

**REPORT OF THE AUDIT OF THE
KENTUCKY FIRE COMMISSION
FIREFIGHTERS FOUNDATION PROGRAM FUND**

**For the Fiscal Year Ended
June 30, 2023**



**ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS
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ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Independent Auditor's Report

Bruce Roberts, Executive Director
Kentucky Fire Commission
Kentucky Fire Commission Board

Report on the Audit of the Financial Statement

Opinion

We have audited the accompanying modified cash basis financial statement of the Kentucky Fire Commission's Firefighters Foundation Program Fund (Fund) as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Fund's basic financial statement as listed in the table of contents.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the respective modified cash basis financial position of the Fund, as of June 30, 2023, and the respective changes in financial position-modified cash basis thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 3.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statement section of our report. We are required to be independent of the Fund and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 3 of the financial statement, which describes the basis of accounting. The financial statement is prepared on a modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.



Responsibilities of Management for the Financial Statement

The Fund's management is responsible for the preparation and fair presentation of these financial statement in accordance with the modified cash basis of accounting described in Note 3, and for determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Fund's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 25, 2025 on our consideration of the Fund's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fund's internal control over financial reporting and compliance.

Respectfully Submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 25, 2025

FINANCIAL STATEMENT

**KENTUCKY FIRE COMMISSION
FIREFIGHTERS FOUNDATION PROGRAM FUND
STATEMENT OF RECEIPTS, EXPENDITURES, AND CHANGES IN
FUND BALANCE - MODIFIED CASH BASIS**

For the Year Ended June 30, 2023

Receipts:

Surcharge	\$ 51,873,716
Interest Income	604,083
Total Receipts	<u>52,477,799</u>

Expenditures:

Incentive and Pension	25,856,641
Workmen's Compensation	2,397,133
Hepatitis B Inoculation	3,568
NFA Training	29,433
State Aid	8,057,790
Firefighter PTSD	149,929
HB 435 (Expanded Programs)	1,012,384
Health Wellness & Safety	795,976
Public Education	311,052
Kentucky Fire Training Academy	965,075
Training Initiatives	2,080,591
EMS/EMT Program	385,852
Personal Protection Equipment Program	605,742
Mobile Facilities Program	1,069,555
WMD, Hazmat, Terrorism Threat Program	2,187,020
Tech Innovations Program	723,754
Driver/Operator Program	67,704
Admin and Commission Expenses	2,164,658
Total Expenditures	<u>48,863,857</u>

Excess Receipts over Expenditures	<u>3,613,942</u>
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Transfers Out	<u>(5,893,145)</u>
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Net Change in Fund Balance	<u>(2,279,203)</u>
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Cash Balance, Beginning	40,775,077
Cash Balance, Ending	<u><u>\$ 38,495,874</u></u>

The accompanying notes are an integral part of the financial statement.

NOTES TO THE FINANCIAL STATEMENT

**KENTUCKY FIRE COMMISSION
FIREFIGHTERS FOUNDATION PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2023**

Note 1 – Background

The Fire Commission was created in 1970 by KY Acts Ch.171, sec 2. Later amended as KRS 95A.020, effective July 15, 2020. Under the authority of KRS 7.136(1), the Reviser of Statutes has altered the internal numbering of this text in this statute during codification. The words in the text were not changed. The Commission's powers, duties and responsibilities are described in KRS 95A.040 and KRS 95A.050, effective July 15, 2010, and July 14, 2000, respectively.

Also, effective July 14, 2000, per KRS 95A.020 (2) the Fire Commission shall be attached to the Kentucky Community and Technical College System (KCTCS) for administrative purposes only. Per KRS 95A.060(2) KCTCS shall provide the fiscal and administrative support requested by the commission, through the chancellor's Office of Technical Education and Workforce Development. Thus, all employees shall be employees of KCTCS who conduct on behalf of the commission in all activities in which the Commission is authorized to engage.

The Fire Commission is funded by KRS 95A.220(2) where the "Firefighters Foundation Program fund" was established consisting of appropriations from the insurance premium surcharge proceeds and earnings on the investments of these proceeds which accrue to this fund pursuant to KRS 42.190 and 136.392. These funds are to be used for the purposes provided in KRS 95A.200 to 95A.300 and KRS 95A.262.

Note 2 – Summary of Significant Accounting Policies

KRS 95A.220 (2) established the "Firefighters Foundation Program fund" consisting of insurance premium surcharge proceeds and earnings on the investments of these proceeds which accrue to this fund pursuant to KRS 42.190 and 136.392. These funds shall be deemed a trust and agency account per KRS 95A.220 (3) and are restricted for the purposes provided in KRS 95A.200 to 95A.300. In accordance with KRS 95A.200, "It is the intention of the General Assembly to assure that fire protection in the Commonwealth is continually strengthened, upgraded and attractive to highly qualified men and women who choose firefighting as a profession; and to retain qualified and experienced firefighters for the purpose of providing maximum protection and safety to the citizens of, and visitors to, this Commonwealth; and to offer a state monetary supplement for local firefighters while upgrading the educational and training standards of such firefighters."

The Fire Commission's trust and agency account is held with the Commonwealth of Kentucky which utilizes eMARS as their financial system which operates on the modified Cash Basis of Accounting. KCTCS utilizes PeopleSoft as their financial system which operates on the Accrual Basis of Accounting. All day-to-day transactions pertaining to the Commission are tracked by PeopleSoft. KCTCS will make monthly drawings from the Commission's trust and agency account to cover these transactions recorded in PeopleSoft.

**KENTUCKY FIRE COMMISSION
FIREFIGHTERS FOUNDATION PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2023
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

There are two reports created by the Director of Finance for the Fire Commission:

- 1) Financial Report [circle E report from the FC FY2023 Budget Explanation & Life Cycle document] which consists of 3 sections:
 - a. Revenues – Carryforward [beginning cash balance in the trust and agency account], proceed from the insurance surcharge and investment income.
 - b. Expenses – items indicated in KRS 95A.200 to 95A.300 and any other appropriation indicated in the budget bill for any given year.
 - c. Fund Transfers – cash only transfers for capital project funding.

This report is utilized by the Commission staff and Board members to track the activities of individual programs to ensure limitations are being managed.

- 2) Accrual vs Cash report [circle K report from the FC FY2023 Budget Explanation & Life Cycle document] is used to identify those transactions from PeopleSoft that may not be recorded in eMARS due to the nature of accrual transactions and cash transactions and the timing of drawing of funds made by KCTCS Treasury.

This is an internal report used to ensure that items in PeopleSoft are being or have been drawn from the Commission's Trust and Agency account to the appropriate KCTCS accounts tied to PeopleSoft.

Note 3 – Basis of Presentation

The financial statement has been prepared on a cash basis of accounting modified by the application of KRS 45.229, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when cash is received, and expenditures are recognized when cash is paid. This statute provides that for a period of 30 days after the close of any fiscal year, warrants may be drawn against available balances of appropriations made for that fiscal year, for the payment of expenditures incurred during the year or in fulfillment of contracts properly made during the year but for no other purpose.

**KENTUCKY FIRE COMMISSION
FIREFIGHTERS FOUNDATION PROGRAM FUND
NOTES TO THE FINANCIAL STATEMENT
JUNE 30, 2023
(Continued)**

Note 4 – Cash Balance

Participation in the Commonwealth's Internal Cash and Investment Pool

Receipts are deposited in the Commonwealth's general depository administered by the State Treasurer, who has statutory responsibility and authority to safeguard the monies. The Program participates in the internal cash and investment pool of the Commonwealth of Kentucky. Therefore, it follows the policies established by the Commonwealth for all pooled cash and investments. The Commonwealth's internal investment pool offers same day liquidity with no limitations, fees, or restrictions on withdrawals. The risk disclosures related to deposits and investments are reported in the Commonwealth of Kentucky's Annual Comprehensive Financial Report. Accordingly, the Commonwealth of Kentucky's Annual Comprehensive Financial Report should be referred to for disclosures required by the Governmental Accounting Standards Board. For the year ended June 30, 2023, the Fire Commission's position in the pool totaled \$38,495,874.

Note 5 – Transfers (Out)

During the fiscal year ended June 30, 2023, the Fire Commission transferred \$5,893,145 in cash to the Commonwealth's Capital Projects fund to facilitate the acquisition of new firefighting equipment (\$2,408,960), the purchase of land to support firefighter training (\$1,684,185), and the construction of training facilities (\$1,800,000). These transfers were made to support the Fire Commission's firefighter training mission.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
A FINANCIAL STATEMENT PERFORMED IN ACCORDANCE WITH
*GOVERNMENT AUDITING STANDARDS***



ALLISON BALL
AUDITOR OF PUBLIC ACCOUNTS

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of Financial
Statements Performed In Accordance With Government Auditing Standards

Independent Auditor's Report

Bruce Roberts, Executive Director
Kentucky Fire Commission
Kentucky Fire Commission Board

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the Kentucky Fire Commission's Firefighters Foundation Program Fund (Fund) as of and for the year ended June 30, 2023, and the related notes to the financial statement, which collectively comprise the Fund's basic financial statement, and have issued our report thereon dated July 25, 2025.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fund's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.



Report On Internal Control Over Financial Reporting
And On Compliance And Other Matters Based On An Audit Of Financial State
Performed In Accordance With *Government Auditing Standards*
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Fund's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully Submitted,



Allison Ball
Auditor of Public Accounts
Frankfort, Ky

July 25, 2025