 1*).

The report states that the value of the analysis is to describe Kentucky’s tax expenditures and their estimated impact in terms of lost general fund and road fund revenue for a period of time. It cautions that the analysis should not be viewed as an estimate of the impact of repealing one or more tax expenditures since the estimated cost of the expenditure may not necessarily equal the increased revenue resulting from repeal (9).

The most recent report estimates potential tax expenditures related to economic development incentives of more than \$100 million in FY 2010 due to corporation income, tangible property, and sales tax losses. The report estimates that the taxes lost will be more than \$111 million in FY 2011 and more than \$134 million in FY 2012 (21).

Economic Development Tax Incentive And Loan Programs

Economic development programs usually contain specific performance goals a company must satisfy in order to earn specific incentives. However, due to confidentiality, it is impossible to independently verify the linkage between the cost of incentives and a company's performance.

Economic development programs usually contain specific performance goals a company must satisfy—such as creating a certain number of jobs—in order to earn specific incentives—such as tax refunds and credits. However, due to confidentiality, it is impossible to independently verify the linkage between the cost of incentives and a company's performance.

This section of the report describes the state's incentive and loan programs administered by the Cabinet for Economic Development in terms of the purposes of programs, entities that approve incentives or loans, and the maximum amounts that can be approved. The categories were categorized per purpose by Program Review staff. Appendix C has additional details on the programs.

Workforce Training Programs

The state offers workforce training grants to companies and consortia of companies. It also offers tax incentives to companies for upgrading employees' skills.

The two state workforce training programs are a grant for companies and consortia of companies and a tax credit. Table 2.11 shows the workforce training programs, the entity that approves incentives, and the maximum incentives permitted.

Table 2.11
Workforce Training Programs

Program	Approval	Maximum Incentives
Grants to individual companies	Bluegrass State Skills Corporation	\$25,000 for 1 to 499 employees, \$50,000 for 500 or more employees (limited to \$2,000 per employee)
Grants to consortia of companies	Bluegrass State Skills Corporation	\$75,000 per consortium (limited to \$2,000 per employee)
Skills investment credit	Bluegrass State Skills Corporation	\$500 per Kentucky resident employee up to \$100,000 per company per biennium

Source: Prepared by Program Review staff from statutes and the Cabinet for Economic Development's website.

Grant-In-Aid Workforce Training. The Bluegrass State Skills Corporation funds industry-specific training grants with business and industry designed to improve and promote employment opportunities for state residents. Individual companies and consortia of companies with common training needs may be reimbursed for training activities. A company or consortium must submit an application and receive approval from the board before the training may begin.

Types of training that are allowed are pre-employment skills, entry-level skills, and skills upgrade training. The corporation provides up to 50 percent reimbursement for eligible training.

Participants in the training must be residents of Kentucky who are full-time employees of the applicant company. Eligible employees must make a minimum of \$10.88 per hour base wage—150 percent of the federal minimum wage—plus 15 percent benefits.

Skills Investment Credit. The Bluegrass State Skills Corporation also administers the skills investment credit. This program provides a credit against Kentucky income tax for a company that sponsors an occupational or skills upgrade training program for the benefit of one or more of its employees. A company must apply and be approved by the board before receiving the investment credit.

The credit amount cannot exceed \$500 per qualified Kentucky resident employee up to \$100,000 for each company per biennium. The board approves only one application per company in a biennium.

Participants in the training must be residents of Kentucky who have been full-time employees of the applicant company for at least 1 year. Eligible employees must make a minimum of \$10.88 per hour base wage plus 15 percent benefits.

Energy And Environmental Programs

Two state programs offer tax incentives for energy and environmental activities of qualifying companies.

The state has two energy and environmental programs. Table 2.12 lists the programs, the entity that approves incentives, and the maximum incentives permitted.

Table 2.12
Energy And Environmental Programs

Program	Approval	Maximum Incentives
Incentives for Energy Independence	Kentucky Economic Development Finance Authority	Sales and use tax refunds up to 100%, severance tax up to 80% of taxes paid, corporate income or limited liability entity tax credits up to 100%, gross wages up to 4%
Kentucky Environmental Stewardship	Kentucky Economic Development Finance Authority	Corporate income or limited liability entity credits up to 100%

Source: Prepared by Program Review staff from statutes and the Cabinet for Economic Development's website.

Incentives For Energy Independence Act. The act is codified in KRS 154.27-010 through 154.27-090. Incentives are negotiated by Cabinet for Economic Development officials and subject to approval of KEDFA. A company must apply and pay a \$1,000 non-refundable application fee. The company also will incur an administrative fee upon final approval equal to 0.25 percent of the authorized incentives up to \$50,000.

A company can earn tax incentives for up to 25 years for a maximum of 50 percent of the capital investment through

- sales and use tax refunds up to 100 percent of tax paid on tangible personal property made to construct, retrofit, or upgrade a facility;
- severance tax incentives up to 80 percent of taxes paid on the purchase or severance of coal or natural gas;
- tax credits up to 100 percent of corporate income or limited liability entity tax liability arising from the project; and
- wage assessment incentives up to 4 percent of gross wages of each employee.

In addition, a company may qualify for advanced disbursement of post-construction incentives using a formula based on the percentage of labor in construction and the use of Kentucky residents in the construction phase.

Kentucky Environmental Stewardship Act. The act is established in KRS 154.48-010 to 154.48-035. Incentives are negotiated by cabinet officials and subject to approval of KEDFA.

A company must compensate at least 90 percent of its employees whose jobs were created as a result of the project with a minimum hourly wage established for the county in which the project locates. It also must provide its new employees with benefits equal

to 15 percent of the county minimum hourly wage. If employee benefits are less than 15 percent, the company may use a combination of wages and benefits equivalent to 115 percent of the county minimum hourly wage.

Manufacturing And Similar Programs

Four state programs offer tax incentives for manufacturing and similar activities of qualifying companies.

The state has four incentive programs for manufacturing and similar activities. Table 2.13 shows the incentive programs for manufacturing and similar activities, the entity that approves incentives, and the maximum incentives permitted.

Table 2.13
Manufacturing And Similar Programs

Program	Approval	Maximum Incentives
Kentucky Business Investment Program	Kentucky Economic Development Finance Authority	100% of corporate income or limited liability entity tax, wage assessments up to 5% of gross wages
Kentucky Reinvestment Act	Kentucky Economic Development Finance Authority	100% of corporate income or limited liability entity tax, 50% of equipment and related cost, 100% of skills upgrade cost
Kentucky Enterprise Initiative Act	Kentucky Economic Development Finance Authority	Negotiated refund of sales and use tax paid for building and construction materials, research and development equipment, and electronic processing equipment
Kentucky Industrial Revitalization Act	Kentucky Economic Development Finance Authority	Credit against corporate income or limited liability entity tax liability limited to 75% of cost of rehabilitation or construction and similar costs, 5% wage assessment

Source: Prepared by Program Review staff from statutes and the Cabinet for Economic Development's website.

Kentucky Business Investment Program. This program is established in KRS 154.32. Incentives are negotiated by cabinet officials and approved by KEDFA.

Tax incentives are available for up to 15 years in enhanced incentive counties and up to 10 years in other counties and include

- tax credits up to 100 percent of corporate income or limited liability entity tax liability arising from the project; and
- wage assessment incentives up to 5 percent of gross wages of each employee in enhanced incentive counties or up to 4 percent, including up to 1 percent required local participation, of gross wages of each employee in other counties. If the local community does not have an occupational fee, then an alternative form of participation may be required.

Seventy-three of Kentucky's 120 counties are considered enhanced incentive counties for FY 2011.

Approved costs include eligible equipment and related costs and eligible skills upgrade training costs. The costs may be up to 50 percent of the eligible equipment and related cost and up to 100 percent of the eligible skills upgrade training costs.

Kentucky Reinvestment Act. The act is established in KRS 154.34. Incentives are negotiated by cabinet officials and subject to approval of KEDFA.

A company may earn income tax credits up to 100 percent of corporate or limited liability entity tax liability generated by or arising from the project. The tax incentive remains in place up to 10 years or until the authorized incentive amount is realized. Approved costs include equipment and related costs and skills upgrade training and may be up to 50 percent of the equipment and related cost and 100 percent of the skills upgrade.

Eligible skills upgrade training costs include those incurred in connection with an occupational training program for full-time employees specifically related to training or retraining as part of the reinvestment program. Examples include costs of instructors, educational institution administrative fees, training materials, facility rental, and the amount paid to employees as wages for attending the training program, including travel.

Kentucky Enterprise Initiative Act. The act is established in KRS 154.31. Incentives are negotiated by cabinet officials and subject to approval of KEDFA.

An approved company may receive a refund of sales and use tax paid for the following items purchased during the term of the project, not to exceed the recovery amount authorized:

- building and construction materials,
- research and development equipment, and
- electronic processing equipment with a minimum \$50,000 investment.

The maximum sales and use tax refund incentive in each fiscal year for all projects is limited to \$20 million for building and construction materials and \$5 million for equipment used for research and development or electronic processing.

Kentucky Industrial Revitalization Act. The act is established in KRS 154.26-010 to 154.26-100. The incentives are negotiated by cabinet officials and subject to approval of KEDFA.

A company can receive state income tax credits, corporation license fee credits, and wage assessment incentives for up to 10 years limited to 75 percent of the costs of the rehabilitation or construction of buildings and the refurbishing or purchase of machinery and equipment.

Business Loan Programs

Four state programs provide loans to qualifying companies. Loans under the High-tech Investment/Construction Pools program are forgivable.

Four programs provide loans to eligible companies. Table 2.14 shows the business loan programs, the entity that approves incentives, and the maximum incentives permitted.

Table 2.14
Business Loan Programs

Program	Approval	Maximum Incentives
Small Business Loan Program	Kentucky Economic Development Finance Authority	\$100,000
Direct Loan Program	Kentucky Economic Development Finance Authority	Up to 50% of project cost of \$200,000, up to 40% of project cost of \$200,000 to \$500,000, and up to 30% of project cost above \$500,000
High-Tech Investment/Construction Pools	Kentucky Economic Development Finance Authority	Forgivable loans ranging from \$100,000 to \$250,000
Linked Deposit Investment Loan Program	State Investment Commission	\$100,000

Source: Prepared by Program Review staff from statutes and the Cabinet for Economic Development's website.

Small Business Loan Program. This program is established in KRS 154.12-330 to help small businesses acquire funding to start or develop their businesses. The loan is negotiated by cabinet officials and subject to approval of KEDFA.

The minimum loan amount is \$15,000 and the maximum is \$100,000. KEDFA can fund up to 100 percent of the project costs, or the loan can be used in conjunction with other lenders. All loans are secured with the highest lien possible. In addition, KEDFA may require personal guarantees or may require other security. Loan terms range from 3 to 10 years, depending on the useful life of the asset financed.

Loan funds may be used to acquire land and buildings, to purchase and install machinery and equipment, for working capital, or for any other expense deemed reasonable by KEDFA. Loan funds cannot be used to refinance or restructure existing bank debt.

Direct Loan Program. This program is established in KRS 154.20-200. It is designed to allow businesses to obtain the long-term financing needed to encourage growth. It offers a mortgage loan in conjunction with private financing. The loan is negotiated by cabinet officials and subject to approval of KEDFA. The amount of KEDFA participation depends on the project's fixed asset cost. KEDFA may participate up to

- 50 percent for project cost of up to \$200,000,
- 40 percent for project cost of \$200,000 to \$500,000, and
- 30 percent for project cost above \$500,000.

High-Tech Investment/Construction Pools. This program, authorized in KRS 154.278, is designed to create high-technology job opportunities and develop clusters of technological innovation throughout the state. In most instances, incentives awarded are in the form of forgivable loans, with the amount of the loan being determined by cabinet officials and approved by KEDFA, based on the company's projected high-technology job creation.

Forgivable loans typically range from \$100,000 to \$250,000. Loan forgiveness and payback are based on the company's meeting and maintaining the job and salary requirements for the duration of the maintenance period. The funds provided must be used to help further the commercialization of a product, process, or other innovation. All companies awarded forgivable loans are required to provide security, preferably a letter of credit, although other forms are considered, such as real estate, certificates of deposit, or unencumbered equipment.

Generally, a company seeking a loan must fit into one of the following categories: human health and development, information technology and communications, biosciences, environmental and energy technologies, or materials science and advanced manufacturing.

Linked Deposit Investment Loan Program. This program is established in KRS 41.606. The State Investment Commission invests funds from the state's abandoned property cash account at a set rate with eligible lenders. In turn, the financial institution agrees to lend the proceeds to eligible small business borrowers. The lender makes all credit decisions and determines necessary

collateral requirements. The final decision on the loan is made by the State Investment Commission, subject to availability of funds, as determined by the Department of Treasury.

The maximum loan amount is \$100,000 per business, and the maximum loan term is 7 years. Loan proceeds may be used for working capital, interest costs, capital expenses, or debt refinancing.

Personal And Corporate Investment Fund Program

Tax incentives for personal and corporate investment funds are offered through the Kentucky Investment Fund Act.

One program provides incentives for personal and corporate investment funds. Table 2.15 shows the program, the entity that approves the incentives, and the maximum incentives permitted.

Table 2.15
Personal And Corporate Investment Fund Program

Program	Approval	Maximum Incentives
Kentucky Investment Fund	Kentucky Economic Development Finance Authority	\$8 million of income tax credits to a fund for all investors in the fund

Source: Prepared by Program Review staff from statutes and the Cabinet for Economic Development's website.

Kentucky Investment Fund Act. The act is established in KRS 154.20-250 to 154.20-284 to provide an incentive for personal and corporate investors. It seeks to encourage capital investment in the state, encourage the establishment of small businesses in the state, provide additional jobs, and encourage the development of new products and technologies in the state through capital investments. Income tax incentives are negotiated by cabinet officials and subject to approval of KEDFA, which allocates the credits to investment funds. After credits are allocated to a fund, they are proportionately granted to the fund's investors upon completion of qualified investments. Investors may be any persons or legal entities through which business is conducted that is subject to state tax liability, including financial institutions and insurance companies.

The total amount of income tax credits available to an investment fund cannot exceed an aggregate of \$8 million for all investors in all taxable years. The minimum fund size is \$500,000 in committed cash contributions to the fund; the cash contributions must be made before any credits are allocated.

Chapter 3

Local Government Entities

Counties and cities create quasi-governmental entities under their constitutional and statutory powers. The entities may be created by interlocal cooperation agreements or they may be nonprofit organizations or special districts.

Counties and cities have broad administrative powers, including the authority to create quasi-governmental entities. KRS 67.083(1) provides counties the necessary flexibility by which to accomplish their governmental responsibilities, although the General Assembly “retains full authority to prescribe and limit by statute local governmental activities when it deems such action necessary.” Section 156b of the Kentucky Constitution grants powers to cities that will result in the advancement of a public purpose so long as they are not in conflict with constitutional or statutory provisions. Quasi-governmental entities at the local level include special districts, community nonprofit organizations, and others. This chapter describes different types of local entities in terms of how they are formed, their ability to tax, characteristics of their boards, whether they are required to have audited financial statements, and whether they can incur debt. Approaches to economic development at the local level are also covered.

This chapter focuses on types of entities, so it does not address each individual entity’s participation in the County Employees Retirement System. The Kentucky Retirement Systems website lists participants, but some local quasi-governmental entities entered the system as part of a local government. As a result, not all participants are listed separately.

Entities Created By Interlocal Cooperation Agreements

Interlocal cooperation agreements permit local governmental units and sheriffs to work together to provide services and share revenue.

KRS 65.210 to 65.300 establish and describe the Interlocal Cooperation Act, which permits local governmental units and sheriffs to cooperate with other localities to provide services and facilities more efficiently. Governing bodies of the respective entities must take legal action to approve entering into a cooperative arrangement. Once parties decide to cooperate for a particular service or project, the agreement must include a description of any separate legal entity that will be created by the partnership, which is permitted as long as the entity may otherwise be legally created.

Some entities, such as industrial development authorities, may be formed by two or more governmental units. Since specific statutes authorize the creation of industrial development authorities, it is

unclear whether an interlocal cooperation agreement would need to be executed as well.

The Department for Local Government approves interlocal cooperation agreements between cities and counties, and the Office of the Attorney General approves all others. The level of detail and availability of information varies.

Two state entities review interlocal cooperation agreements. The Department for Local Government approves agreements between cities and counties, and the Office of the Attorney General approves all others. Officials of the Office of the Attorney General stated that an internal filing system is used and that there is no external reporting system other than on a case-by-case basis. The Department for Local Government provided a list of interlocal agreements it had received since 2000. A number of the agreements were for industrial development authorities and infrastructure projects. The only description is a subject line categorizing the agreement, so it is unclear how many of these agreements actually created separate entities. Department officials stated that most interlocal agreements are entered into for sharing revenues and providing services rather than creating a new entity. However, it is difficult to discern from the brief description in the department's list whether a separate entity has been created.

Recommendation 3.1

Recommendation 3.1

The Department for Local Government should consider creating a uniform record-keeping system for interlocal cooperation agreements. In addition to information it currently tracks, the department should consider detailing in its records the nature of each agreement and whether a separate entity is created. The department may wish to communicate and share its record-keeping system with the Office of the Attorney General so that similar information may be compiled by and obtainable from each.

Local Nonprofit Entities

Local governments often rely on nonprofit entities to provide public services. Examples of these entities include community education organizations, agencies that provide services for the poor, and shelters for domestic violence victims. KRS Chapter 273 authorizes and details the creation of nonprofit entities. Among other provisions, the statutes outline requirements for filing information with the Office of the Secretary of State, stipulations for articles of incorporation and bylaws, and requirements for keeping books and accounts. Governing boards of nonprofit entities sometimes include elected officials. Local governments also obtain assistance from nonprofits, such as the Mountain

Association for Community Economic Development, for financial and other assistance.

Local governments may allocate funds to nonprofit entities that provide services to citizens. For example, a *Courier-Journal* article noted that Louisville added \$1 million to its FY 2011 budget to support more than 40 nonprofits in the area (Klepal). Similarly, *The State Journal* reported that Frankfort increased its funding for nonprofits by approximately \$27,000 for FY 2011, bringing its budget for 21 nonprofits to nearly \$367,000 (Wheatley). In allocating funds to a nonprofit entity, a local government must carefully consider whether the entity is providing a public service for which tax dollars should be allocated.

Local governments often rely on nonprofit entities to provide public services, such as community education programs, and may provide funding to the entities. Training for board members should emphasize their roles and responsibilities.

Some local officials interviewed by Program Review staff noted that a great deal of public work is not performed by governments. *The Courier-Journal* estimated that there are 18,000 nonprofit board members representing approximately 1,200 nonprofit boards in the Louisville Metro area alone (Schmall). Louisville's Center for Nonprofit Excellence was created in 1999 to educate board members about their roles and responsibilities (Center). Similarly, the University of Kentucky's Nonprofit Leadership Initiative was established in 2002 to strengthen nonprofit organizations and their boards across the state. An official of the initiative stated that nonprofits differ, so it is difficult to have a standard set of guidelines that applies to all. However, believing that there are some commonalities, staff of the initiative are developing a best practices manual for nonprofits that is expected to be available in the fall of 2010 (Clöre).

Special Districts

KRS Chapter 65 allows local governments to create special districts. Requirements for audits and bonding of those who handle money are sometimes unclear.

KRS Chapter 65 specifically allows local governments to create special districts, which may be used to provide services that may be too costly or time consuming for the local government to provide in its normal course of operations. KRS 65.180 defines a taxing district and appears to apply to 11 types of special districts. KRS 65.805 defines a nontaxing special district and appears to apply to five kinds of special districts. Table 3.1 shows the special districts categorized as those with taxing authority and those without.

Table 3.1
Taxing And Nontaxing Special Districts

	Special District	KRS
Taxing	Ambulance service districts	108.080-108.180
	Area planning commissions	147.610-147.705
	Community improvement districts	107.310-107.500
	Drainage, reclamation, and levee districts	268.010-268.990
	Drainage taxing districts	269.100-269.270
	Fire protection districts and subdistricts	75.010-75.260
	Flood control districts	104.450-104.680
	Hospital districts	216.310-216.360
	Levee districts	266.010-266.990
	Library districts	173.450-173.800
	Local air boards	183.132-183.160
	Local tourist and convention commissions	91A.350-91A.394
	Mental health-mental retardation districts	210.370-210.480
	Public health districts	212.720-212.760
	Rescue squad taxing districts	39F.160-39F.210
	Riverport authorities	65.510-65.650
	Sanitation districts and subdistricts	220.010-220.613
	Sanitation tax districts	76.274-76.279
	Solid waste management districts	109.011-109.320
	Subdivision road districts	179.700-179.735
Watershed conservancy districts	262.700-262.990	
Nontaxing	Agriculture districts	262.850
	Air pollution control districts	77.005-77.305
	Area development districts	147A.050-147A.120
	City-county housing authorities	80.262-80.610
	Community action agencies	273.405-273.453
	Cooperative extension service districts*	164.605-164.675
	Drainage districts	267.010-267.990
	Industrial development authorities	154.50-301 to 154.50-346
	Mass transit authorities	96A.010-96A.230
	Metropolitan sewer districts	76.005-76.210, 76.600-76.640
	Nontaxing waste management districts	109.041(13)
	Public road districts	184.010-184.300
	Sewer construction districts	76.295-76.420
	Sewer construction subdistricts	76.241-76.273
	Soil conservation districts	262.010-262.660
	Urban services districts	108.010-108.075
	Water districts	74.010-74.416

* According to Office of Attorney General Opinion 83-264, cooperative extension service districts have taxing authority. According to Trigg Circuit Court in Civil Action 88-CI-08, the districts do not have taxing authority. Source: Prepared by Program Review staff from statutes and Commonwealth. Legislative. *County*.

The categories in Table 3.1 do not correspond directly with the districts noted in KRS 65.180 and KRS 65.805 for taxing and nontaxing districts. In part, the reason is that some districts have a dedicated tax that is levied by the fiscal court and not by the district itself. In some cases, language may not be interpreted as a tax. A reading of the statutes leaves taxing authority somewhat unclear.

KRS 65.065 details when audits are required of districts and how the audits should be conducted. Using the definition of “district” from KRS 65.060, it appears as though all but two—drainage taxing districts and nontaxing waste management districts—have audit requirements. The omission of these two types of districts may be an oversight.

KRS 65.067 discusses bonding requirements for officers, officials, and employees of special districts. The statute stipulates that all officers, officials, and employees of special districts who handle public funds in their official capacity must execute a bond. The bond must be in an amount based on the maximum amount of money the person would handle at any given point during the fiscal year, and the local governing body must pay the cost of the bond. Since KRS 65.067 does not rely on the definition of “district” in KRS 65.060, it appears to apply to all special districts.

Recommendation 3.2

Recommendation 3.2

The General Assembly may wish to consider whether KRS 65.060 should be applicable to all districts.

This report categorizes special districts by primary function: public health and safety, land use and planning, transportation, economic development, infrastructure, and community and social services.

Program Review staff categorized special districts by the primary function they serve: public health and safety, land use and planning, transportation, economic development, infrastructure, and community and social services. Many special districts could fit into more than one category, but staff chose only one for each district. Authorizing statutes do not address the same characteristics for each special district. In some cases, it is difficult to extract particular information about a specific special district because it is not explicitly noted in the authorizing statutes.

Public Health And Safety

Eight types of special districts provide public health and safety services. All but one have taxing authority.

Many local governments rely on special districts to provide public health and safety services, such as hospitals, fire protection, and emergency services. Table 3.2 shows the public health and safety districts, characteristics of their board members, their taxing

authority, whether they are required to have an audit, and whether they may incur debt.

Most public health and safety districts have taxing authority. Most have a board appointed by the sponsoring local government, but this does not necessarily mean that the government oversees its daily operations. Some entities, such as public health and hospital districts, are required to report certain information to the Cabinet for Health and Family Services and to obtain its permission for certain actions.

Table 3.2
Public Health And Safety Districts

Special District	Board Characteristics		Financial Characteristics		May Incur Debt
	Appointed/ Elected	Compensated/ Reimbursed	Taxing Authority	Audit Required	
Air pollution control				√	
Ambulance service	Appointed	Reimbursed	√	√	
Fire protection (includes subdistricts)	Both	Compensated	√	√	
Hospital	Appointed	Reimbursed	√	√	√
Mental health-mental retardation	Appointed		√	√	
Public health	Appointed		√	√	
Rescue squad	Appointed		√	√	
Solid waste management	Appointed		√	√	√

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Land Use And Planning

Thirteen types of special districts are involved in land use/planning. Eight of the 13 have taxing authority. There is a significant degree of coordination among districts and state and federal entities in this category.

There is much coordination among districts and state and federal entities in this category. Table 3.3 shows the land use and planning districts, their board member characteristics, their taxing authority, whether they are required to have an audit, and whether they may incur debt.

The state Soil and Water Conservation Commission is involved with creating certain districts and establishing administrative protocols. Soil conservation districts, agriculture districts, and area development districts have communication with the commission. Area development districts are closely associated with the state Department for Local Government and a number of federal entities. Unlike some other categories in which everyone is taxed

the same for the same perceived benefit, some districts in this category assess land according to the level of benefit derived from improvements. This category contains a district with a unique provision. Agriculture districts are initially created for 5 years and are then reviewed.

Table 3.3
Land Use And Planning Districts

Special District	Board Characteristics		Financial Characteristics		
	Appointed/ Elected	Compensated/ Reimbursed	Taxing Authority	Audit Required	May Incur Debt
Agriculture	Both	Both		√	
Area development	Appointed			√	√
Area planning commissions	Appointed	Compensated	√	√	√
Community improvement	Appointed	Reimbursed	√	√	√
Drainage	Elected	Compensated		√	
Drainage, reclamation, and levee	Elected	Both	√	√	√
Drainage taxing	Appointed	Compensated	√		
Flood control	Appointed	Reimbursed	√	√	√
Levee	Appointed	Compensated	√	√	√
Public road				√	
Soil conservation	Both	Both		√	
Subdivision road	Both	Reimbursed	√	√	
Watershed conservancy	Elected	Reimbursed	√	√	√

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Transportation

Three types of special districts provide transportation-related services. Some districts, such as riverport authorities, have a relationship with a state entity and also have taxing authority.

Some districts providing transportation services have a relationship with a state entity. The Transportation Cabinet must approve creation of riverport authorities. Local air boards have access to unique funding sources; they may collect landing and ramp fees and fees from vendors and others selling concessions in the terminals. Table 3.4 shows the transportation districts, their board member characteristics, their taxing authority, whether they are required to have an audit, and whether they may incur debt.

Table 3.4
Transportation Districts

Special District	Board Characteristics		Financial Characteristics		
	Appointed/ Elected	Compensated/ Reimbursed	Taxing Authority	Audit Required	May Incur Debt
Local air board	Appointed	Reimbursed	√	√	√
Mass transit authority	Appointed	Both		√	√
Riverport authority	Appointed	Reimbursed	√	√	√

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Economic Development

Industrial development authorities and local tourist and convention commissions, which have taxing authority, are specifically involved in economic development efforts.

Two types of special districts are specifically geared toward economic development efforts. Industrial development authorities assist in the development of industrial parks. Local tourist and convention commissions target the economic drivers for tourism. Statutes for tourist and convention commissions call for some board members to be appointed from related sectors such as hotel/motel and restaurant associations.

Table 3.5 shows the economic development districts, their board member characteristics, their taxing authority, whether they are required to have an audit, and whether they may incur debt.

Table 3.5
Economic Development Districts

Special District	Board Characteristics		Financial Characteristics		
	Appointed/ Elected	Compensated/ Reimbursed	Taxing Authority	Audit Required	May Incur Debt
Industrial development authority	Appointed	Reimbursed		√	√
Local tourist and convention commission	Appointed		√	√	√

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Infrastructure

Seven types of special districts are involved in infrastructure projects. Sanitation districts have a direct affiliation with a state agency and have taxing authority.

Some districts are directly affiliated with the Energy and Environment Cabinet. The cabinet secretary has the power to establish sanitation districts under KRS 220.020, for example. Water districts are unique in that their governing statutes allow them to establish fire protection districts and to operate other infrastructure systems. Table 3.6 shows the infrastructure districts, their board member characteristics, their taxing authority, whether they are required to have an audit, and whether they may incur debt.

**Table 3.6
 Infrastructure Districts**

Special District	Board Characteristics		Financial Characteristics		
	Appointed/ Elected	Compensated/ Reimbursed	Taxing Authority	Audit Required	May Incur Debt
Metropolitan sewer				√	
Nontaxing waste management					
Sanitation (includes districts and subdistricts)	Appointed	Compensated	√	√	√
Sanitation tax	Appointed	Compensated	√	√	√
Sewer construction	Appointed			√	
Sewer construction subdistricts				√	
Water	Appointed	Compensated			√

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Community And Social Services

Of the five types of special districts that provide community and social services, only library districts have taxing authority.

These districts typically provide a variety of community and social services. The services are sometimes geared toward specific populations, such as low-income persons; others are geared toward individuals with specific interests. Table 3.7 shows the community and social services districts, their board member characteristics, their taxing authority, whether they are required to have an audit, and whether they may incur debt.

The powers of boards for community action agencies vary depending on how the boards are established. These agencies specifically require legislative oversight because of certain federal funds they receive. Library districts and cooperative extension service districts also have a relationship with certain state and

federal entities. Library districts are closely affiliated with the state Department for Libraries and Archives. This state entity has a role in the selection of local board members, and it requires that library boards provide certain information to it. Cooperative extension service districts are closely affiliated with the University of Kentucky and the US Department of Agriculture. These districts, as well as community action agencies, rely on a broad board membership that reflects each district's variety of services.

Table 3.7
Community And Social Services Districts

Special District	Board Characteristics		Financial Characteristics		May Incur Debt
	Appointed/Elected	Compensated/Reimbursed	Taxing Authority	Audit Required	
City-county housing authority	Appointed	Compensated		√	√
Community action agency				√	√
Cooperative extension service	Appointed			√	√
Library	Appointed	Reimbursed	√	√	√
Urban services	Both*	Compensated		√	

* Initial appointment by governor until election.

Note: A blank cell means that statute indicates that the characteristic does not apply to a district or statute is silent on the characteristic.

Source: Prepared by Program Review from statutes and Commonwealth. Legislative. *County*.

Local Economic Development Entities

The entities that local governments use to create economic opportunities often are directly or indirectly involved with what can be sizable financial deals. This section looks at the types of entities primarily involved in local economic development and the reasons for using different models.

Types Of Entities

It is impossible to identify all local and regional economic development entities operating in the state, often because one entity may be referred to by different names.

Economic development at the local level can be complex. Most entities develop to meet the needs of a particular community, which creates myriad types of local and regional agencies across the state. Often, there are similarly named organizations within an area. Program Review staff could not always ascertain whether some of these entities were active or whether they were merely different names referring to the same entity. As a result, it was impossible to identify all the entities.

Program Review staff reviewed articles of incorporation posted on the website of the Office of Secretary of State. In some instances, staff did not find entities or found them under a somewhat different name. For entities whose articles of incorporation were posted, the articles gave varying degrees of specificity as to the statutes under which they were incorporated. Some articles of incorporation noted the number of board members and how they are appointed, whether the entity can borrow money, if the organization is considered to be an instrumentality of government, and other characteristics. Other articles of incorporation had little detail. More detail is most likely provided in an entity's bylaws. One economic development entity supplied Program Review staff with a copy of its interlocal agreement that was executed when it formed a public authority. The interlocal agreement noted formation under KRS 154.50, but the articles of incorporation only noted KRS 273 as an authorizing statute.

Program Review staff also reviewed a list of interlocal cooperation agreements the Department for Local Government received since 2000. Based on the brief description, staff were unable to determine how many of the entities were formed for economic development purposes through interlocal cooperation agreements.

The public authority, the private foundation, and the public/private partnership are the three major approaches to economic development in Kentucky.

To better understand economic development entities, Program Review staff interviewed local economic development professionals, local elected officials, and staff of the Kentucky Association for Economic Development (KAED). Staff also reviewed information from the Cabinet for Economic Development, the Department for Local Government, and the Office of the Secretary of State. Based on this information, the three major approaches to economic development identified in this study are the public authority, the private foundation, and the public/private partnership.

Public Authority. A public authority for economic development may be created as an industrial development authority under KRS 154.50, as a nonprofit entity under KRS 273, or by way of an interlocal cooperation agreement under KRS Chapter 65.

An industrial or economic development authority is generally considered the official economic development agency of a local government. As a political subdivision, it is subject to the state's open meetings and open records laws.

An entity of this type is most often referred to as an industrial or economic development authority. Because it is formed by a local government, it is generally considered to be the official economic development agency within the government. Once formed, it is a political subdivision because it is also a special district. It does not have the power to levy taxes but may borrow money and issue revenue bonds. An industrial development authority often is

funded by local government appropriations because it is directly established by a local government. Although not specifically stated in statute, an authority also is eligible to receive state and federal funding. KAED staff noted that authorities typically buy and sell property with public funds.

The development of industrial parks is a primary purpose of these entities. KRS 154.50 details the makeup of the board, whose members are appointed by the sponsoring local government, and the powers it has. As a public agency, an industrial development authority is subject to the state's open meetings and open records laws, which may make confidentiality an issue in some cases. Local elected officials often serve as ex officio members, although the statutes do not specifically address whether mayors or judges/executive have the power to appoint themselves (Commonwealth. Cabinet. *A Primer*). The Lancaster-Garrard County Industrial Development Authority is an example of this type of model.

A private foundation is a nonprofit corporation that is funded by private individuals, businesses, and local industry. It is not subject to the state's open records and open meetings laws. The use of this model appears to be rare.

Private Foundation. A private foundation may be formed as a nonprofit corporation under KRS 273. Composition of the board is determined by the foundation's bylaws and articles of incorporation. A foundation may borrow money and issue notes and bonds. Any funding received usually is provided by private individuals, businesses, and local industries. This type of entity is private, so it is not subject to the state's open records and open meetings laws. Industrial or economic development foundations falling into this category, not including chambers of commerce, seem to be rare. KAED staff knew of only two private industrial groups currently operating in the state: one in Anderson County and one in Shelby County.

Public/Private Partnership. A public/private partnership combines characteristics of a public authority and a private foundation to create a blended approach to economic development. An entity forming in this manner usually does so under KRS 273 and seeks a nonprofit status from the US Internal Revenue Service.

A public/private partnership is sometimes referred to as an economic/industrial development council. Like a private foundation, this model determines its board membership through its articles of incorporation and bylaws. A partnership may borrow money and issue notes and bonds. Since it receives funding from the public and private sectors, it also receives policy input from both sectors. Thus, the degree of involvement by one sector or

another can determine whether the model is subject to open records and open meetings laws and other public sector controls.

A public/private partnership combines the characteristics of a public authority and a private foundation. It receives funding from both the public and private sectors. Requirements for open records and open meetings vary.

A public/private partnership may exist as a single entity combining different public and private aspects. It also may exist as a collection of entities collaborating for the overall purpose of economic development. An example is a partnership among an industrial development authority, a tourism commission, and a chamber of commerce. In some cases, a separate board may be created to guide and direct these entities to allow for more streamlined communication.

The Nelson County Economic Development Agency is an example of this approach. It includes the chamber of commerce, the tourist and convention commission, the industrial development corporation, and the City of Bardstown's Main Street program. All entities are located in the same building. They coordinate with the same person but maintain separate boards, individual directors, and finances. Since each member entity is established and funded differently, each varies in its responsibility to meet certain requirements such as open meetings and records laws. The board itself, however, receives the majority of its funding from the local governments and would be considered a public entity subject to the open meetings and records laws. The mayor and county judge/executive are represented on the board, as are representatives from the member entities.

The Waterfront Development Corporation in Louisville is another example of an entity with a separate board. It was established in 1986 by the City of Louisville and Jefferson County—now Louisville/Jefferson County Metro Government—and the state to revitalize Louisville's waterfront. The initial agreement called for the city, county, and state to each contribute one-third of the corporation's operating expenses. Since the merger of the city and county governments, the state covers 26 to 27 percent of operating costs, and Metro Government covers much of the remainder. The corporation also earns operating income from restaurants located in the public park. Private donations are used for construction of park facilities (Karem). The 2008-2010 state budget provides up to \$420,800 in General Fund appropriation for the corporation; it is receiving quarterly payments of \$105,200 (Dudley).

In other public/private partnerships involving various entities, a separate board is not created to oversee the direction of the individual boards. Oversight is accomplished directly by the local government. Winchester-Clark County is an example of this

approach. The city and county governments combined their agencies in a single location and merged staff and resources. Although they collaborate in some ways, the industrial authority, tourism commission, and chamber of commerce maintain separate accounting, budgeting, and auditing. They benefit each other by sharing expertise and sometimes board members. In this approach, cooperation from all board members is required.

A public/private partnership may exist when a public authority creates a private organization to be a sister entity. The creation of the private entity allows private dollars to be donated for economic development purposes. This can create confusion because the two entities operate differently but often have a similar name and overlapping characteristics. For example, Economic Development for Spencer County and the Spencer County Economic Development Authority were both questioned about their structures and finances at a 2009 fiscal court meeting. The newspaper report of the meeting noted that the Spencer County Economic Development Authority, like other public authorities, receives funds from the local governments responsible for its creation. Economic Development for Spencer County was established as a nonprofit entity so that donations to it would be tax deductible. Concerns were raised about the separation of duties between the two boards, appropriate checks and balances being in place, the degree of transparency, and whether taxpayer dollars were going to the private organization (Bass).

Regional approaches through public/private partnerships are also used to market a larger area. This approach generally results in entities working together formally or informally. KAED staff suggested that economic development in Kentucky has moved toward a more regional approach in the past 5 years. The Cabinet for Economic Development also notes that the regional structure is the fastest-growing approach to economic development (Spade). The South Central Kentucky Alliance and the Northern Kentucky Tri-County Economic Development Corporation are entities that use a regional approach.

The South Central Kentucky Alliance in the Bowling Green region markets the appeal of the area. The goal is for each of the nine participating counties to have or have access to an economic development professional. Entities in the participating counties maintain separate boards, some of which fall under public oversight.

The Northern Kentucky Tri-County Economic Development Corporation was created as a nonprofit entity through the support of the fiscal courts of Boone, Kenton, and Campbell Counties and the Northern Kentucky Chamber of Commerce. The judge/executives of the three counties serve on the board in addition to a representative from Northern Kentucky University and representatives from the private sector.

Effectiveness

Factors that can create obstacles to measuring the impact of a local economic development entity are confidentiality and conflicts of interest.

Entities vary in the way they are created and implemented. Some have a closer relationship with and accountability to local governments than others. Confidentiality is a key consideration for most, if not all, entities. These factors can be obstacles to measuring an entity's impact. An example is the West Kentucky Corporation, which no longer exists. According to a 2002 Program Review report, the corporation's performance and effectiveness could not be measured (Commonwealth. Legislative. *East*).

Conflicts of interest also may impact the effectiveness of economic development entities. A board needs expertise from different areas, but this need often can involve individuals who would have a personal interest in economic development deals in the community. Some groups try to alleviate this problem through board member training and education on conflicts of interest, including signing a conflict-of-interest statement. For a poll by KAED staff on conflict-of-interest issues, association members reported that they did not have their local board members sign a conflict-of-interest statement. KAED's best practices do not encourage it. KAED staff stated that the important matter is educating the board on matters relating to potential conflicts of interest.

Government Participation In Economic Development

Elected officials may or may not be voting members of a local economic development entity. Local government financial contributions vary, as do responsibilities for any debt of the entity.

Elected officials are often members of a local economic development entity, sometimes as voting members. Elected officials often appoint members to the governing board of the entity, as is the case with public authorities.

KAED staff noted that a local government's responsibility for any debt of an economic development entity depends on how an interlocal agreement, an entity's bylaws, or a loan agreement is structured. Some local governments are uncertain of how far their responsibility extends for economic development entities once they

are created. In some cases, this may be spelled out in statute, articles of incorporation, or bylaws. A newly elected official taking office at the local level may be unaware of how entities were originally established, and documentation of responsibility may not be easily ascertained.

In interviews with local government officials, Program Review staff noted some uncertainty as to whether the local government would be responsible for issues such as lawsuits or unmet obligations related to an industrial authority. For example, although there may not be a legal obligation for a local government to cover an unpaid debt of such an entity, local officials may perceive a moral obligation to do so. In addition, even though a city or county may not be legally obligated to pay the debts of an authority, it may do so in order to preserve its bond rating.

Regardless of any responsibility for economic development entities, local governments do benefit from them. When economic development entities help create new jobs or retain existing jobs, the result is additional revenue or maintenance of revenue for local governments.

Financial contributions by local government to the entities vary. Some make regular appropriations; others do not contribute at all. State assistance also varies. Many economic development entities, either directly or through their local governments, receive assistance through funds administered by the state. Funding sources include the Area Development Fund, coal severance taxes, line-item appropriations, the Kentucky Infrastructure Authority, and Community Development Block Grants.

Relationship Between Local Economic Development Entities And The Cabinet For Economic Development

The level of contact between local economic development entities and the Cabinet for Economic Development varies, depending on the degree of state and local involvement in a project. The cabinet does not have oversight of local economic development entities.

Some local economic development professionals and local officials stated that the level of contact between local entities and the state Cabinet for Economic Development varies depending on the degree of state and local involvement in a project. In many cases, there is only contact between the two when state financial incentives are part of a package for a company deciding to locate in a community. In this case, contact may be minimal since the local economic development entity is not a party to the agreement. The cabinet's website displays community profiles with demographic and other useful information. The cabinet also has three regional offices in the state. A cabinet official stated that the

cabinet works with local entities on a regular basis and maintains a good working relationship with them. However, the cabinet does not have oversight of local economic development entities (Spade).

Private Investment In Local Economic Development

In 2008, the National Governors Association's Center for Best Practices published the issue brief *State Strategies to Promote Angel Investment for Economic Growth*. Among the strategies is providing financial incentives. The issue brief specifically mentions the Kentucky Investment Fund Act, which provides an incentive program for personal and corporate investors by awarding income tax credits to investment funds (9).

A report by the National Governors Association suggests that states can promote private investment in local economic development by providing financial incentives to personal and corporate investors, helping connect investors to entrepreneurs, and helping connect entrepreneurs to existing resources.

The brief suggests that states can connect angel investors to efforts to help entrepreneurs obtain Small Business Innovation Research and Small Business Technology Transfer funding from the US Small Business Administration (7). These programs are part of an annual \$2 billion national competitive award system that provides qualified small businesses with opportunities to propose innovative ideas that meet the specific research and development needs of the federal government. The Cabinet for Economic Development's website indicates that the cabinet will match such awards received by Kentucky high-technology small businesses and those willing to become Kentucky-based businesses.

The brief also suggests that states connect entrepreneurs to existing resources (7). The cabinet's website provides a link to a list of more than 30 venture capital entities. For each entity, a 1-page summary is provided that lists the contact person, the entity's background, the target industries, and other information.

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Appendix A

How This Study Was Conducted

In completing this study, Program Review staff interviewed and obtained information from many individuals including other Legislative Research Commission staff members, officials and employees of other state agencies, local officials, and representatives of some of the various entities discussed in this report.

Staff reviewed other studies, journal articles, reports, and news articles to gather background information. Staff reviewed relevant statutes that create or authorize the creation of quasi-governmental entities. Staff reviewed articles of incorporation and other legal records of some of the entities discussed in this report. Staff also reviewed information on special districts provided by the Department for Local Government.

Staff analyzed financial information provided by various state agencies and some entities noted in the study. This information included the state budget, the state's audited comprehensive annual financial report, and supplementary information to the annual financial report. Staff also reviewed, upon availability, the audited financial statements of the state's quasi-governmental entities. For analysis of local quasi-governmental entities, staff reviewed the audited financial statements of each county and several cities. Staff obtained and reviewed debt information for local quasi-governmental entities from the Department for Local Government's annual local debt report.

Program Review staff conducted a number of interviews with state and local officials as well as representatives of some of the entities reviewed in this study. Staff also reviewed a number of entity websites. Staff attended conferences on the structure and accountability of nonprofit organizations.

Appendix B

Governing Boards Of State Quasi-Governmental Entities

State Infrastructure

The seven members of the State Property and Buildings Commission are the governor, the lieutenant governor, the attorney general, the secretary of the Cabinet for Economic Development, the executive director of the Office of the Controller, the state budget director, and the secretary of the Finance and Administration Cabinet. Statute does not specify a required number or the frequency of meetings.

The governor appoints the 12 members of the Kentucky River Authority's board of directors: the secretaries of the Finance and Administration Cabinet and the Environmental and Public Protection Cabinet and 10 other persons. The authority is required by KRS 151.710 to meet at least quarterly.

The seven members of the board of The Turnpike Authority of Kentucky are the governor, the lieutenant governor, the secretary of the Finance and Administration Cabinet, the state highway engineer, the secretary of the Economic Development Cabinet, the secretary of the Transportation Cabinet, and the attorney general. Statute does not specify a number or frequency of meetings.

Local Infrastructure

The board of the Kentucky Infrastructure Authority consists of 11 members: five ex officio members (the secretaries of the Economic Development, Finance and Administration, and Environmental and Public Protection cabinets; the executive director of the Public Service Commission; and the commissioner of the Department for Local Government) and six members appointed by the governor. Statute does not specify the number or frequency of meetings.

The nine board members of the Kentucky School Facilities Construction Commission are the secretary of the Finance and Administration Cabinet and eight members appointed by the governor. No number or frequency of meetings is specified in statute.

The 10 board members of the Kentucky Local Correctional Facilities Construction Authority are the secretary of the Finance and Administration Cabinet, the commissioner of the Department of Corrections, the designee of the Kentucky Jailers Association, the designee of the Kentucky County Judges/Executive Association, the designee of the Kentucky Association of Counties, the designee of the Kentucky Magistrates and Commissioners Association, and 4 members appointed by the governor. KRS 441.620 requires the authority to meet not less than every 6 months.

Economic Development

The seven members of the Kentucky Economic Development Finance Authority committee are the secretary of the Finance and Administration Cabinet (ex officio) and six persons appointed by the Kentucky Economic Development Partnership Board. No number or frequency of meetings is specified in statute.

Education And Training

The Bluegrass State Skills Corporation is governed by an 18-member board of directors. Six ex officio members are appointed by the governor: the commissioner of the Department of Workforce Investment, the secretary of the Cabinet for Economic Development, the commissioner of the Department of Labor, the president of the Council on Postsecondary Education, the secretary of the Education and Workforce Development Cabinet, and the president of the Kentucky Community and Technical College System. The other 12 members are appointed by the governor. No number or frequency of meetings is specified in statute.

The governing board of the Kentucky Higher Education Student Loan Corporation has 15 voting members. Eight are appointed by the governor from the general public. The others are the seven voting members of the Kentucky Higher Education Assistance Authority, who were appointed to the authority by the governor. No number or frequency of meetings is specified in statute.

The Kentucky Higher Education Assistance Authority has 15 voting members. Seven are appointed by the governor from the general public. The others are the eight voting members of the board of directors of the Kentucky Higher Education Student Loan Corporation, who were appointed to the corporation by the governor. No number or frequency of meetings is specified in statute.

The nine members of the Kentucky Authority for Educational Television are the chief state school officer (ex officio), a member of the staff or personnel of the Department of Education, a representative of the University of Kentucky, a representative of the state universities elected by the Council on Postsecondary Education, and five members appointed by the governor. KRS 168.060 requires the authority to meet at least quarterly.

The 16 members of the Kentucky Council on Postsecondary Education are the commissioner of education, a faculty member, a student member, and 13 citizen members appointed by the governor. No number or frequency of meetings or administrative attachment is specified in statute.

Agriculture

The 15 members of the Kentucky State Fair Board are the governor, the commissioner of the Department of Agriculture, the dean of the University of Kentucky College of Agriculture, 10 members appointed by the governor, 1 member appointed by the Senate, and 1 member appointed by the House of Representatives. No number or frequency of meetings or administrative attachment is specified in statute.

The board of the Kentucky Agricultural Finance Corporation has 12 members, 10 of whom are appointed by the governor. The other two members are the commissioner of the Department of Agriculture and the secretary of the Finance and Administration Cabinet. No number or frequency of meetings is specified in statute.

The board of the Kentucky Grain Insurance Corporation has 10 members: the commissioner of the Department of Agriculture, the attorney general, the state treasurer, the state auditor, and 6 members appointed by the commissioner. No number or frequency of meetings is specified in statute.

The State Board of Agriculture has 14 members. Three ex officio members are the state president of the Future Farmers of America, the state president of the Young Farmers of America, and the state president of the 4-H Club. The 11 voting members are the commissioner of the Department of Agriculture, the director of the University of Kentucky agricultural experiment station, and nine citizens appointed by the governor. The board is required by KRS 246.130 to meet in Frankfort at least once every 2 months.

Housing

The Kentucky Housing Corporation is governed by a 15-member board of directors. Five directors are specified in statute: the lieutenant governor, the secretary of the Finance and Administration Cabinet, the commissioner of the Department for Local Government, the attorney general, and the secretary of the Cabinet for Economic Development. The 10 private directors are appointed by the governor. The advisory committee on housing policy is required to meet at least quarterly.

Arts

The board of the Kentucky Center for the Arts Corporation has 15 members appointed by the governor. No number or frequency of meetings is specified in statute.

The 13 members of the Appalachian/Kentucky Artisans Gateway Center Authority's board are the secretary of the Tourism, Arts and Heritage Cabinet; secretary of the Transportation Cabinet; secretary of the Education and Workforce Development Cabinet; secretary of the Finance and Administration Cabinet; 6 members appointed by the mayor of Berea; and 3 members appointed by the governor. No number or frequency of meetings is specified in statute.

Health Care

The 15 board members of the Kentucky Health Care Improvement Authority are the executive director of the Office of Insurance, the secretary of the Cabinet for Health and Family Services, 2 nonvoting members from the House of Representatives, 2 nonvoting members from the Senate, the deans of the University of Louisville School of Medicine and the University of Kentucky College of Medicine, the commissioner of the Department for Public Health, and 6 members appointed by the governor. The authority is required by KRS 304.17B-003 to meet at least quarterly.

General State Financing

The Kentucky Lottery Corporation's board has eight members. One member is the state treasurer, who serves in an ex officio capacity. The other seven members are appointed by the governor and confirmed by the Senate. No number or frequency of meetings is specified in statute.

The five members of the Kentucky Asset/Liability Commission are the secretary of the Finance and Administration Cabinet, who is the chair; the attorney general; the state treasurer; the executive director of the Office of the Controller; and the State Budget Director. No number or frequency of meetings is specified in statute.

The 14 members of the board of the Kentucky Tobacco Settlement Trust Corporation are 5 ex officio members (the governor, the commissioner of the Department of Agriculture, the attorney general, a member of the Senate, and a member of the House of Representatives) and 9 others appointed by the governor. No number or frequency of meetings is specified in statute.

The Kentucky Gas Pipeline Authority has nine members: the secretary of the Finance and Administration Cabinet, the secretary of the Commerce Cabinet, the secretary of the Environmental and Public Protection Cabinet, a member designated by the Kentucky Oil and Gas Association, a member designated by the Kentucky Society of Professional Engineers, a member designated by the Kentucky Gas Association, a citizen member appointed by the governor, and two legislative members. No number or frequency of meetings is specified in statute.

Fiduciary

The nine members of the Kentucky Retirement Systems' board are the secretary of the Personnel Cabinet, five trustees elected by members of the retirement systems, and three trustees appointed by the governor. No number or frequency of meetings is specified in statute.

The Kentucky Teachers' Retirement System is administered by a nine-member board, which has two ex officio members (the state treasurer and the chief state school officer) and seven trustees elected by the members. No number or frequency of meetings is specified in statute.

The Judicial Form Retirement System is administered by an eight-member board: three members appointed by the Supreme Court, two by the governor, one by the president of the Senate, one by the speaker of the House of Representatives, and one by the president and speaker jointly. No number or frequency of meetings is specified in statute.

The Kentucky Public Employees' Deferred Compensation Authority is administered by a seven-member board of trustees: three ex officio members (the secretary of the Finance and Administration Cabinet, the secretary of the Personnel Cabinet, and the state controller) and four members appointed by the governor. KRS 18A.245 requires the authority to meet at least quarterly.

The Kentucky Horse Park Foundation Inc. is a 501(c)(3) corporation. Its board composition is not specified in statute. It is not administratively attached to a state entity.

Appendix C

Eligibility Requirements For State Economic Development Incentive And Loan Programs

Grant-In-Aid Workforce Training

Only specified types of firms are eligible to apply: manufacturing firms, nonmanufacturing firms (if the majority of their income for services provided is generated outside Kentucky), headquarters operations (if the majority of services provided are for facilities located outside Kentucky), public or nonprofit hospitals, and training consortia. Retail establishments are ineligible. Firms, consultants, or institutions whose primary business is to provide training or training consultation for a fee also are ineligible.

Skills Investment Credit

A qualified company must have actively engaged in any of the following activities within the state for at least 3 consecutive years immediately preceding its application for the credit: manufacturing (including the processing, assembly, production, or warehousing of property); processing of agricultural and forestry products; telecommunications; health care; product research and engineering; tool and die machine technology; mining; tourism and operation of facilities to be used in the entertainment, recreation, and convention industry; and transportation of freight in support of manufacturing. Retail companies are ineligible.

Incentives For Energy Independence

To be eligible, a company must construct, retrofit, or upgrade a facility to increase the production and sale of alternative transportation fuels; increase the production and sale of synthetic natural gas, chemicals, chemical feed stocks, or liquid fuels from coal, biomass resources, or waste coal through a gasification process; increase the production and sale of energy-efficient alternative fuels; or generate electricity for sale through alternative methods such as solar power, wind power, biomass resources, landfill methane gas, hydropower, or other renewable resources.

Eligible projects that qualify for the incentives include

- an alternative fuel facility or gasification facility that is carbon-capture ready and uses oil shale, tar sands, or coal as the primary feedstock, with a minimum capital investment of \$100 million;
- an alternative fuel facility or gasification facility that is carbon-capture ready and uses biomass resources as the primary feedstock, with a minimum capital investment of \$25 million;
- an energy-efficient alternative fuel facility that produces a homogeneous fuel from processes designed to densify feedstock coal, waste coal, or biomass resources, with a minimum capital investment of \$25 million;

- an alternative fuel facility that uses natural gas liquids as the primary feedstock, with a minimum capital investment of \$1 million; and
- a renewable energy facility that meets the minimum electrical output requirement of at least 1 megawatt of power for wind, hydro, biomass, or landfill methane, or generation of 50 kilowatts for solar, with a minimum capital investment of \$1 million.

Kentucky Environmental Stewardship Act

A company must pay a \$500 nonrefundable application fee. The company also will incur an administrative fee upon final approval equal to 0.25 percent of the authorized incentives up to \$40,000, plus legal fees for preparation of the required environmental stewardship agreement.

A company can earn a 100 percent credit against its income tax liability generated by the project. The incentive is available over 10 years or until the incentive is realized. Under the incentives, a company can potentially recover up to 25 percent of the project's fixed asset cost and 100 percent of employee skills training.

A company must manufacture a unique environmental stewardship product that has a substantial positive impact on the environment. A project must have at least \$5 million in eligible costs to participate in the program.

Kentucky Business Investment Program

A company must apply and pay a \$750 nonrefundable application fee for projects to be considered through December 31, 2010; the fee rises to \$1,000 for subsequent periods. The company also will incur an administrative fee upon final approval equal to 0.25 percent of the authorized incentives up to \$50,000.

An eligible company is any business entity engaged in one or more of the following activities: manufacturing, agribusiness, and regional and national headquarters regardless of the underlying business activity. Nonretail service or technology activities must be designed to serve a multistate, national, or international market; must be provided to a customer base that includes more than 50 percent of residents outside Kentucky; and must include but not be limited to call centers, centralized administrative or processing centers, telephone or Internet sales order or processing centers, distribution or fulfillment centers, data processing centers, and research and development facilities.

A company is ineligible if its primary activity to be conducted within the state is forestry, fishing, mining, coal or mineral processing, the provision of utilities, construction, wholesale trade, retail trade, real estate, rental and leasing, educational services, accommodation and food services, or public administration services.

Eligible projects are required to create a minimum of 10 new, full-time jobs for Kentucky residents and maintain an annual average of at least 10 new, full-time jobs for Kentucky residents and incur eligible costs of at least \$100,000. Projects must provide employee benefits of at least 15 percent of the required minimum hourly wage (or use a combination of wages and

benefits equivalent to 115 percent of the required minimum hourly wage). In enhanced incentive counties, at least 90 percent of the new, full-time Kentucky resident employees must receive hourly wages of at least \$9.06 (125 percent of the federal minimum wage). In other counties, at least 90 percent of the new, full-time Kentucky employees must receive hourly wages of at least \$10.88

Kentucky Reinvestment Act

A company must apply and pay a nonrefundable application fee of \$500 for applications through December 31, 2009; \$750 for applications in calendar year 2010; and \$1,000 for later submissions. Upon final approval, the company will pay an administrative fee of 0.25 percent of the authorized amount up to \$50,000. The company also will incur legal fees for preparation of the required reinvestment agreement.

A qualified company is any Kentucky company engaged in manufacturing and related functions in the state on a permanent basis for a reasonable time preceding the request for assistance. Eligible projects must incur equipment and related costs of at least \$2.5 million. These costs must be related to a qualifying project that includes the acquisition, construction, and installation of new equipment and facilities. The company must agree to maintain a full-time employment base of at least 85 percent of employment at the facility as of the date of preliminary approval. It must not have been awarded incentives under this program within the previous 5 years. The company must certify that the project would not be economically feasible without the incentives.

Kentucky Enterprise Initiative Act

Effective June 26, 2009, the \$500 non-refundable application fee is waived if a project applies for incentives under this and another tax incentive program. An eligible company is primarily engaged in manufacturing, service, or technology activities or is operating or developing a tourism attraction in Kentucky. Service and technology companies must use technology or provide a service to customer or affiliate entities primarily outside the state and serve a multi-state, national, or international market. Retail sales companies are ineligible.

To qualify for the incentives, an eligible company must make a minimum investment of \$500,000. Eligible investment costs include expenditures for building and construction materials, research and development equipment, and acquisition of real property that is owned, used, or occupied by the company. Labor costs are excluded from eligible investment costs.

Kentucky Industrial Revitalization Act

A company must apply and pay a \$500 nonrefundable fee. Upon final approval, the company will incur an administrative fee of 0.10 percent of the authorized incentive amount plus legal fees necessary for the preparation of the required revitalization agreement.

When approved by a local taxing jurisdiction, the company can levy a job assessment fee up to 5 percent of the gross wages of each employee subject to Kentucky individual income tax whose job is preserved or created by the approved project. State participation is limited to 4 percent,

with local participation limited to 1 percent. The employee receives credit for the fees against state income taxes and local occupational taxes to ensure no negative impact on the employee.

Investments in the rehabilitation of manufacturing or agribusiness operations that are in imminent danger of permanently closing or that have closed temporarily may qualify for tax incentives when at least 25 jobs are created or maintained. Investments in the rehabilitation of coal mining and processing facilities that have closed, have been temporarily suspended, or have been severely reduced that employ or intend to employ a minimum of 500 persons and have a raw production of at least 3 million tons from the project facility may qualify for tax incentives.

Small Business Loan Program

The company must submit a \$250 application fee. Upon approval of the loan, a 1.25 percent commitment fee is due. The commitment fee can be deducted from the loan proceeds. An eligible small business has 50 or fewer employees worldwide at the time of application. It must be engaged in manufacturing, agribusiness, or service and technology. Companies primarily engaged in retail operations, personal services, or professional services are ineligible. In addition, a service business involved in a direct service to the public under a license issued by the state or by an association that issues licenses in lieu of the state is ineligible.

Direct Loan Program

The company must pay a \$500 nonrefundable application fee. Upon approval, the company must pay a 1 percent commitment fee, with a minimum of \$1,000.

Eligible companies must be agribusiness, tourism, industrial ventures, or service industry. No retail projects are eligible. Only land, buildings, and equipment may be financed. Project owners must inject a minimum of 10 percent toward fixed assets. Owners who control at least 20 percent of the company's stock are required to provide personal guarantees. Projects must create new jobs or have a significant impact on the economic growth of a community. KEDFA funds are not disbursed until the entire project is complete.

High-Tech Investment/Construction Pools

An eligible company must create a minimum of seven new, high-tech jobs within 3 years and maintain those positions for 3 additional years. High-tech jobs include those that are related to research and development, are highly technical in nature, or are upper-level management positions within a high-tech industry. The positions created must pay a salary of at least \$40,000 a year, exclusive of commissions and bonuses, and be filled by Kentucky residents who pay Kentucky income taxes.

Linked Deposit Investment Loan Program

An eligible borrower must be established as a for-profit entity; be headquartered and maintain offices and operate in Kentucky; employ fewer than 50 employees, the majority of whom must

be from Kentucky; and have gross earnings of \$1 million or less per year. Business principals cannot be officers or directors of eligible lending institutions.

Kentucky Investment Act

Qualified investments are in Kentucky-based small businesses that meet the following criteria at the time of investment:

- 50 percent of the company's assets, operations, and employees are located in Kentucky;
- the company's net worth is less than \$5 million (or \$10 million if it is a knowledge-based business) or its net income in each of the prior 2 years is less than \$3 million; and
- the company has no more than 100 employees.

Each qualified investment must be in a business that is actively and principally engaged in a qualified activity within Kentucky or will be so engaged after receiving a qualified investment. Qualified activities are industrial, manufacturing, mining, mining reclamation for economic development, commercial, health care, agricultural, and agribusiness activities.

Local Redevelopment (Tax Increment Financing)

A development plan must be filed with the city clerk or county fiscal court having jurisdiction over the area before a public hearing. The plan must demonstrate compliance with statutory requirements. The city or county then adopts an ordinance meeting the requirements of KRS 65.7053

A city or county that has established a development area or an entity designated to manage the development area submits an application to KEDFA. Some projects require an independent consultant's report paid for by the applicant.

Local Vacant Land (Tax Increment Financing)

After approving a development area, the city or county must hold a public hearing and adopt an ordinance. A local development agreement must be executed among agencies and taxing districts involved, identifying tax increments released or pledged, and other provisions required by KRS 65.7047(4).

Loan Support Program (Tax Increment Financing)

A \$1,000 non-refundable application fee must be submitted with the loan application. Upon final approval of the loan, the company may expect to pay a fee of 0.25 percent of the final loan amount, up to a maximum of \$50,000. The agency also will pay legal or other fees related to the preparation of the loan support agreement.

Appendix D

Special Districts

The following list of special districts is from the Department for Local Government's Special Districts 2010-2011 Budget (Commonwealth. Department. "Special"). The districts are listed alphabetically.

Adair County Airport	Augusta-Brooksville-Bracken County Industrial Authority
Adair County Ambulance District	Aurora-Ross Fire Protection District
Adair County Cooperative Extension District	Auxier Fire Protection District
Adair County Hospital District-Westlake Regional Hospital	Bagdad Fire Protection District
Adair County Industrial Foundation	Ballard County Ambulance Service
Adair County Library	Ballard County Conservation District
Adair County Public Health	Ballard County Extension District
Adair County Soil and Conservation District	Ballard County Mental Health (Four Rivers)
Adair County Water District	Ballard County Public Health Taxing District
Albany Airport	Ballardsville Fire Protection District
Alexandria Fire District	Barbourville Tourism Commission
Allen County Ambulance Service	Bardstown-Nelson County Air Board
Allen County Extension Taxing District	Barkley Lake Water District
Allen County Health Department	Barkley Regional Airport Authority
Allen County Library	Barren County Conservation Taxing District
Allen County Soil Conservation District	Barren County Extension Taxing District
Allen County Water District	Barren County Health Department
Allen Fire Protection District	Barren River Area Development District
Anchorage Ambulance District	Barren-Metcalf County Ambulance District
Anchorage Fire Protection District	Bath County Ambulance District
Anderson County Extension District	Bath County Board of Health
Anderson County Fire District	Bath County Conservation District
Anderson County Library Taxing District	Bath County Extension District
Anderson County Public Health Taxing District	Bath County Fire Taxing District
Anderson County Soil and Water Conservation District	Bath County Library District
Anneta Fire District	Bath County Sanitation District
Appalachian Foothills Housing Agency Inc.	Bath County Water District
Appalachian Industrial Authority	Battletown Fire Protection District
Artemus Fire Protection Taxing District	Beaver Dam Watershed
Ashland Assisted Housing Authority	Bell County Cooperative Extension District
Ashland Regional Airport Board	Bell County Garbage and Refuse District
Audubon Area Community Action Agency Services	Bell County Public Health Taxing District
	Bell County Public Library District
	Bell County Soil Conservation District
	Bellevue/McVile Fire District
	Bell/Whitley Community Action Agency

Benton Housing Authority
Betsy Layne Fire Protection District
Big Muddy Creek Watershed Conservancy District
Big Reedy Watershed Conservancy District
Big Sandy Area Development District
Big Sandy Community Action Agency
Big Sandy Fire Department
Big Sandy Regional Airport Authority
Big Sandy Regional Detention Jail Authority
Big Sandy Regional Industrial Development Authority
Big Sandy Water District
Black Mountain Utility Water District
Black Oak Fire Protection District
Bluegrass Area Development District
Bluegrass Community Action Agency
Boone County Conservation District
Boone County Extension District
Boone County Health District
Boone County Public Library
Boone County Water District
Booneville/Owsley Fire District
Bourbon County Extension District
Bourbon County Library District
Bourbon County Public Health Taxing District
Bourbon County Soil & Water Conservation District
Bowling Green-Warren County Health Department
Bowling Green-Warren County Regional Airport
Boyd & Greenup County Sanitation District #1
Boyd County Ambulance District
Boyd County Conservation District
Boyd County Cooperative Extension District
Boyd County Library District
Boyd County Public Health Department
Boyd County Sanitation District #2
Boyd County Sanitation District #4
Boyle County Extension District
Boyle County Fire Protection District
Boyle County Library District
Boyle County Public Health Taxing District
Boyle County Soil & Water Conservation District
Bracken County Ambulance District
Bracken County Extension District
Bracken County Health Department
Bracken County Public Library Taxing District
Bracken County Soil Conservation
Bracken County Water District
Breathitt County Extension District
Breathitt County Public Health Department
Breathitt County Public Library
Breathitt County Soil and Water Conservation District
Breathitt County Water District
Breckinridge County Airport Board
Breckinridge County Conservation District
Breckinridge County Extension District
Breckinridge County Health Taxing District
Breckinridge County Library District
Bremen Volunteer Fire Department
Bronston Water District
Buck Creek Watershed Conservancy District
Buckeye Fire Protection District #3
Buechel Fire Protection District
Buffalo Trace Area Development District
Buffalo Trace Regional Housing Authority
Buffalo Trail Water District
Bullitt County Extension Taxing District
Bullitt County Library Taxing District
Bullitt County Public Health Department
Bullitt County Soil and Water Conservation District
Bullock Pen Water District
Burkesville Development Corporation
Burlington Fire District
Burna Fire Protection District
Bush Fire Taxing District
Butler County Ambulance Service
Butler County Extension Taxing District
Butler County Health Taxing District
Butler County Library Taxing District
Butler County Soil & Water Conservation District
Butler County Water District
Cadiz Housing Authority
Caldwell County Extension Service
Caldwell County Health Department

Caldwell County Hospital Taxing District
Caldwell County Library Taxing District
(George Coon Library)
Caldwell County Soil Conservation District
Caldwell County Water District
Calloway County Conservation District
Calloway County Extension District
Calloway County Fire Taxing District
Calloway County Library District
Calloway County Mental Health (Four Rivers)
Calloway County Public Health Taxing District
Campbell County Conservation District
Campbell County Courthouse Commission
Campbell County Extension District
Campbell County Fire District #1
Campbell County Fire District #6
Campbell County Fire District
(Southern Campbell)
Campbell County Health District
Campbell County Library District
Campbellsville/Taylor County Industrial
Development Authority
Camp Dick Fire Protection District #2
Camp Dix Fire Protection District
Camp Taylor Fire Protection District
Caney Creek Watershed Conservancy District
Cannonsburg Fire Department
Cannonsburg Water District
Canoe Creek Watershed
Carlisle County Ambulance District
Carlisle County Conservation District
Carlisle County Extension District
Carlisle County Industrial Development
Authority
Carlisle County Mental Health (Four Rivers)
Carlisle County Public Health Taxing District
Carlisle County Sanitation District No. 1
Carr Fork Fire Department
Carroll County Conservation District
Carroll County Extension District
Carroll County Health District
Carroll County Library District
Carroll County Water District #1
Carter County Conservation District
Carter County Cooperative Extension District
Carter County Emergency Ambulance
Service
Cartersville-Paint Lick Fire and Rescue
Casey County Air Board
Casey County Ambulance District
Casey County Conservation District
Casey County Economic Development
Authority
Casey County Extension District
Casey County Hospital
Casey County Library
Casey County Public Health
Casey County Solid Waste Management
Caveland Environmental Sanitation
Authority
Cawood Water District
Central Campbell Fire District #4
Central Kentucky Community Action
Council Inc.
Central McCreary County Fire District
(Whitley City)
Chamberlain Branch Watershed
Conservancy
Cherryville Volunteer Fire & Rescue
Christian County Conservation District
Christian County Extension Service
Christian County Health Department
Christian County Industrial Development
Authority
Christian County Rescue Team
Christian County Water District
Clanton Creek Watershed Conservancy
District
Clark County Extension Taxing District
Clark County Public Health Taxing District
Clark County Soil & Water Conservation
District
Clay County Agriculture Extension District
Clay County Industrial Development
Authority
Clay County Library District
Clay County Public Health Taxing District
Clay County Soil Conservation District
Clinton County Ambulance District
Clinton County Conservation District

Clinton County Extension District	Cynthiana-Harrison County Library Taxing District
Clinton County Industrial Development Authority	Cypress Creek Watershed Conservancy District
Clinton County Library	Daniel Boone Community Action Agency Inc.
Clinton County Public Health	Danville/Boyle County Air Board
Clinton Fire Protection District	David Fire Protection District
Coal Fields Industrial Authority	Daviess County Conservation District
College Park City/County Industrial Authority	Daviess County Extension Office
Columbus Fire Protection District	Daviess County Fire Department/EMS
Community Action of Southern Kentucky	Daviess County Health Department
Concord Fire Protection District	Daviess County Public Library
Consumers Water District	Dexter Almo Heights Water District
Corbin Industrial Development Commission	District #3 Fire Protection District (Magoffin)
Corbin Tourism and Convention Commission	Dixie Fire Protection District
Corbin Tri-County Industrial Development Authority	Donaldson Creek Watershed District
Corinth Water District	Eagle Creek Watershed Conservancy District
Countryside-River Bluff Fire Protection District	Eagle Sawyer Fire District
Cow Creek Fire Protection District	East Casey County Water District
Crittenden County Extension Service	East Clark Water District
Crittenden County Health Department	Eastern Greenup County Ambulance District
Crittenden County Industrial Development Authority	East Fork Clark's River Floodplain District
Crittenden County Soil Conservation District	East Fork Fire Department
Crittenden County Volunteer Fire Department	East Fork Pond River Watershed & Floodplain District
Crittenden-Livingston County Water District	East Fork River Watershed (Henderson East Laurel Water District)
Cuba Water District	East Logan Water District
Cumberland County Air Board	East Marshall Fire Protection District
Cumberland County Ambulance District	East Pendleton Water District
Cumberland County Conservation District	Eastwood Fire Protection District
Cumberland County Extension	Eddyville Riverport and Industrial Development Authority
Cumberland County Industrial Authority	Edmonson County Ambulance Taxing District
Cumberland County Library	Edmonson County Extension Board (nontaxing)
Cumberland County Public Health	Edmonson County Health Department
Cumberland County Solid Waste	Edmonson County Library Taxing District
Cumberland County Water District	Edmonson County Soil & Water Conservation District
Cumberland Falls Highway Water District	Edmonson County Water District
Cumberland Tourism and Convention Commission	Edmonton-Metcalf County Industrial Development Authority
Cumberland Valley Area Development District	Ekron Fire Protection District
Cumberland Valley Regional Housing Authority	
Cunningham Water District	
Cynthiana/Harrison County Air Board	

Elam Flat Watershed
Elk Hill Regional Industrial Authority
Elkhorn Water District
Elliott County Ambulance District
Elliott County Conservation District
Elliott County Cooperative Extension District
Elliott County Public Health Department
Elliott County Solid Waste District
Elliottville Fire Department
Elsmere Fire Protection District
England Hill Fire Department
Elva-New Harmony-Oak Level Fire District
Estill County Airport Board
Estill County Ambulance Taxing District
Estill County Extension Taxing District
Estill County Industrial Development Authority
Estill County Library Taxing District
Estill County Public Health Taxing District
Estill County Soil & Water Conservation District
Estill County Water District #1
Fairdale Fire Protection District
Fairdealing-Olive Fire Department
Falmouth/Pendleton Air Board
Fancy Farm Water District
Farmdale Sanitation District
Farmdale Water District
Farmers Area Development Council
Farmersville Volunteer Fire Department
Farmers Volunteer Fire Department
Fayette County Conservation District
Fayette County Extension
Fern Creek Fire Protection District
Firebrick Fire Protection District
FIVCO Area Development District
FIVCO Solid Waste District
Flaherty Fire Protection District
Flat Creek Watershed Conservancy District
Flat Gap Fire Protection District
Fleming County Ambulance District
Fleming County Extension Taxing
Fleming County Health Department
Fleming County Hospital
Fleming County Public Library
Fleming County Soil & Water Conservation
Fleming-Mason Airport Board
Flemingsburg-Fleming County Industrial Development Authority
Florence Fire District
Floyd County Development Authority
Floyd County Extension District
Floyd County Housing Authority
Floyd County Library Taxing District
Floyd County Public Health Taxing District
Floyd County Soil & Water Conservation District
Fountain Run Water District & Sewer #1
Fox Creek Watershed Conservancy
Franklin County Extension Taxing District
Franklin County Library Taxing District
Franklin County Public Health Taxing District
Franklin County Soil & Water Conservation District
Franklin-Simpson County Ambulance District
Franklin-Simpson Industrial Authority
Fulton Air Board
Fulton County Conservation District
Fulton County Economic Development Partnership
Fulton County Extension District
Fulton County Levee Board (Watershed #1)
Fulton County Library Taxing District
Fulton County Mental Health (Four Rivers)
Fulton County Public Health Taxing District
Fulton County Transit Authority
Fulton Industrial Development Authority
Gallatin County Conservation District
Gallatin County Extension
Gallatin County Health District
Gallatin County Public Library
Gallatin County Water District
Garrard County Extension Taxing District
Garrard County Fire Protection District #1
Garrard County Library Taxing District
Garrard County Public Health Taxing District
Garrard County Soil & Water Conservation District
Garrett Fire Protection District

Garrison Fire Protection District	Green River Regional Industrial Development Authority
Garrison/Quincy/KY-O-Heights Water District	Green River Valley Water District
Gateway Area Development District	Green/Taylor Water District
Gateway Community Services Organization	Greenup County Conservation District
Georgetown Scott County Regional Airport	Greenup County Cooperative Extension District
Georgetown/Scott County Tourism Commission	Greenup County Public Health Department
Ghent Fire Protection District	Greenup County Public Library
Gilbertsville Fire Protection District	Greenville Housing Authority
Glasgow Airport Board	Hancock County EMS
Glasgow/Barren Tourism & Convention Commission	Hancock County Extension Taxing District
Goose Pond Watershed Conservancy District	Hancock County Health Department
Graham Volunteer Fire Department	Hancock County Public Library
Grand Lakes Fire Protection District	Hancock County Soil Conservation District
Grant County Conservation District	Hardeman Water District
Grant County Extension	Hardin County Conservation District
Grant County Health District	Hardin County Extension District
Grant County Industrial Development Authority	Hardin County Health Department
Grant County Public Library	Hardin County Water District #1
Grant County Sanitary Sewer District	Hardin County Water District #2
Grassy Pond Watershed	Hardin-South Marshall Fire Protection District
Graves County Conservation District	Harlan County Airport Board (Tucker Guthrie Memorial)
Graves County Extension District	Harlan County Community Action Agency
Graves County Library Taxing District	Harlan County Conservation District
Graves County Mental Health (Four Rivers)	Harlan County Cooperative Extension District
Graves County Public Health Taxing District	Harlan County Industrial Development Authority Board
Grayson County Airport Board	Harlan County Public Health Taxing District
Grayson County Conservation District	Harlan County Public Library District
Grayson County Extension District	Harlan County Tourism and Convention Commission
Grayson County Health Department	Harrison County Extension Taxing District
Grayson County Hospital District	Harrison County Fire District
Grayson County Public Library	Harrison County Public Health Taxing District
Grayson County Tourism Commission	Harrison County Soil & Water Conservation District
Grayson County Water District	Harrodsburg/Mercer Industrial Development Authority
Green County Ambulance District	Harrods Creek Fire Protection District
Green County Conservation District	Harry M. Caudill Memorial Library (Letcher County)
Green County Extension	Hart County Ambulance Taxing District
Green County Library	Hart County Extension Board (nontaxing)
Green County Public Health	
Green County Solid Waste	
Green County/Summersville Sanitation District	
Green Hills Water District	
Green River Area Development District	

Hart County Health Department
Hart County Library Taxing District
Hart County Soil & Water Conservation District
Hart County Solid Waste District
Hart County Tourism Commission
Harvey-Brewers Fire Protection District
Hazard/Perry County Airport Board
Hebron Fire District
Henderson Ambulance Service/EMS
Henderson City/County Air Board
Henderson County Board of Drainage
Henderson County Extension District
Henderson County Health Center
Henderson County-Pond Creek Watershed
Henderson County Public Library District
Henderson County Soil & Water Conservation
Henderson County Water District
Henderson Fire Department
Henderson Riverport Authority
Hendron Fire Protection District
Hendron Water District
Henry County Extension Taxing District
Henry County Library Taxing District
Henry County Public Health Taxing District
Henry County Soil & Water Conservation District
Henry County Water District #2
Hickman-Clinton Airport Board
Hickman County Conservation District
Hickman County Extension Office
Hickman County Industrial Development Authority
Hickman County Mental Health (Four Rivers)
Hickman County Public Health Taxing District
Hickman-Fulton Riverport Authority
Hickory Water District
Highland Creek Watershed
Highland Volunteer Fire Department
Highview Fire Protection District
Honey Grove Volunteer Fire Department
Hopkins County Extension Service
Hopkins County Health Department
Hopkins County Industrial Development Authority

Hopkins County Soil Conservation District
Hopkinsville-Christian County Air Board
Hopkinsville Housing Authority
Housing Authority of Hazard
Humphrey Creek Watershed Conservancy District
Hyden/Leslie County Water District
Independence Fire Protection District
Inez Fire Protection District
Island City Fire District
Isom Pond Watershed
Jackson County Extension Service
Jackson County Library District
Jackson County Public Health Taxing District
Jackson County Soil and Water Conservation District
Jefferson County Conservation Taxing District
Jefferson County Extension District
Jeffersontown Fire Protection District
Jessamine County Conservation District
Jessamine County Extension District
Jessamine County Fire Protection District
Jessamine County Library Taxing District
Jessamine County Public Health Taxing District
Jessamine County Water District #1
Jessamine/South Elkhorn Water District
Johnson County Extension District
Johnson County Housing Authority
Johnson County Library Taxing District
Johnson County Public Health Taxing District
Johnson County Soil & Water Conservation District
Jonathan Creek Water District
Jones Fork Fire Department
J.U. Kevil
Kenton County Conservation District
Kenton County Extension District
Kenton County Health District
Kenton County Public Library
Kenton Fire Protection District

Kentuckiana Regional Development and Planning Agency (area development district)	Ledbetter Fire Protection District
Kentucky Communities Economic Opportunity	Ledbetter Sanitation District
Kentucky River Area Development District	Ledbetter Water District
Kentucky River Foothills Community Action Agency	Lee County Conservation District
Kinniconick Fire Protection District	Lee County Extension District
Kite Topmost Fire Department	Lee County Health Department
Knott County Extension Service	Lee County Library District
Knott County Fire District	Left Beaver Fire Protection District
Knott County Health Department	Leslie County Extension Service
Knott County Soil & Water Conservation District	Leslie County Health Department
Knott County Water District & Sewer	Leslie County Library
Knox County Ambulance Taxing District	Leslie County Soil & Water Conservation District
Knox County Cooperative Extension District	Leslie, Knott, Letcher, Perry Community Action Council
Knox County Library District	Letcher County Conservation District
Knox County Public Health Taxing District	Letcher County Extension Service
Knox County Soil Conservation District	Letcher County Health Department
Knox County Utility Commission (Water District)	Letcher County Water District & Sewer
LaGrange Fire Protection District	Lewis County Extension District
Lake Cumberland Area Development District	Lewis County Fire District
Lake Cumberland Community Action	Lewis County Public Health Taxing
Lake Dreamland Fire Protection District	Lewis County Public Library Taxing
LaRue County Conservation District	Lewis County Soil & Water Conservation
LaRue County Extension District	Lexington Convention & Visitor's Bureau
LaRue County Health District	Lexington/Fayette Airport Board
LaRue County Library District	Lexington/Fayette Community Action Council
LaRue County Water District #1	Lexington-Fayette County Health District
Laurel County Cooperative Extension District	Lexington/Fayette County Transit Authority
Laurel County Public Health Taxing District	Lick Creek Watershed
Laurel County Public Library District	Licking Valley Community Action Program
Laurel County Soil and Water Conservation District	Lincoln County Ambulance Taxing District
Laurel County Water District #2	Lincoln County Extension Taxing District
Lawrenceburg Anderson County Economic Development	Lincoln County Fire Protection District
Lawrence County Conservation District	Lincoln County Health Taxing District
Lawrence County Cooperative Extension District	Lincoln County Library Taxing District
Lawrence County Housing Authority	Lincoln County Soil & Water Conservation District
Lawrence County Public Health Department	Lincoln Trail Area Development District
Lawrence County Public Library	Linton Volunteer Fire Department
	Little Kentucky River/Lake Jericho Watershed Conservancy
	Little Sandy Fire District
	Little Sandy Public Health Department (Carter County)

Livingston County Ambulance District	Madison County Ambulance District
Livingston County Extension Service	Madison County Extension Taxing District
Livingston County Health Department	Madison County Library Taxing District
Livingston County Industrial Development Authority	Madison County Public Health Taxing District
Livingston County Mental Health (Four Rivers)	Madison County Soil & Water Conservation District
Livingston County Soil Conservation District	Madison County Water District
Livingston County Tourism Commission	Madrid Bend Levee Board (Watershed #2)
Lloyd Volunteer Fire Department	Magoffin County Extension District
Load Volunteer Fire Department	Magoffin County Library Taxing District
Logan County Extension District	Magoffin County Public Health Taxing District
Logan County Health Taxing District	Magoffin County Soil & Water Conservation District
Logan County Library Taxing District	Magoffin County Water District
Logan County Tourism & Convention Commission	Maloneton Volunteer Fire Department
London-Corbin Airport Board	Marion County Conservation District
London-Laurel County Industrial Development Authority	Marion County Extension District
London-Laurel County Tourism Commission	Marion County Health District
Lone Oak Fire Protection District	Marion County Library
Long Run Fire Protection District	Marion County Water District
Lost Creek Watershed Conservancy District	Marion-Crittenden County Air Board
Louisa Area Fire & Rescue Department	Marion-Washington Airport Board
Louisville/Jefferson Community Action Agency	Marshall County Conservation District
Louisville/Jefferson County Air Board	Marshall County Extension District
Louisville/Jefferson County Metropolitan Sewer District	Marshall County Hospital
Louisville/Jefferson County Riverport Authority	Marshall County Library District
Louisville/Jefferson County Visitors and Convention Commission	Marshall County Mental Health (Four Rivers)
Lower Tradewater Floodplain District	Marshall County Public Health Taxing District
Lyndon Fire Protection District	Marshall County Refuse and Solid Waste 109
Lyon County Ambulance District	Marshall County Sanitation District #1 (Aurora Plant)
Lyon County Extension Service	Marshall County Sanitation District #2
Lyon County Health Department	Martin County Economic Development Authority
Lyon County Housing Authority	Martin County Extension District
Lyon County Library Taxing District	Martin County Housing Authority
Lyon County Rural Fire Protection District #1	Martin County Library Taxing District
Lyon County Rural Fire Protection District #2	Martin County Public Health Taxing District
Lyon County Soil Conservation District	Martin County Soil & Water Conservation District
Lyon County Water District	Martin County Water District
Madison County Air Board	Martin Housing Authority (Floyd County)

Mason County Conservation District	Melber-New Hope Fire District
Mason County Extension District	Menifee County Board of Health
Mason County Health Department	Menifee County Extension District
Mason County Port Authority	Menifee County Fire District
Mason County Public Library	Menifee County Public Library
Mattoon Volunteer Fire Department	Menifee County Sanitation District #1
Mayfield-Graves County Airport Board	Menifee County Soil & Water Conservation District
Mayfield Housing Authority	Mercer County Extension Taxing District
Maysville-Mason County Industrial Development	Mercer County Fire Protection District
Maytown Fire Protection District	Mercer County Library Taxing District
McCracken County Conservation District	Mercer County Public Health Taxing District
McCracken County Extension District	Mercer County Soil & Water Conservation District
McCracken County Library District	Metcalf County Conservation District
McCracken County Mental Health (Four Rivers)	Metcalf County Extension Taxing District
McCracken County Public Health Taxing District	Metcalf County Health Department
McCreary County 109 (Solid Waste)	Metcalf County Library Taxing District
McCreary County Air Board	Middle Creek Fire Protection District
McCreary County Conservation District	Middle Kentucky River Area Development Council
McCreary County EMS	Middlesboro Bell County Airport Board
McCreary County Extension Board (nontaxing)	Middletown Fire Protection District
McCreary County Housing Authority	Milburn Water District
McCreary County Industrial Authority	Monroe County Ambulance
McCreary County Library	Monroe County Conservation District
McCreary County Public Health	Monroe County Extension District
McCreary County Tourism Commission	Monroe County Health Department
McCreary County Water District	Monroe County Library (William B. Harlan Memorial Library)
McKee-Jackson County Industrial Development Authority	Monroe County Water District
McKinney Water District	Montgomery County Ambulance District
McLean County Extension Taxing District	Montgomery County Conservation District
McLean County Health Center	Montgomery County Extension Service
McLean County Soil Conservation District	Montgomery County Fire District #1
McMahan Fire-Jefferson County Fire District #14	Montgomery County Health Department
Meade County Conservation District	Montgomery County Library District
Meade County Extension District	Montgomery County Sanitation District #2
Meade County Fire Protection District	Montgomery County Solid Waste District
Meade County Health District	Montgomery County Water District #1
Meade County Public Library	Montgomery Volunteer Fire Department
Meade County Riverport Authority	Monticello/Wayne County Air Board
Meade County Water District	Morehead Rowan County MSU Recycling Center
Meadow Creek Watershed Conservancy District	Morehead Tourism Commission
	Morehead-Rowan County Airport Board

Morgan County Ambulance Service
Morgan County Board of Health
Morgan County Extension Service
Morgan County Library (John F. Kennedy Memorial Library)
Morgan County Soil & Water Conservation
Morgan County Water District
Mountain Water District
Mount Eden Fire Protection District
Mt. Sterling/Montgomery County Airport Board
Mt. Sterling/Montgomery County Industrial Authority
Mt. Sterling/Montgomery County Tourism Commission
Mt. Vernon-Rockcastle County Tourism Commission
Mt. Washington Fire Protection District
Mud River Watershed Conservancy
Muhlenberg County Airport
Muhlenberg County Extension Service
Muhlenberg County Health Department
Muhlenberg County Library Taxing District
Muhlenberg County-Pond Creek Watershed
Muhlenberg County Soil Conservation District
Muhlenberg County Water District #1
Muhlenberg County Water District #3
Murray-Calloway County Air Board
Murray-Calloway Industrial Authority
Murray Calloway Transit Authority
Murray Housing Authority
Murray Water District #2
Murray Water District #3 (Lynn Grove)
Narge Creek Floodplain District
Nebo Water District
Nelson County Conservation District
Nelson County Extension District
Nelson County Health Department
Nelson County Public Library
Nicholas County Conservation District
Nicholas County EMS
Nicholas County Extension Board (nontaxing)
Nicholas County Fire Protection District
Nicholas County Library Taxing District
Nicholas County Public Health Taxing District
Nicholas County Sanitation District #2
Nicholas County Water District
Nichols Fire Protection District
North & South Logan Conservation District
Northeast Kentucky Community Action Agency
Northeast Kentucky Regional Industrial Authority
Northeast Nelson Fire District
Northeast Woodford County Water District
Northern Kentucky Area Development District
Northern Kentucky Area Planning Commission
Northern Kentucky Community Action Commission
Northern Kentucky Convention & Visitors Bureau
Northern Kentucky Port Authority
Northern Kentucky Water District
Northern Madison Sanitation District
Northern Pendleton Fire District
Northern Wayne County Ambulance District
North Floyd Fire District
North Hopkins Water District
North Jessamine Fire Protection District
North Logan Water District
North Marshall Water District
North McCreary County Fire District
North McLean County Water District
North Mercer Water District
North Nelson Water District
North Oldham Fire Protection District
North Shelby Water District
Northwest Volunteer Fire Department
Oak Grove Volunteer Fire Department
Obion Creek Watershed Conservancy District
Ohio County Conservation District
Ohio County Cooperative Extension District
Ohio County Health Center
Ohio County Public Library
Ohio County Water District
Okolona Fire Protection District
Oldham County Ambulance Taxing District
Oldham County Extension District

Oldham County Library Taxing District	Pennyrile Area Development District
Oldham County Public Health Taxing District	Pennyrile West Park Industrial Development Authority
Oldham County Soil & Water Conservation District	Perry County Extension Service
Oldham County Tourism & Convention Commission	Perry County Health Department
Oldham County Water District	Perry County Library
Oldtown Volunteer Fire	Perry County Sanitation District #1
Olive Hill Housing Authority	Perry County Soil & Water Conservation District
Owen County Extension District	Perry County Tourism Commission
Owen County Health District	Petersburg Fire District
Owen County Public Library	Pewee Valley Fire Protection District
Owen County Soil & Water Conservation District	Pigeon Roost Fire Protection District
Owensboro Daviess County Regional Airport	Pike County Airport Board
Owensboro Riverport Authority	Pike County Extension District
Owsley County Extension Service	Pike County Housing Authority
Owsley County Health Department	Pike County Library Taxing District
Owsley County Public Library	Pike County Public Health Taxing District
Owsley County Soil & Water Conservation District	Pike County Soil & Water Conservation District
Paducah Area Transit Authority	Pine Knot Fire District
Paducah-McCracken County Convention & Visitors Bureau	Pine Mountain Regional Industrial Development Authority
Paducah-McCracken County Industrial Development Authority	Piner-Fiskburg Fire District
Paducah-McCracken County Riverport Authority	Pine Ridge Industrial Authority
Paintsville Housing Authority	Pitman Creek Conservancy District
Paintsville/Prestonsburg Airport Board	Pleasure Ridge Park Fire Protection District
Palma/Briensburg Fire Protection District	Point Pleasant Fire District
Paradise Park Regional Industrial Development Authority	Possum Trot-Sharpe Fire Protection District
Parksville Water District	Powell County Airport Board
Payneville Fire Protection District	Powell County Extension Taxing District
Peaks Mill Water District	Powell County Industrial Development Authority
Pendleton County Ambulance Taxing District	Powell County Library Taxing District
Pendleton County Extension District	Powell County Public Health Taxing District
Pendleton County Health District	Powell County Soil & Water Conservation District
Pendleton County Industrial Development Authority	Powell's Valley Water District
Pendleton County Library	Princeton-Caldwell County Industrial Development Authority
Pendleton County Soil & Water Conservation District	Princeton Housing Authority
Pendleton County Water District	Pulaski County Airport Board
Pennyrile Allied Community Services	Pulaski County Conservation
	Pulaski County Extension
	Pulaski County Health Department
	Pulaski County Public Library

Pulaski County Solid Waste
Purchase Area Development District
Purchase Area Regional Industrial Authority
Quicksand Fire District
Rattlesnake Ridge Water District
Red Lick Creek Watershed Conservancy
Regional Water Resource Agency
Reidland-Farley Fire Protection District
Reid Village Water District
Roaring Springs Volunteer Fire Department
Robertson County Extension Taxing District
Robertson County Library Taxing District
Robertson County Public Health Taxing
District
Robertson County Soil and Water
Conservation District
Rockcastle County Cooperative Extension
District
Rockcastle County Industrial Authority
Rockcastle County Public Health Taxing
District
Rockcastle County Public Library
Rockcastle County Soil Conservation District
Rockhouse Fire Protection District
Route 377 Volunteer Fire Department
Rowan County Board of Health
Rowan County Extension Board (nontaxing)
Rowan County Library Taxing District
Rowan County Sanitation District
Rowan County Soil Conservation District
Rowan County Solid Waste Board
Russell County Air Board
Russell County Ambulance District
Russell County Conservation District
Russell County Extension
Russell County Hospital
Russell County Industrial Development
Authority
Russell County Library
Russell County Public Health
Russellville/Logan County Airport Board
Ryland Heights Fire District
Salt Lick Creek Watershed Conservancy
District
Salyersville-Magoffin County Joint Housing
Authority
Sandy Hook Water District
Sandy Valley Water District
Sanitation District No. 1 (Northern
Kentucky)
Sanitation District No. 1 of Lewis County
Scott County Extension Taxing District
Scott County Library Taxing District
Scott County Public Health Taxing District
Scott County Soil & Water Conservation
District
Sedalia Fire District
Sedalia Water District
Shady Grove Volunteer Fire Department
Sharpsburg Water District
Shelby County 109 (Solid Waste)
Shelby County Extension Taxing District
Shelby County Library Taxing District
Shelby County-Plum Creek Watershed
Conservancy
Shelby County Public Health Department
Shelby County Soil & Water Conservation
District
Shelby County Suburban Fire Protection
District
Shepherdsville-Bullitt County Tourism
Convention Commission
Sheridan Volunteer Fire Department
Short Creek Watershed Conservancy
District
Simpson County Health Department
Simpson County Library Taxing District
(Goodnight Memorial Library)
Simpson County Water & Soil Conservation
District
Simpson County Water District
Simpson Extension Board (nontaxing)
Simpsonville Fire Protection District
Slover Flat Watershed
Somerset-Pulaski Convention and Visitors
Bureau
South 641 Water District
South Anderson Water District
Southeast Bullitt Fire Protection District

Southeast Daviess County Water District
Southeastern Water District
Southeast Kentucky Regional Industrial Authority
Southern Madison Water District
Southern Water District
South Fork Watershed
South Graves Water District
South Hopkins Water District
South McCreary County Fire District
South Oldham Fire Protection District
South Shore Fire Department
South Woodford County Water District
Spencer/Bullitt-Plum Creek Watershed Conservancy
Spencer County Extension Taxing District
Spencer County Fire District
Spencer County Library Taxing District
Spencer County Public Health Department
Spencer County Soil & Water Conservation District
Springfield-Washington County Economic Development
Stanford/Lincoln County Industrial Development Authority
Stearns Historic Development Authority
Stewarts Creek Watershed Conservancy District
Stinnett Fire District
St. Matthews Fire Protection District
Summit-Ironville Fire Department
Symsonia Fire District
Symsonia Water District
Taylor County Air Board
Taylor County Conservation District
Taylor County Extension District
Taylor County Health Department
Taylor County Hospital District
Taylor County Public Library
Taylor County Solid Waste
Taylor County Tourism Commission
Thealka Fire Protection District
Thousandsticks Fire District
Three Forks Regional Jail
Todd County Extension Service
Todd County Health Department
Todd County Housing Authority
Todd County Library Taxing District
Todd County Soil Conservation District
Todd County Water District
Toler Creek Fire Protection District
Tollesboro Sanitation District #1
Tollesboro Volunteer Fire Protection
Tompkinsville/Monroe County Airport Board
Transit Authority of Northern Kentucky
Transit Authority of River City
Trigg County Ambulance District
Trigg County Extension Service
Trigg County Health Department
Trigg County Hospital Taxing District
Trigg County Industrial Development Authority
Trigg County Library Taxing District
Trigg County Soil Conservation District
Trimble County Extension Taxing District
Trimble County Library Taxing District
Trimble County Public Health Department
Trimble County Soil & Water Conservation District
Trimble County Water District #1
Union County Air Board
Union County Conservation District
Union County Extension Office
Union County Health District
Union County Public Library
Union County Water District
Union Emergency Services Alliance (Fire Department)
Upper Pond River Floodplain District
Upper Tradewater Watershed Conservancy District
US 60 East Fire Protection District
US 60 Water District
Vanceburg-Lewis County Industrial Authority
Vancleve Fire District
Van Lear Fire Protection District
Verona Fire District
Vincent Fire District
Waddy Fire Protection District
Walton Fire District
Warren County Conservation District
Warren County Extension District

Warren County Public Library District	Westside Volunteer Fire Department
Warren County Water District	Westwood Fire Department
Washington County Conservation District	Whitley County Conservation District
Washington County Extension District	Whitley County Extension District
Washington County Health Department	Whitley County Public Health District
Washington County Public Library	Whitley County Public Library
Wayland Fire Protection District	Whitley County Water District
Wayne County Conservation District	Williamsburg Tourism and Convention Commission
Wayne County Extension District	Williamsburg-Whitley County Airport Board
Wayne County Industrial Authority	Williamsburg/Whitley County Industrial Development Commission
Wayne County Library	Williamsport Fire Protection District
Wayne County Public Health	Winchester/Clark County Industrial Development
Webster County Ambulance District	Winchester-Clark County Library Taxing District
Webster County Conservation District	Winchester-Clark County Tourism Commission
Webster County Extension District	Wingo Fire District
Webster County Health Center	Wolf Coal Fire District
Webster County Public Library	Wolfe County Extension District
Webster County Sanitation District	Wolfe County Fire District
Webster County Water District	Wolfe County Health Department
West Carroll Water District	Wolfe County Public Library
West Daviess County Water District	Wolfe County Soil & Water Conservation District
Western Fleming County Water District	Wood Creek Water District
Western Lewis-Rectorville Water District & Gas	Woodford County Extension District
Western Mason Water District	Woodford County Fire Protection District
Western Pulaski Water District	Woodford County Health District
West Fork Clark's River Watershed	Woodford County Library Taxing District
West Fork-Mayfield Creek Watershed District	Woodford County Soil & Water Conservation District
West Fork Pond River Watershed Conservancy District	Worthington Fire Protection District
West Kentucky Allied Services	W.R. Castle Fire Protection District
West Kentucky Regional Industrial Development Authority	Wurtland Fire Department
West Liberty-Morgan County Air Board	Zoneton Fire Protection District
West McCracken County Water District	
West McCracken Fire Protection District	
West McCreary County Fire District	
West Shelby Water District	
Westport Fire Protection District	

Appendix E

Economic Development Entities

Based on the research for this study, a number of entities appear to no longer be active. The status of others could not be determined. Often, Program Review staff found a number of entities with similar names that appeared to be operating in the same area. It is unclear whether these are separate entities acting as economic development agencies within an area or whether the names of the same entities are reported inconsistently. In other cases, the name alluded to it being an economic development entity, but no information about the entity could be found.

The following list of economic development entities was compiled from various sources including the Department for Local Government's "Special Districts 2010-11 Budget," the *2008-2009 Kentucky Directory Gold Book*, and interviews with economic development professionals (Commonwealth. Department. "Special"; *2008-2009*). It demonstrates the large number of economic development entities that may or may not be currently active and further demonstrates the difficulty in identifying the actual number of entities. Although chambers of commerce are forces within economic development, they are largely not accounted for in this listing except for a few instances in which some sources recognized a chamber as the lead economic development entity within a particular area. Some entities are not listed here that were listed in the *2008-2009 Kentucky Directory Gold Book* if they were deemed to be an entity not primarily related to local or regional economic development initiatives.

Adair County Industrial Foundation
Almost Nashville
Anderson County Economic Development Authority
Appalachian Industrial Authority
Ashland Alliance
Augusta/Brooksville/Bracken County Industrial Authority
Ballard County Industrial & Economic Development Board
Bardstown Industrial Development Corporation
Bath County Industrial Foundation
Beattyville/Lee County Economic Development
Bell County Industrial Foundation
Big Sandy Regional Industrial Authority
Bluegrass Alliance
Bluegrass South
Bowling Green Area Economic Development Authority
Brandenburg/Meade County Industrial Authority
Breathitt County/City of Jackson Industrial Development Authority
Breckinridge County Development Corporation
Bullitt County Economic Development Authority
Burkesville Development Corporation
Caldwell-Lyon Partnership
Campbellsville/Taylor County Industrial Development Authority

Capital Community Economic/Industrial Development Authority
Carlisle County Industrial Development Authority
Carlisle/Nicholas County Industrial Authority
Carroll County Community Development Corporation
Casey County Economic Development Authority
Central Kentucky Economic Alliance
Christian County Industrial Development Authority
Clay County Industrial Development Authority
Clinton County Industrial Development Authority
Coal Fields Industrial Authority
College Park City/County Industrial Authority
Columbia/Adair County Industrial Development Authority Inc.
Commerce Lexington Inc.
Corbin Economic Development Agency
Corbin Industrial Development Commission
Corbin Tri-County Industrial Development Authority
Crittenden County Economic Development Corporation
Crittenden County Industrial Development Authority
Cumberland County Industrial Authority
Cynthiana/Harrison County Economic Development Authority
Danville/Boyle County Economic Development Partnership
Daviess/Hancock Industry Partnership
East Kentucky Corporation
Economic Development Authority of Liberty/Casey County
Eddyville Industrial Development Authority
Edmonson County Industrial Authority
Edmonton-Metcalf County Industrial Development Authority
Edmonton/Metcalf County Industrial Development Community
Elizabethtown/Hardin County Industrial Foundation Inc.
Elk Hill Regional Industrial Authority
Elliott County Economic Development
Estill County Industrial Development Authority
Estill Development Alliance
Farmers Area Development Council
Flemingsburg/Fleming County Industrial Development Authority
Floyd County Development Authority
Forward Quest Inc. dba Vision 2015
Franklin/Simpson Industrial Authority
Fulton County Economic Development Partnership
Fulton County-Hickman County
Fulton Industrial Development Authority
Gallatin County Industrial Authority
Glasgow/Barren County Industrial Development Economic Authority
Grant County Industrial Development Authority
Graves Growth Alliance Inc.
Grayson Industrial Development & Economic Authority Inc.

Greater Louisa Industrial Foundation
Greater Louisville Inc.
Greater Owensboro Economic Development Corporation
Greater Paducah Economic Development Council
Green River Regional Industrial Development Authority
Greensburg/Green County Industrial Foundation
Guthrie Industrial Development Commission Inc.
Hancock County Industrial Foundation Inc.
Harlan County Industrial Development Authority
Harrodsburg/Mercer County Industrial Development Authority
Hart County Industrial Authority
Hazard/Perry County Economic Development
Henderson County Economic Development Council
Henry County Industrial Foundation
Hickman County Industrial Development Authority
Hopkins County Industrial Development Authority
Hopkinsville/Christian County Economic Development Council
Inter-Modal Transportation Authority Inc.
Jackson County/McKee Industrial Development Authority
Jessamine County Joint Economic Development Authority
Kentucky Association for Economic Development
Kentucky Community Development Society Inc.
Kentucky Highlands Community Development Corporation
Knott County Industrial Authority
Knox County Economic Development
Lake Barkley Partnership for Economic Development
Lancaster/Garrard County Industrial Development Authority
LaRue County Economic Development
Lawrenceburg Anderson County Economic Development
Lawrenceburg/Anderson County Industrial Foundation Inc.
Lebanon/Marion County Industrial Foundation
Leitchfield/Grayson County Industrial Development Foundation
Leslie County Industrial Development
Letcher County Industrial Development Authority
Livingston County Economic Development
Livingston County Industrial Development Authority
Logan Economic Alliance for Development
London/Laurel County Industrial Development Authority
Madisonville/Hopkins County Economic Development Corporation
Magoffin County Development Authority
Manchester/Clay County Economic Development & Industrial Authority
Marshall County Economic Development
Martin County Economic Development Authority
Maysville/Mason County Industrial Development Authority
McCreary County Industrial Development Authority
McKee-Jackson County Industrial Development Authority

McLean County Industrial Foundation
Menifee County Economic Development
Monroe County Economic Development Center
Morehead/Rowan County Economic Development Council Inc.
Morgantown Industrial Holding
Mount Sterling/Montgomery County Industrial Authority
Mountain Association for Community Economic Development
Muhlenberg Economic Enterprises
Murray/Calloway Economic Development Corporation
Murray-Calloway Industrial Authority
Nelson County Economic Development Agency
Northeast Kentucky Regional Industrial Park Authority
Northern Kentucky Forward
Northern Kentucky Tri-Ed
North Hardin Regional Industrial Authority
Northwest Kentucky Forward
Ohio County Industrial Foundation
Oldham County Economic Development
Owen County Industrial Authority
Owsley County Industrial Authority
Paducah-McCracken County Industrial Development Authority
Paintsville/Johnson County Industrial Development Authority
Paradise Park Regional Industrial Development Authority
Paris/Bourbon County Economic Development Authority
Pendleton County Industrial Development Authority
Pennyrile West Park Industrial Development Authority
Pike County Economic Development
Pine Mountain Regional Industrial Development Authority
Pine Ridge Industrial Authority
Powell County Industrial Development Authority
Princeton-Caldwell County Industrial Development Authority
Princeton Industrial Foundation Inc.
Purchase Area Regional Industrial Authority
Richmond Industrial Development Corporation
Robertson County Economic Development
Rockcastle County Development Board
Rockcastle County Industrial Authority
Russell County Industrial Development Authority
Scott County United
Scottsville/Allen County Industrial Authority
Shelby County Industrial & Development Foundation Inc.
Shelby Development Corporation
Somerset/Pulaski County Development Foundation
South Central Kentucky Alliance
Southeast Kentucky Economic Development Corporation
Southeast Kentucky Regional Industrial Authority

Southern (or South Central) Kentucky Regional Development Authority
South Kentucky Industrial Development Association
Springfield/Washington County Economic Development Authority
Stanford/Lincoln County Industrial Development Authority
Taylorsville/Spencer County Economic Development Authority
Team Taylor County
Todd County Industrial Foundation Inc.
Tompkinsville Industrial Foundation
Tri-County Industrial Foundation
Trigg County Industrial Development Authority
Trimble County Economic Development
Union County Industrial Development Authority Inc.
Vanceburg/Lewis County Industrial Authority
Wayne County EZ Community Inc.
Wayne County Industrial Authority
Webster County Economic Development
West Hopkins Industries Inc.
West Kentucky Regional Industrial Development Authority
Williamsburg/Whitley County Industrial Development Foundation
Winchester/Clark County Industrial Development Authority
Wolfe County Economic Development Board
Woodford County Economic Development Authority

